2021

Annual and Sustainability Report

TELE2

UNLIMITED

Contents

Our medium term ambition
3-year horizon

LEADING TELCO

In the Nordic and Baltic region

Superior customer experience | Best industry shareholder return | High employee engagement | Lead in sustainability

Our growth strategy

Reignite growth in Sweden Consumer
- Distinctly positioned leading brands
- Win the household through FMC and excellent customer experience
- Accelerate digitalization of customer journeys

Recognized leader in Sweden B2B and IoT
- To be the trusted digitalization and communication partner
- Multi-segment approach with value creation focus
- Lead through FMC, future proof business models and technologies

Continued growth in the Baltics
- Lead in customer satisfaction and brand reputation
- Develop next-generation household offerings
- Strengthen our position in B2B

Our strategic enablers

Unique people and culture
- Walk the talk leadership that aligns and engages
- Evolve Tele2:s culture to maintain competitive advantage
- Attract and retain performance driven people with future proof competencies
- Diverse and inclusive workplace to be proud of

Reliable connectivity
- Network modernization through 5G and 10G
- Distinct partner to commercial business units
- Customer focused network operations
- Architecture enabling Leading Digital Telco

Next generation operations
- Execute on the Business Transformation Program
- Ensure end-to-end process harmonization
- Execution powered by data driven insight
- Continuous optimization to achieve efficiency

Our Culture

The Tele2 Way

What we do

We are an integrated provider of fixed and mobile connectivity and entertainment services across our markets.

MOBILE TELEPHONY

Monetize rising data consumption
We offer mobile connectivity and handset related data services in all our markets.

HIGH-SPEED BROADBAND

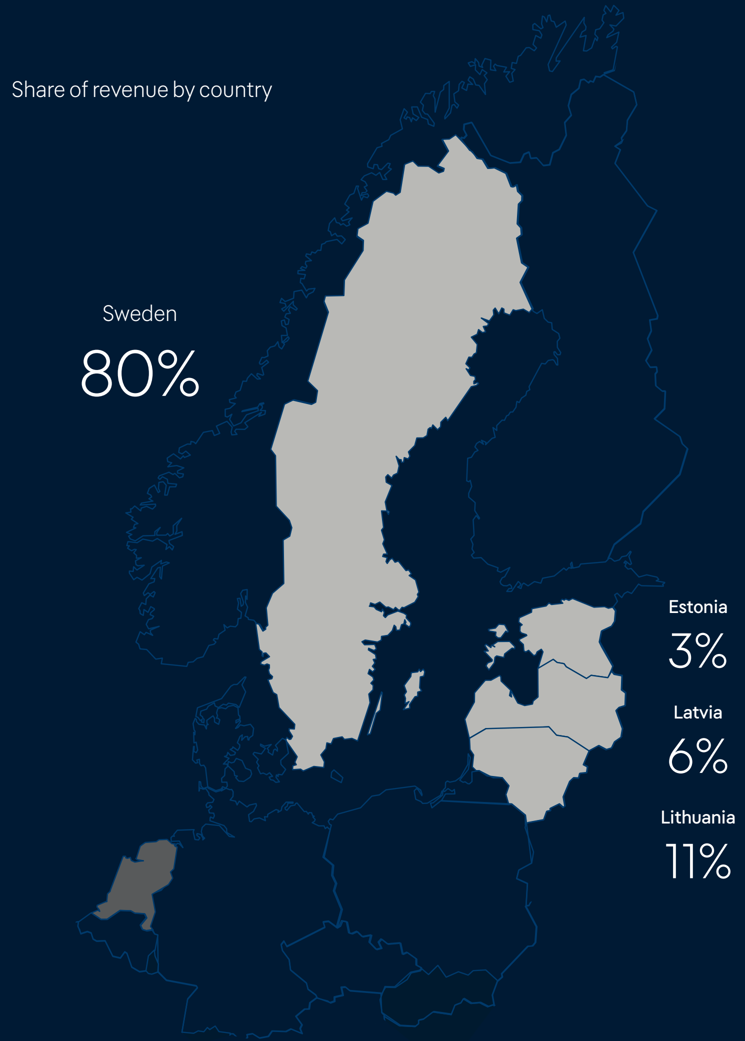
The backbone of a convergent offering
We offer fixed connectivity through our fiber and coax networks in Sweden and mobile broadband services in Sweden and the Baltics.

DIGITAL TV

Leading TV provider
We aggregate content across our markets and offer both linear and streaming services.

Where we operate

Tele2 is a Baltic Sea telecom operator driving a strategy based on fixed mobile convergence in Sweden and mobile centric convergence in the Baltics coupled with a broad entertainment offering. Tele2 also owns 25% in T-Mobile Netherlands which Tele2 announced to divest in September 2021.



CEO LETTER

I am pleased to write to you on the back of a challenging, but successful 2021. Like everyone else, we have been exposed to the hopes and frustrations of the global pandemic and we have hoped to be able to spend more time together building on our strong culture to bring Tele2 to the next level of development. Having said that, I am impressed with the resilience of our teams and how the challenger spirit that has been a key part of Tele2's DNA since the days of the late Jan Stenbeck, is able to deal with all kinds of new challenges. Through flexibility and dedication, we have seen 2021 to an end with strong momentum.

Looking at some key numbers, we were able to raise our guidance halfway through 2021 and have delivered on all of the raised expectations. It is also very comforting to see that improvements have been made in several areas of delivery and operations.

In Sweden, we have seen a very important merger of Tele2 and Com Hem into one common brand that will aim at no less than having the strongest converged proposition in the market. This finalized the first phase of our FMC journey and as we enter the second phase we will focus on cross-selling products into the 1.3 million households that we currently have customer relationships with. We are confident that our brands Tele2 and Comviq can cater to all segments in the market. Product improvements such as more data and 5G in Comviq were implemented in our B2C offers as we strive to constantly improve our product portfolio. This will be a key part of our growth strategy in the consumer space as we balance value and volume in our customer base to create long-term sustainable growth. To make that happen, we are in the middle of executing on our Business Transformation Program that will fundamentally upgrade and merge our support systems into one platform that will be far more agile, simple and robust. Through this effort, our ability to move fast in the market and make use of more advanced big-data capabilities will be significantly improved.

Within Sweden B2B, we have seen an impressive turnaround going from significant revenue declines year over year to stabilization within the course of 12 months. The whole B2B team and everyone supporting them have every reason to be proud of their achievements and we are confident that the business now rests on good and sustainable fundamentals.

We continue to see a very strong performance in the Baltics. Good business judgement is based on a balance between value and volume and the teams in the Baltics are performing really well in a setup where their starting point in each of the countries is not the same, going from market leadership in Lithuania to facing a traditionally tough third player position in Estonia. During 2021, these challenges were, again, addressed in a very successful way. At the same time, we continue to monitor and explore different FMC opportunities in order to sustain the growth in the Baltics and we took a step forward on our FMC journey as we launched a fiber pilot project in Lithuania. Moreover we asserted our position in the mobile space by acquiring spectrum to enable a 5G roll-out in Latvia.

I am pleased that Tele2 has taken the next step towards our ambition to lead in sustainability by launching our new sustainability strategy. It has four clear focus areas where we can differentiate ourselves from our competitors. We have set industry-leading science-based targets for greenhouse gas emission reductions, and have reduced emissions in our own operations by more than 90% since 2019. We are proud to have maintained our top rating from MSCI ESG (AAA), increased our S&P Global CSA to a score in the 75th percentile, and for the second year in a row increased our CDP climate change rating to B. Our strong sustainability agenda is meeting demands from our key stakeholders and is an essential part of our long-term success as a company.

Tele2 is now ready to develop 5G at full speed. For the first time since 3G was rolled out, we will now have an end-to-end fully integrated network for all technologies based on our home network and our solid Net4Mobility cooperation. This position is truly unique to Tele2 and gives us the chance to build the best 5G network in Sweden with a Capex advantage compared to any other telecom operator in Europe. This strategic advantage is an important part of our equity story and gives us an edge when it comes to generating high and sustainable shareholder remuneration over time. In 2021, we paid a total of SEK 9 per share in a combination of SEK 6 ordinary dividend and SEK 3 extraordinary dividend, which represents one of the best dividend yields on the NASDAQ Stockholm.

The Board of Tele2 has recommended a 12.5% increase in our ordinary dividend, paid in two tranches during 2022. Further, the Board recommends to distribute all proceeds from the announced, but not closed, sale of our shareholding in T-Mobile Netherlands. This continuation of our shareholder remuneration policy is based on the progress we continue to make as a business and the fundamentally strong balance sheet of Tele2.

"Through flexibility and dedication, we have seen 2021 to an end with strong momentum.

Tele2 is a value driven growth company, aiming to be the leading telco in the Nordic and Baltic region. The key to all of this is our hard-working employees who keep delivering year after year. I am happy to see positive signs now that the pandemic is starting to ease off and I am thrilled to meet all our employees back at the office as we continue enabling a society of unlimited possibilities. We expect 2022 and 2023 to be transformative years for Tele2. We are excited about the opportunity to deliver on our improved go-to-market capabilities and implement both a new 5G network and improved business support systems. We are very aware that future success is built upon culture, mindset and constant improvement. With the DNA of a challenger, Tele2 is perfectly positioned to take advantage of this opportunity!

Kjell Johnsen
President and CEO

TELE2

Tele2 at a glance

Tele2 believes in unleashing the unlimited opportunities that connectivity provides to all our customers. Today our fast networks enable mobile and fixed connectivity, telephony, data network services, TV, streaming and global IoT solutions for millions of customers. We are a value driven company that is enabling a society of unlimited possibilities by being a leading telco in the Nordic and Baltic region. This is done through clear ambitions in the mid-term where we aim to provide superior customer experience, give the best industry shareholder return, have a high employee engagement and lead in sustainability. Our growth strategy focuses on reigniting growth in the Swedish Consumer segment, being a recognized leader in Sweden B2B and IoT and continue to grow in the Baltics. Our strategic enabler involves our unique people and culture, providing reliable connectivity and our next generation operations.

Tele2 is a strong cash generative company and shareholder remuneration is at the core of Tele2's equity strategy. From 2011 to 2021 we have distributed roughly SEK 68,6 billion to shareholders through dividends. Going forward we are committed to maintaining leverage within the 2.5–3.0x range as underlying EBITDAaL grows and distribute at least 80% of equity free cash flow to shareholders.

During 2021 we continued the strategy to focus Tele2's geographical footprint towards the core Baltic Sea Region where we have the market position and scale to drive sustainable growth by announcing the divestment of our 25% ownership in T-Mobile Netherlands (TMNL).

Tele2's ambition is to lead in sustainability and we took major steps in 2021 to pursue that. We set industry-leading science-based targets to reduce greenhouse gas emissions and we have thus far reduced emission in our own operations (Scope 1 and 2) by more than 90% since 2019. A new sustainability strategy was launched after a comprehensive analysis, including input from over 9,000 internal and external stakeholders with four clear areas where Tele2 can differentiate itself from other companies. At the same time we were also able to maintain and improve several top ratings from ESG-rating agencies.

In 2021, Tele2 received the last building blocks to start the nationwide roll-out of 5G in Sweden and Latvia. In Sweden, Tele2 acquired spectrum in the 3.5GHz auction in January and commenced the roll-out which up to this point provides roughly 40 cities with 5G connectivity. In Latvia, Tele2 acquired spectrum in the 700MHz auction in December and will commence the roll-out of 5G during 2022. We expect the 5G spectrum auctions to take place in Estonia and Lithuania during 2022.

Sweden

During the year, we continued to execute on the Business Transformation Program which was launched in the beginning of 2020. So far the program has realized an annual run-rate saving of SEK 500 million with a target of SEK 1 billion in annualized run-rate savings by the end of H1 2023. The program will yield substantial cost savings but also improve organizational efficiencies by reducing internal complexity, simplified product portfolio and reduce time customers spend with customer service.

Tele2's strategy in the consumer market is to increase customer satisfaction through more-for-more fixed-mobile-convergence offerings. By continuously improving the customer experience through added services, enhancements and upgrades, we will drive growth through churn reduction and price adjustments in the premium and mid-tier segment while optimizing our brand portfolio to remain relevant to all customer demographics. To this end we consolidated our two premium brands Tele2 and Com Hem into the new converged premium Tele2 brand in 2021 and we now have three brands in the portfolio, Tele2, Comviq and Boxer.

We believe TV will continue to play a vital role for our business and our role as aggregator of great content remains relevant as content becomes more and more fragmented across different services and devices. To better serve the changing behavior and viewing patterns of our customers, we launched our own streaming service, Tele2 Play+ in 2020 and our first streaming linear proposition through Tele2 TV Play+ was launched in Q1 2022. We also strengthened our aggregator position in the streaming market by announcing a new partnership with Nordic Entertainment Group in March 2022.

In Sweden Business we presented our new business strategy at the capital markets day in May 2021. The strategy involves taking a segmented approach to the business by differentiating the approach in the SME, large private and large public segment. In the SME segment, the ambition is to take back market share by offering simplified packages and bundling based on customer needs. In the large private segment, the ambition is to improve profitability by increasing higher margin sale, grow through as-a-service and mobile bundling. In large public segment, the ambition is to maintain and defend our assets by carefully choosing our business opportunities and continue delivering reliable solutions for a sustainable society.

The Baltics

In the Baltics we are able to show strong top and bottom-line growth by successfully executing on our mobile-centric-convergence and more-for-more strategy by monetizing the increased data consumption of our customers. We will also start to explore fixed mobile converged opportunities either through own infrastructure or wholesale. In Lithuania we launched a fiber pilot project to trial a capex light approach by utilizing existing ducts to provide fixed services to customers.

Netherlands

In September 2021, we announced the intention to sell our 25% ownership in TMNL to funds advised by Apax Partners LLP and Warburg Pincus LLC. The parties agreed to an enterprise value of EUR 5.1 billion which implies an equity value of approximately EUR 860 million for Tele2's 25% stake. Our intention is to distribute all of the proceeds from the divestment, pending closing and receival of cash proceeds.

Board of directors

Carla Smits-Nusteling

Chairman of the Board, elected in 2019
Board member since 2013

Born: 1966 | **Nationality:** Dutch citizen

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Holdings in Tele2: 1,687 B shares

Committee work: Member of the Audit Committee

Other current assignments: Member of the Board of Directors of Nokia Oyj, Member of the Board of Directors of Stichting Continuiteit Ahold Delhaize, Non executive director at Allegro.eu and Lay judge of the Enterprise Court of the Amsterdam Court of Appeal

Previous assignments: CFO of Koninklijke KPN N.V., Non-Executive Director at ASML

Education: M.Sc. Business Economics from Erasmus University, Rotterdam and Executive Master of Finance & Control from Vrije Universiteit Amsterdam

Andrew Barron

Deputy Chairman of the Board, elected in 2019
Board member since 2018

Born: 1965 | **Nationality:** British citizen

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Holdings in Tele2: 7,035 B shares

Committee work: Chairman of the Remuneration Committee

Other current assignments: Board Member of Ocean Outdoor, Verisure, Openreach and Astound Broadband

Previous assignments: Chairman of the Board of Com Hem Holding AB and Board member of Arris International plc, COO of Virgin Media inc. and MTG, CEO of Chellomedia, Executive Vice President of Walt Disney Europe and management consultant at McKinsey & Co

Education: Bachelor's Degree Cambridge University, MBA Stanford University

Stina Bergfors

Board member, elected in 2021

Born: 1972 | **Nationality**: Swedish citizen

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Holdings in Tele2: Does not hold any shares or rights

Committee work: Member of the Remuneration Committee

Other current assignments: Member of the boards of H&M, Handelsbanken and Budbee. Involvement in the Prince Daniel Fellowship at the Royal Swedish Academy of Engineering Sciences IVA

Previous assignments: Co-founder and CEO of United Screens, country director for Google and Youtube in Sweden, CEO Carat Media Agency

Education: BSc in Business and Economics and an honorary doctorate from Luleå University of Technology

Georgi Ganev

Board member, elected in 2016

Born: 1976 | **Nationality:** Swedish citizen

Independence: Independent in relation to the company and management but not independent in relation to the company's major shareholders

Holdings in Tele2: 1,030 B shares

Committee work: –

Other current assignments: CEO of Kinnevik AB (publ), Member of the Boards of Global Fashion Group and Babylon Health

Previous assignments: CEO of Dustin Group AB (publ) and Bredbandsbolaget, Chief Marketing Officer of Telenor Sweden

Education: M.Sc. in Information Technology from Uppsala University

TELE2

Sam Kini

Board member, elected in 2021

Born: 1974 | **Nationality:** British citizen

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Holdings in Tele2: Does not hold any shares or rights

Committee work: Member of the Audit Committee

Other current assignments: CIO at Unilever

Previous assignments: Chief Data and Information Officer of easyJet Group, 20 years in IT-focused executive roles at Telenet Group, Virgin Media and Liberty Global

Education: BA in Administrative Management from the University of Lincoln

Eva Lindqvist

Board member, elected in 2018

Born: 1958 | **Nationality:** Swedish citizen

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Holdings in Tele2: 2,891 B shares

Committee work: Chairman of the Audit Committee

Other current assignments: Member of the Board of Nordlo AB, Excillum AB, Bodycote plc, Keller Group plc and Nominet Ltd. Elected Member of the Royal Swedish Academy of Engineering Sciences

Previous assignments: Member of the Board of Sweco AB, ACAST AB, Chip First AB, Tarsier Studios AB, Mr Green & Co AB, Kährs Holding AB (publ), Com Hem Holding AB, ASSA ABLOY AB (publ), Alimak Group AB (publ) and Caverion Oy. Senior Vice President of TeliaSonera's mobile operations, CEO of TeliaSonera International Carrier and senior positions at Ericsson

Education: M.Sc. Engineering Physics, MBA

Lars-Åke Norling

Board member, elected in 2018

Born: 1968 | **Nationality:** Swedish citizen

Independence: Independent in relation to the company and management and in relation to the company's major shareholders

Holdings in Tele2: 3,000 B shares

Committee work: Member of the Remuneration Committee and Member of the Audit Committee

Other current assignments: CEO of Nordnet

Previous assignments: Investment Director at Kinnevik AB (publ) with responsibility for the TMT sector, Board Director of Millicom, CEO of Dtac, CEO of Digi, Executive vice president of Developed Asia at Telenor, CEO of Telenor Sweden, CTO/COO of Bredbandsbolaget

Education: M.Sc. in Engineering Physics from Uppsala University, MSc in Systems Engineering from Case Western Reserve University, MBA from University of Gothenburg

Leadership team

Kjell Johnsen

President and CEO, Tele2 Group

Joined the company in 2020

Born:1968

Kjell has broad international experience from senior management and board positions in different industries and countries, including Group COO of VEON, CEO Beeline Russia, Chairman of WindTre Italy and EVP Head of Telenor Europe. Prior to joining the telecom industry, Kjell worked internationally with Norsk Hydro and Scandsea International.

Holdings in Tele2[1]: 105,000 B shares

100,000 share rights (LTI 2020)

200,000 share rights (LTI 2021)

Charlotte Hansson

Executive Vice President, Group CFO

Joined the company in 2022

Born: 1969

Charlotte was previously CFO at Systembolaget. Prior to that, she was Group CFO at the Nasdaq listed global PR software and service company Cision, Group CFO of the Swedish facility management company Addici and also has a background within MTG. Charlotte is currently a member of the board for Orexo, a Nasdaq Mid Cap listed med-tech company.

Holdings in Tele2[1]: 7,500 B shares

Hendrik de Groot

Executive Vice President, Chief Commercial Officer

Joined the company in 2021

Born: 1965

Hendrik was previously Head of Group Commercial at VEON. Prior to that he served as Chief Commercial Officer and VP Commercial & Customer Operations at Ziggo in the Netherlands. Throughout his international career, Hendrik held several senior positions in the telecom industry.

Holdings in Tele2[1]: 7,500 B shares

60,000 share rights (LTI 2021)

[1] Allocated share rights at grant date, before compensation for dividend and share issue.

Kim Hagberg

Executive Vice President, Chief Operations

Joined the company in 2013, joined the leadership team in 2018

Born: 1966

Kim was previously Product Management Director at Tele2, overseeing cross functional and cross market processes in which technologies become products. Before that, Kim worked for 12 years at different positions within Telia. She also has experience from the telecom supply chain with 8 years at different suppliers in Canada, France and Switzerland.

Holdings in Tele2[1]: 13,734 B shares

27,000 share rights (LTI 2019)

27,000 share rights (LTI 2020)

27,000 share rights (LTI 2021)

Yogesh Malik

Executive Vice President, CTIO

Joined the company in 2021

Born: 1972

In 2014-2020, Yogesh served as VEON's Group CTO and a member of VEON's executive board. Prior to joining VEON, he was the CEO of Telenor India (Uninor), following a number of senior technology and business roles in Europe, North and South America, China and South Asia. Yogesh is an Executive MBA graduate of IMD in Lausanne, Switzerland, and holds a degree in engineering from MSU University in India.

Holdings in Tele2[1]: 6,240 B shares

27,000 share rights (LTI 2021)

Torkel Sigurd

Executive Vice President, Corporate Affairs

Joined the company in 2007, joined the leadership team in 2021

Born: 1975

Torkel has 20 years of experience within telecom and has been part of the Tele2 family for more than 14 years. He has had several senior positions with both strategic, operational, commercial and product related focus. He also headed Tele2's M&A unit during the company's international consolidation.

Holdings in Tele2[1]: 25,000 B shares

12,000 share rights (LTI 2019)

12,000 share rights (LTI 2020)

27,000 share rights (LTI 2021)

[1] Allocated share rights at grant date, before compensation for dividend and share issue.

Karin Svensson

Executive Vice President, People & Change

Joined the company in 2018

Born: 1965

Karin was previously a self-employed Human Resources advisor. She was previously the Chief Human Resources Officer at Bisnode. Karin started her career with Accenture where she was a Partner for 11 years as well as Nordic HR Director and Human Capital Lead.

Holdings in Tele2[1]: 51,006 B shares

27,000 share rights (LTI 2019)

27,000 share rights (LTI 2020)

27,000 share rights (LTI 2021)

Stefan Trampus

Executive Vice President, Tele2 B2B

Joined the company in 2018, joined the leadership team in 2021

Born: 1969

Stefan has experience from more than 20 years in the Swedish telecommunication industry, including senior roles such as Chief Sales Officer at Com Hem, Head of the B2B and Landlord business units at Com Hem and Head of Broadband Services at Telia Sweden. Stefan was also CEO of Tele2's subsidiary iTUX.

Holdings in Tele2[1]: 49,296 B shares

12,000 share rights (LTI 2019)

12,000 share rights (LTI 2020)

27,000 share rights (LTI 2021)

Nathalie Dahmm

Adjunct member of the Group Leadship Team

Chief Culture & HR Business Advisory

Joined the company in 1999, joined the leadership team in 2021

Born: 1973

Nathalie has been part of the Tele2 family for over 20 years, with experience from several senior HR positions within Culture, Leadership and Change Management, as well as several positions within Technology, across different markets and functions at Tele2.

[1] Allocated share rights at grant date, before compensation for dividend and share issue.

Administrative report

The Board of Directors and the CEO herewith present the annual report and consolidated financial statements for Tele2 AB (publ), corporate reg. no. 556410-8917 for the financial year 2021.

Figures presented in this report refer to continuing operations unless otherwise stated, with comparable figures for the previous year in parentheses. Tele2 Croatia and Tele2 Germany are reported as discontinued operations for all periods. Discontinued operations also include former operations, primarily in the Netherlands and Kazakhstan. See Note 33.

Financial overview

Revenue
Revenue increased by 2% organically for the group driven by continued growth in the Baltics and stabilization in Sweden. End-user service revenue increased by 1% organically for the group as continued growth in the Baltics compensated for the decline in Sweden.

Underlying EBITDAaL
Underlying EBITDAaL grew by 5% organically driven by end-user service revenue growth in the Baltics, continued execution of the Business Transformation Program in Sweden and less headwinds from the pandemic.

Operating profit
Operating profit declined by 35% as growth in underlying EBITDAaL was offset by historical translation differences recycled from other comprehensive income in conjunction with the closure of the operation in Luxembourg in Q4 2020.

Net profit
Net profit from total operations amounted to SEK 4,306 (7,408) million. The decline compared to the previous year was mainly driven by inflated items affecting comparability and lower income tax related to the translation differences in Luxembourg mentioned above.

Capex excluding spectrum and leases
Capex excluding spectrum and leases amounted to SEK 3,158 (2,717) million. The increase versus the previous year was primarily driven by 5G related network investments and IT investments related to the Business Transformation Program.

Equity free cash flow
Equity free cash flow from continuing operations increased to SEK 5,760 (4,799) million or SEK 8.3 per share, mainly as a result from growth in underlying EBITDA and strong working capital development. Equity free cash flow from total operations amounted to SEK 5,785 (4,879) million.

Dividend
To the Annual General Meeting on April 28, 2022, Tele2's Board of Directors proposes for the financial year 2021 an ordinary dividend of SEK 6.75 per share (SEK 4.7 billion), to be paid in two tranches of SEK 3.40 in May and SEK 3.35 in October 2022. Tele2's Board of Directors also proposes an extraordinary dividend of SEK 13.00 per share (SEK 9.0 billion) subject to timely closing i.e. receival of cash proceeds from the announced T-Mobile Netherlands divestment, to be paid in connection with the first tranche of the ordinary dividend in May 2022. For further information on the proposed appropriation of the profit, see Note 23.

Economic net debt/underlying EBITDAaL (financial leverage)
Financial leverage was 2.5x (2.6x) as of December 31, 2021. Economic net debt amounted to SEK 24.3 (23.9) billion, an increase of SEK 0.3 billion as the total dividend payments of SEK 6.2 billion paid out in 2021 were mostly offset by cash generation.

Sustainability report
Tele2 has prepared a sustainability report in accordance with the Global Reporting Initiative (GRI) Standards Core Option. The sustainability report has been prepared in accordance with disclosure requirements set out in the Swedish Annual Accounts Act chapter 6 paragraph 11 and in accordance with the disclosure requirements set out in the EU Taxonomy Regulation Article 8.The scope and content of the statutory sustainability report can be found in the sustainability report in Note S1 About the sustainability report.

Three-year summary

The three-year summary includes certain alternative performance measures that are not defined by IFRS. For additional information please refer to section Definitions at the end of the report.

SEK million	2021	2020	2019
CONTINUING OPERATIONS			
End-user service revenue	19,349	19,184	19,466
Revenue	26,789	26,554	27,203
Underlying EBITDA	10,900	10,484	10,309
EBITDA	10,517	12,329	9,598
Operating profit	4,787	7,371	3,812
Profit after financial items	4,307	6,855	3,367
Net profit	3,960	7,233	2,431
Underlying EBITDAaL	9,639	9,239	9,043
CapEx excluding spectrum and leases	3,158	2,717	2,387
Operating cash flow	6,482	6,523	6,656
Equity free cash flow	5,760	4,799	4,159
Key ratios			
End-user service revenue growth, organic	1%	-1%	0%
Underlying EBITDAaL growth, organic	5%	2%	6%
Underlying EBITDAaL margin	36%	35%	33%
Operating profit margin	18%	28%	14%
Value per share (SEK)			
Equity free cash flow	8.35	6.97	6.05

SEK million	2021	2020	2019
TOTAL OPERATIONS			
Net profit	4,306	7,408	5,134
Total assets	74,251	75,411	79,784
Equity	31,142	32,751	34,805
Equity free cash flow	5,785	4,879	4,840
Key ratios			
Economic net debt to Underlying EBITDAaL	2.5x	2.6x	2.5x
Value per share (SEK)			
Net profit/loss	6.25	10.76	7.28
Net profit/loss, after dilution	6.21	10.71	7.24
Equity	45.14	47.56	50.59
Equity free cash flow	8.39	7.09	7.04
Dividend, ordinary	6.75[1]	6.00	5.50
Dividend, extraordinary	13.00[1]	3.00	3.50
Market price at closing day	129.10	108.60	135.85

[1] Proposed dividend.

Group summary

Continuing operations SEK million	2021	2020	Organic %
END-USER SERVICE REVENUE			
Sweden	16,065	16,149	-1%
Lithuania	1,779	1,631	13%
Latvia	958	901	10%
Estonia	546	503	12%
Total	**19,349**	**19,184**	**1%**
REVENUE			
Sweden	21,522	21,601	0%
Lithuania	3,028	2,812	11%
Latvia	1,508	1,424	9%
Estonia	850	819	7%
Internal sales, elimination	-119	-102	17%
Total	**26,789**	**26,554**	**2%**
UNDERLYING EBITDAaL			
Sweden	7,756	7,468	4%
Lithuania	1,112	1,043	10%
Latvia	592	556	10%
Estonia	179	173	7%
Total	**9,639**	**9,239**	**5%**

Continuing operations SEK million	2021	2020	Organic %
CAPEX			
Sweden	2,773	2,399	16%
Lithuania	175	120	51%
Latvia	105	104	4%
Estonia	105	93	17%
Capex excluding spectrum and leases	**3,158**	**2,717**	**17%**
Spectrum	355	—	
Rights-of-use assets (leases)	1,306	1,182	
Total	**4,819**	**3,899**	
of which:			
– Network	1,825	1,301	
– IT	878	740	
– Customer equipment	374	516	
– Other	81	159	
Capex excluding spectrum and leases	**3,158**	**2,717**	

Shareholder information

Tele2 AB's shares are listed on Nasdaq Stockholm under the ticker symbols TEL2A and TEL2B.

Share performance

The Tele2 B-share share price increased by 18.9% during 2021, from SEK 108.6 to SEK 129.1, while the OMX Stockholm PI increased by 35%, the OMX Stockholm Telecommunications PI increased by 12% and Tele2's peer group[1] increase by an average of 12%. The highest closing price in 2021 was SEK 133.1 on August 17, 2021, and the lowest closing price was SEK 106.2 on February 24, 2021. The average closing share price was SEK 120.3. In 2021, the Tele2 B-share share delivered a TSR of +28%

Turnover and trading

In 2021, a total of 594.8 million Tele2 B-shares were traded on Nasdaq Stockholm for a value of approximately SEK 70.8 billion. An average of 2.4 million Tele2 B-shares were traded per trading day, representing a value of approximately SEK 279.9 million.

Shareholder remuneration policy

Tele2 will aim to maintain target leverage of 2.5–3.0x economic net debt/underlying EBITDAaL by distributing capital to shareholders through:

- An ordinary dividend of at least 80% of equity free cash flow; and
- Extraordinary dividends and/or share repurchases, based on remaining equity free cash flow, proceeds from asset sales and releveraging of underlying EBITDAaL growth.

Based on this policy, Tele2 is expected to distribute in excess of 100% of equity free cash flow to shareholders, through a combination of dividends and/or share repurchases.

Shareholder remuneration in 2021

During 2021, shareholders were remunerated by a total of SEK 6,205 million in the form of ordinary cash dividend of SEK 6.00 per share and extraordinary dividend of SEK 3.00 per share.

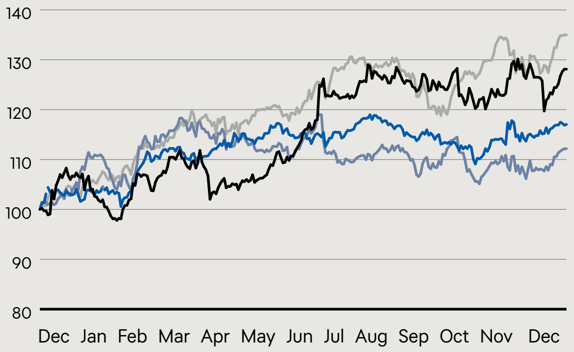
Proposed shareholder remuneration in 2022

For the financial year 2021, the Board of Directors of Tele2 AB has decided to recommend to the Annual General Meeting (AGM) on 28 April 2022 that an ordinary dividend of SEK 6.75 be paid per ordinary A and B share, in two tranches in May and October 2022. The first tranche of SEK 3.40 to be paid on May 5, 2022 and the second tranche of SEK 3.35 to be paid on October 14, 2022. Tele2's Board of Directors also proposes an extraordinary dividend of SEK 13.00 per ordinary A and B share, subject to timely closing i.e. receival of cash proceeds from the announced T-Mobile Netherlands divestment, to be paid in connection with the first tranche of the ordinary dividend on May 5, 2022.

Share capital

The share capital in Tele2 AB is divided into three classes of shares: class A, B and C shares. All types of shares have a quota value of SEK 1.25 per share and Class A and B shares have the same rights on the company's net assets and profits while Class C shares are not entitled to dividends. Class A shares entitle the holder to 10 voting rights per share and Class B and C shares to one voting right per share. As of December 31, 2021, there were 22.6 million registered class A shares, 667.8 million class B shares (of which 2.9 million held in treasury).

TSR, Tele2-B share, peer index and sector index for 2021 (indexed to 100)



— Index of peers[1] — Tele2-B
— OMX Stockholm PI — OMX Stockholm Telecommunications PI

[1] Peer group as deterimned by Tele2 includes: BT Group, Deutsche Telekom, Elisa, Freenet (Xet), Koninklijke KPN, NOS SGPS, Orange, Proximus, Swisscom, Telecom Italia, Telefonica, Telenet Group Holding, Telekom Austria, Telenor, Telia Company, Vodafone.

Source: Bloomberg

Shareholders

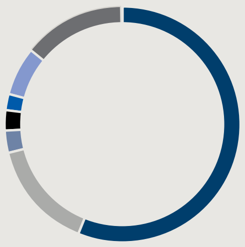
At December 31, 2021, Tele2 had 99,785 known shareholders and the market capitalization of the company was SEK 86,2 billion. Kinnevik AB owns as of December 31, 2021, 27% of the capital and 42% of the voting rights. No other shareholder owns, directly or indirectly, more than 10% of the shares in Tele2. The 10 largest single shareholders represented 47% of the share capital and 57% of the votes. Foreign shareholders held 44% of the share capital and 34% of the votes.

Top 10 shareholders

As of December 31, 2021	Capital (%)	Votes (%)
Kinnevik	27,1	41,9
BlackRock	6,5	5,0
Nordea Funds	2,6	2,0
Vanguard	2,2	1,7
Handelsbanken Funds	2,1	1,6
Norges Bank	1,6	1,2
Swedbank Robur Funds	1,5	1,2
Janus Henderson Investors	1,1	0,9
SEB Funds	1,1	0,8
La Financière de l'Echiquier	0,9	0,7
Total top 10	**46,6**	**57,0**

Source: Modular Finance

Ownership by country based on capital



Sweden	56%
United States	15%
Finland	3%
Norway	3%
France	2%
Others	7%
Anonymous ownership	14%

Source: Modular Finance

Overview by segment

Sweden

2021 in brief

End-user service revenue declined by 1% compared to 2020 driven primarily by continued decline in legacy services in both B2C and B2B. International roaming revenue was roughly neutral during 2021 compared to 2020. Despite the decline in end-user service revenue, underlying EBITDAaL increased by 4% primarily driven by cost savings from the Business Transformation Program and less commercial spending in H1 2021 compared to H1 2020.

Continued optimization, primarily in the Digital Capabilities and Technology (DCT) organization, was executed during the year as part of the Business Transformation Program which achieved an annualized run-rate of SEK 500 million at the end of 2021. The Program had an impact of approximately SEK 355 million on underlying EBITDAaL in 2021 and had an impact of approximately SEK 95 million in 2020, resulting in a net impact of SEK 260 million year-on-year.

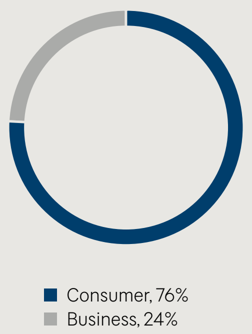
2022

The Business Transformation Program is expected to achieve the majority of the remaining SEK 500 million target by the end of the 2022 and be completed by end of H1 2023 with a total target of SEK 1 billion in annualized run-rate savings. The main focus will be on decommissioning SUNAB, our 3G joint venture with Telia, decommission IT-systems and move customers to the target IT-stacks and further optimization in the organization.

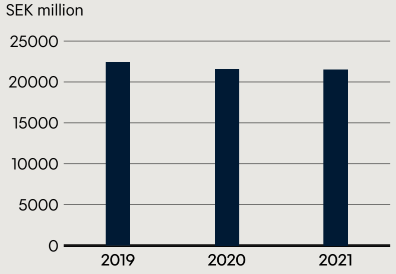
The 5G roll-out will continue and the full run-rate is expected to be reached during the year. This will continue to the end of 2023 with a gradual slowdown in 2024. The fixed network will be upgraded in parallel with the 5G roll-out through the remote-phy roll-out in the coax network.

Financials SEK million	2021	2020	Organic %
End-user service revenue	**16,065**	**16,149**	**-1%**
Revenue	21,522	21,601	0%
Underlying EBITDA	8,839	8,538	
Underlying EBITDAaL	**7,756**	**7,468**	**4%**
Underlying EBITDAaL margin	36%	35%	
Capex			
Network	1,546	1,073	
IT	807	681	
Customer equipment	364	508	
Other	56	137	
Capex excluding spectrum and leases	**2,773**	**2,399**	
Spectrum	333	–	
Right-of-use-assets (leases)	1,073	987	
Capex	**4,179**	**3,387**	
Capex excluding spectrum and leases / revenue	13%	11%	

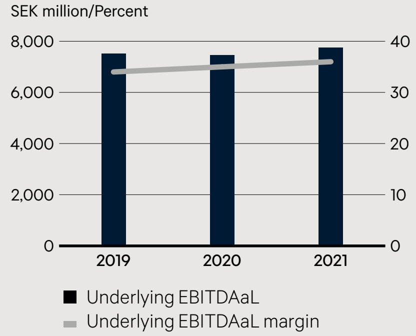
End-user service revenue per business area, 2021



Revenue



Underlying EBITDAaL



Sweden Consumer

2021 in brief

The main focus of 2021 was to consolidate the Tele2 and Com Hem brand to the new premium Tele2 brand. The consolidation was successful and further asserts Tele2's position as a premium convergent brand. This concluded the first phase of the FMC-journey where existing overlapping customers have been given benefits for being an FMC-customer. The next phase is to cross- and up-sell products to households where Tele2 has existing customer relationships. On the back of product improvements such as upgrades to broadband speed, mobile data and 5G, backbook price adjustments were successfully implemented on both the mobile and fixed customer base during the year. A new frontbook price portfolio was introduced in February for Comviq in mobile and 5G was also introduced in September, 2021 for Comviq.

In TV, the renamed streaming service Tele2 Play+ continued to show solid performance as customers continue to roll off the 12-month free subscription period. We continue to see a decline in digital TV driven by a smaller customer base.

End-user service revenue was flat as growth within mobile and fixed broadband was offset by digital TV and fixed telephony & DSL.

Mobile end-user service revenue grew by 1% driven volume growth in mobile postpaid and slight ASPU growth.

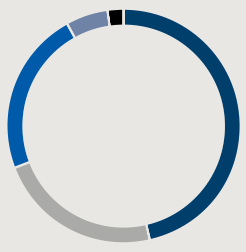
2022

In 2022 the ambition for Sweden Consumer is to return to growth through continued execution of the FMC more-for-more strategy while optimizing the business through the Business Transformation Program. The aim is to move the majority of the customers to the new FMC IT-stack which will lead to reduced internal complexity, simplified product portfolio and reduced time customers spend with customer service.

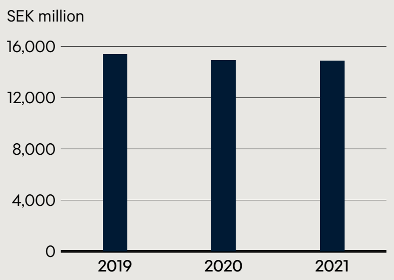
Tele2 aim to maintain its 5G position by continuing the roll-out of 5G in Sweden and utilize 5G and remote-phy in order to increase customer satisfaction which will support the more-for-more strategy.

Tele2 Play+ and Tele2 TV Play+ will be building blocks to assert an aggregator model in the streaming world as Tele2 has done in the linear world. This coupled with the new strengthened partnership with Nordic Entertainment Group gives a great product portfolio that enhances the competitive position that Tele2 has in the market.

End-user service revenue per service, 2021



Revenue



	2021	2020	Organic %
RGUs (thousands)[1]			
Mobile	2,946	2,956	0%
– Postpaid	1,946	1,931	1%
– Prepaid	1,000	1,025	-2%
Fixed	2,042	2,122	-4%
– Fixed broadband	927	911	2%
– Digital TV	927	979	-5%
– Cable & Fiber	638	662	-4%
– DTT	288	317	-9%
– Fixed telephony & DSL	188	232	-19%
Total RGUs	**4,988**	**5,079**	**-2%**
Addressable fixed footprint	3,600	3,521	2%
ASPU (SEK)[1]			
Mobile	163	161	1%
– Postpaid	207	207	0%
– Prepaid	80	79	1%
Fixed	231	226	2%
– Fixed broadband	251	248	1%
– Digital TV	241	240	1%
– Cable & Fiber	216	213	2%
– DTT	296	293	1%
– Fixed telephony & DSL	94	100	-6%
Revenue (SEK million)			
Mobile	5,791	5,726	1%
– Postpaid	4,821	4,721	2%
– Prepaid	970	1,005	-3%
Fixed	5,763	5,840	-1%
– Fixed broadband	2,766	2,653	4%
– Digital TV	2,760	2,878	-4%
– Cable & Fiber	1,684	1,693	-1%
– DTT	1,076	1,185	-9%
– Fixed telephony & DSL	237	309	-23%
Landlord & Other	676	694	-3%
End-user service revenue	**12,229**	**12,260**	**0%**
Operator revenue	733	676	
Equipment revenue	1,901	1,989	
Internal sales	1	0	
Revenue	**14,864**	**14,926**	**0%**

[1] Unaudited.

Sweden Business

2021 in brief

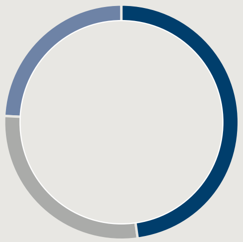
The new business strategy was launched in May where Tele2 will take a segmented approach to the business by differentiating the approach in the SME, large private and large public segment. In the small segment Tele2 launched a new simplified mobile portfolio which yielded favorable results. In large segment several new initiatives were launched such as Unified Communication Solutions moving toward cloud based solutions to reduce complexity and increase competitiveness. The IT migration of mobile customers to target IT-systems were finalized at the end of the year with the close down of one of the legacy systems, which enables better customer experience and self-service capabilities.

During the year, Tele2 won new and extended contracts with customers in both the private and public sector such as, Scania, Capio, Region Västmanland and Järfälla kommun. End-user service revenue declined by 1% as strong volume growth in mobile and end-user service revenue growth in solutions was offset by decline in mobile ASPU and legacy fixed services.

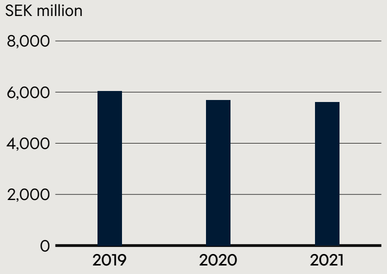
2022

In 2022, the ambition is to stabilize and grow the Sweden business segment by continuing to execute on the segmented approach. In the SME segment the aim is to take back market share by offering simplified packages and bundling. This was done on the mobile portfolio already in 2021 and the learnings from this will be implemented on other products groups in the micro and small segment in order to drive simplification and efficiency. In the large private segment the aim is to improve profitability by building on existing relationships and grow through as-a-service. In the large public segment the ambition is to maintain and defend the position by meticulously asses contracts and continue delivering reliable solutions.

End-user service revenue per service, 2021



Revenue



Sweden Business

	2021	2020	Organic %
RGUs (thousands) [1]			
Mobile (excluding IoT)			
– Postpaid	1,006	947	6%
ASPU (SEK) [1]			
Mobile (excluding IoT)			
– Postpaid	134	145	-7%
Revenue (SEK million)			
Mobile	1,848	1,866	-1%
Fixed	910	980	-7%
Solutions	1,077	1,043	3%
End-user service revenue	**3,836**	**3,889**	**-1%**
Operator revenue	97	119	
Equipment revenue	1,664	1,684	
Internal sales	3	0	
Revenue	**5,600**	**5,692**	**-2%**

Sweden Wholesale

Financials SEK million	2021	2020	Organic %
Operator revenue	1,052	978	
Internal sales	6	5	
Revenue	**1,058**	**984**	**8%**

[1] Unaudited.

Baltics

Lithuania

2021 in brief

In 2021, Tele2 Lithuania launched a fiber pilot project to trial a capex light approach by utilizing existing ducts to provide fixed services to customers. At the same time focus remained on the mobile-centric-convergence more-for-more strategy, directing customers to online channels and migrating prepaid to postpaid.

Mobile net intake was positive with 61,000 RGUs during the year driven by mobile postpaid. Mobile ASPU increased by 11% in local currency during the year driven by price adjustments through more-for-more campaigns. End-user service revenue increased by 13% in local currency driven by the ASPU growth and volume growth in mobile postpaid. Underlying EBITDAaL increased by 10% in local currency driven by higher end-user service revenue. Capex excluding spectrum and leases increased compared to 2020 driven by investments into modernizing the core network to prepare for 5G.

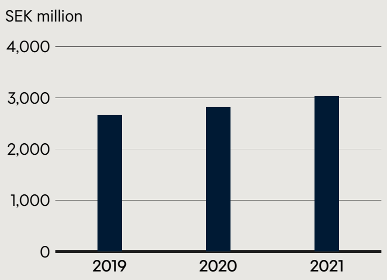
2022

The focus for Tele2 Lithuania will be to continue its more-for-more strategy by building on its strength as a market leader in the consumer market while strengthening its position in the B2B segment. Preparation for 5G has already started and once the spectrum acquisitions are concluded the nationwide roll-out of 5G will commence.

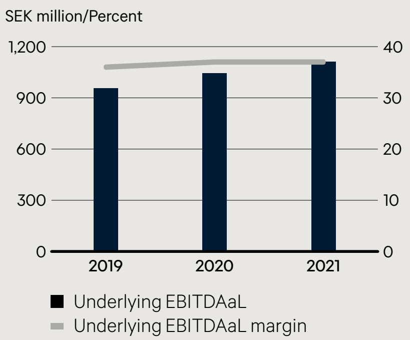
	2021	2020	Organic %
RGUs (thousands) [1]			
Mobile	1,945	1,884	3%
– Postpaid	1,262	1,184	7%
– Prepaid	683	700	-2%
ASPU (EUR) [1]			
Mobile	7.6	6.9	11%
– Postpaid	9.4	8.7	10%
– Prepaid	4.4	3.8	12%
Revenue (SEK million)			
Mobile	1,774	1,630	13%
– Postpaid	1,404	1,279	13%
– Prepaid	370	351	9%
Fixed	5	2	N/A
End-user service revenue	**1,779**	**1,631**	**13%**
Operator revenue	220	262	
Equipment revenue	968	869	
Internal sales	60	50	
Revenue	**3,028**	**2,812**	**11%**
Underlying EBITDA	1,181	1,111	
Underlying EBITDAaL	**1,112**	**1,043**	**10%**
Underlying EBITDAaL margin	37%	37%	
Capex	309	177	
Capex excluding spectrum and leases	**175**	**120**	
Capex excluding spectrum and leases / revenue	6%	4%	

[1] Unaudited.

Revenue



Underlying EBITDAaL



Latvia

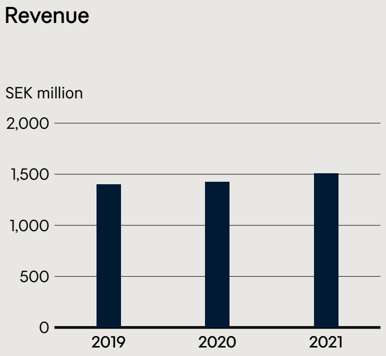
2021 in brief

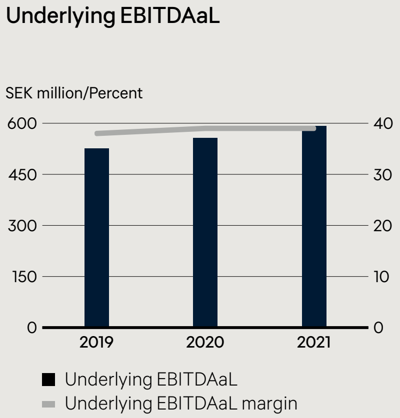
In 2021, Tele2 Latvia secured spectrum in the Latvian 700 MHz spectrum auction which was the last building block to start the nationwide 5G roll-out. Tele2 Latvia was also recognized by the National Regulator of Latvia as the operator with the fastest mobile internet download speed. Focused remained on the mobile centric convergence more-for-more strategy, digitalizing key processes and migrating customer from prepaid to postpaid.

Mobile net intake was positive in 2021 with 23,000 RGUs driven by mobile postpaid. Mobile ASPU increased by 9% in local currency driven by continued monetization of increased demand for data. End-user service revenue increased 10% in local currency driven by the ASPU growth and volume growth in mobile postpaid. Underlying EBITDAaL increased by 10% driven by the higher end-user service revenue.

2022

Tele2 Latvia aim to start the nationwide roll-out of 5G during 2022 which will strengthen its position as a leading mobile connectivity provider. The execution of the more-for-more strategy will continue through monetization of increased data demand and migration from prepaid to postpaid while optimizing digital channels. While implementing this strategy, the exploration and development of FMC capabilities will continue.





	2021	2020	Organic %
RGUs (thousands) [1]			
Mobile	993	970	2%
– Postpaid	758	703	8%
– Prepaid	235	267	-12%
ASPU (EUR) [1]			
Mobile	8.0	7.4	9%
– Postpaid	9.5	9.1	6%
– Prepaid	3.8	3.4	8%
Revenue (SEK million)			
Mobile	955	900	10%
– Postpaid	841	780	11%
– Prepaid	115	121	-2%
Fixed	3	1	N/A
End-user service revenue	**958**	**901**	**10%**
Operator revenue	166	177	
Equipment revenue	344	309	
Internal sales	39	38	
Revenue	**1,508**	**1,424**	**9%**
Underlying EBITDA	637	599	
Underlying EBITDAaL	**592**	**556**	**10%**
Underlying EBITDAaL margin	39%	39%	
Capex	176	176	
Capex excluding spectrum and leases	**105**	**104**	
Capex excluding spectrum and leases / revenue	7%	7%	

[1] Unaudited.

Estonia

2021 in brief

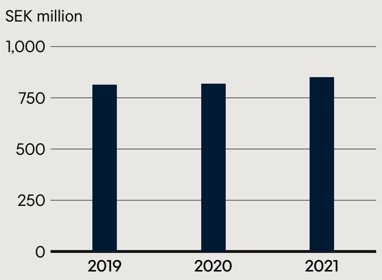
In 2021, Estonia continued the turnaround that was started in 2019. Focus remained on cross-selling FMC bundles through own infrastructure and wholesale to the customer base while executing on the more-for-more strategy through higher value price plans and moving existing customer base to lower discounts.

Mobile net intake was flat in 2021. Mobile ASPU increased by 9% in local currency driven by the more-for-more strategy and lower discounts in the customer base. End-user service revenue increased by 12% in local currency driven by the ASPU growth.

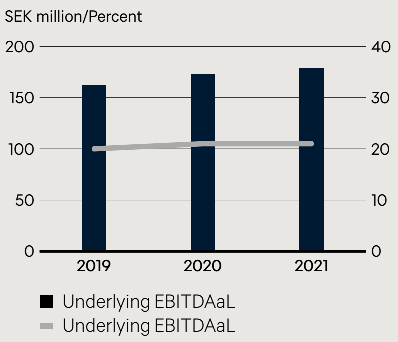
2022

The focus for Tele2 Estonia will be to continue its FMC more-for-more strategy by expanding our fixed footprint. Preparation for 5G has already started and once the spectrum acquisitions are concluded the nationwide roll-out of 5G will commence.

Revenue



Underlying EBITDAaL



	2021	2020	Organic %
RGUs (thousands) [1]			
Mobile	437	437	0%
– Postpaid	384	384	0%
– Prepaid	54	52	3%
ASPU (EUR) [1]			
Mobile	9.4	8.7	9%
– Postpaid	10.2	9.6	8%
– Prepaid	3.4	2.9	17%
Revenue (SEK million)			
Mobile	498	478	8%
– Postpaid	476	457	8%
– Prepaid	22	21	9%
Fixed	48	24	104%
End-user service revenue	**546**	**503**	**12%**
Operator revenue	99	130	
Equipment revenue	194	178	
Internal sales	10	8	
Revenue	**850**	**819**	7%
Underlying EBITDA	242	237	
Underlying EBITDAaL	**179**	**173**	7%
Underlying EBITDAaL margin	21%	21%	
Capex	155	159	
Capex excluding spectrum and leases	**105**	**93**	
Capex excluding spectrum and leases / revenue	12%	11%	

[1] Unaudited.

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. This section shows 100% of the company, as reported by Deutsche Telecom[1].

2021 in brief

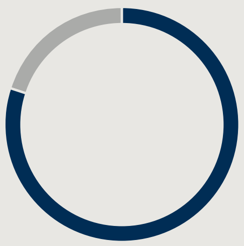
During 2021, T-Mobile Netherlands (TMNL) continued to grow and attract new customers in the mobile postpaid and fixed segment. Revenue increased with 6% driven by the Simpel acquisition, increased out-of-bundle revenue within Mobile and higher terminal equipment sales.

EBITDAaL increased by 21% driven by revenue growth, the acquisition of Simpel and efficient cost management.

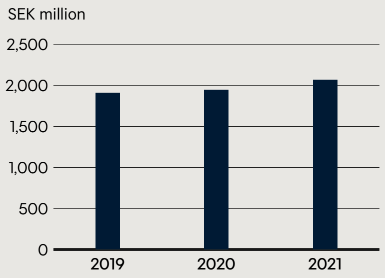
In Q1 2021, TMNL announced that it will start to offer high-speed fiber internet with its new partner Open Dutch Fiber, which will build a new fiber network for 1 million households. On September 7, it was announced that Tele2 AB and Deutsche Telekom have agreed to sell TMNL to funds advised by Apax 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.

[1] As reported by Deutsche Telekom in the financial results for the full year of 2021 on February 26, 2022 (except net debt, which reflects the TMNL position and includes intragroup debt). Definitions and accounting rules may differ from Tele2 Group reporting.

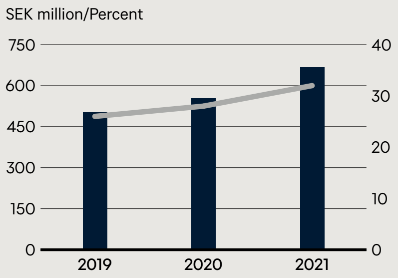
Revenue per segment, 2021



Revenue



EBITDAaL



	2021	2020	Organic %
Customers (thousands)			
Fixed Network			
- Fixed network Access Lines	739	682	8%
- Broadband Customers	728	668	9%
Mobile Communications			
- Contract	6,619	6,427	3%
- Prepaid	320	376	-15%
Total mobile	**6,939**	**6,803**	**2%**
ARPU (EUR)			
Contract	15	16	-7%
Prepaid	3	3	14%
Financials (EUR million) [1]			
Service revenue			
- Mobile communications	1,234	1,092	13%
Product view	2,071	1,946	6%
- Fixed network	393	383	3%
- Mobile communications	1,678	1,563	7%
Segment view	2,071	1,946	6%
- of which Consumer	1,635	1,457	12%
- of which Business	397	391	2%
Total revenue	**2,071**	**1,946**	**6%**
EBITDA	757	639	19%
EBITDAaL	**668**	**554**	**21%**
EBITDAaL margin	32%	29%	
Cash capex (before spectrum)	**274**	**283**	**-3%**
Net debt	**1,827**	**2,078**	
- of which lease obligations	745	691	
- of which spectrum liability	—	202	

[1] Financials are adjusted for special factors.

Enterprise risk management

Tele2 works proactively to identify and monitor the most significant risks through an enterprise risk management process, in relation to strategy, financial reporting and operations. The purpose of this process is to minimize surprises, improve decision making in order for Tele2 to achieve its strategic, financial, compliance and operational objectives and actively work to reduce the impact and likelihood of identified risks.

This section describes the Strategic Risk Management process and summarizes the most important risk and uncertainty factors. The process related to risk management for financial reporting and other operational risks is elaborated in the Corporate Governance Report in the section related to Internal Controls over Financial Reporting (sub-section 'Risk Assessment').

Strategic risk management

Risks which could threaten Tele2's ability to achieve its strategic objectives are assessed by the Group Leadership Team (GLT). These risks could relate to our strategic initiatives, financial targets or the vision, but they could also relate to other risks illustrated in the section 'Internal control over financial reporting' , considered to have a potential material effect on the group's strategic objectives.

The strategic risk management process begins with identification of risk areas. Each of these risk areas are then assigned to a risk owner (an individual GLT member) who is responsible for breaking down the risk into quantifiable risk scenarios, for which potential impact and likelihood is then assessed. The risk owners are also responsible for identifying actions to mitigate the risks, where possible and to monitor and report any development to the rest of the GLT.

The strategic risks are also reported and discussed with the Audit Committee and/or the full Board of Directors. A summary of the most important risks and uncertainty factors that are identified by Tele2 and how they are managed is presented below.

The strategic risk management process

The most important strategic risks

RISK	DESCRIPTION	RISK MITIGATION
Risks related to spectrum auctions	The winning of spectrum auctions is vital in order for Tele2 to conduct a substantial part of the business. A failure to obtain a spectrum license at a reasonable price, award of such license to one of Tele2's competitors and the burden of compliance to license requirements could result in Tele2 not being able to upgrade, maintain and expand its network.	Tele2 has put in place processes to ensure compliance with license requirements to increase chances of renewal and extension of existing licenses or obtaining new licenses. Tele2 also works in close contact with regulators and industry associations to become aware of upcoming license distributions or redistributions, but the outcome of such distributions is coupled with uncertainty.
Risks related to regulations	Tele2's ability to effectively respond to introduction of and changes in legislation, regulations and decisions from authorities for telecommunication services can have a considerable effect on Tele2's business operations, cost control and the competitive situation in the operating markets (e.g. less flexibility in setting tariff structures for interconnection and roaming services, relaxation of regulation for access to incumbents' copper and fiber networks, potential regulation of cable services to multi-dwelling units, or the deregulation of open access to single dwelling units in Sweden, net neutrality, consumer protection legislation and security-related regulations and provisions adding administrative burdens, limiting our choices of network and system design and/or limiting our choice of partners and vendors).	Tele2 closely monitors developments in the regulatory area in order to meet changes proactively. Tele2 also works actively with these types of topics and engages in ongoing dialogue with the relevant authorities and interest groups in order to achieve fair and balanced conditions for Tele2 to operate and develop in the markets, including promoting sufficient regulation which supports fair competition.

RISK	DESCRIPTION	RISK MITIGATION
Risks related to conducting business in a highly competitive environment and changing technology	Increase in competitors' activity, new entrants, lower prices and new customer offerings, new technology and market dependency could lead to adjustments in the business model, changes in the company's business and pricing strategy, development of new market segments (e.g. IoT) or new forms of connectivity (e.g. VoIP, embedded SIM, 5G, fiber replacing cable), changed customer behavior (due to revenue migration from voice to data, shift from traditional broadcast linear TV to pay TV and OTT – over the top offerings, loss of content rights for linear TV), decrease in customer growth rates and loss of market share and competitive position.	Tele2's senior executives closely monitor technological advances and competitive market changes to adapt the company's strategies to be able to benefit from their possibilities and safeguard against potential threats.
Risks related to strategy implementation and integration	Successful implementation of strategic initiatives, such as acquisitions (including integration), divestments and customer offerings (such as fixed mobile convergence offerings) are dependent upon Tele2's ability to transform the organization, financial and management information control systems and processes that are capable to foresee if the development of such offerings meets customer needs. Should Tele2 be unable to execute the business strategy and successfully implement strategic initiatives, it could impact the Group's business, financial condition and result of operations. Also, the efficient integration of acquisitions as well as the positive development of the acquired operations, are expected to enhance Tele2's results of operations both in the long and short term, but there is a risk that this does not occur.	To ensure successful execution of the strategy, Tele2 is continuously developing the financial and management information control systems, executing strong integration programs and attracting and retaining qualified management and personnel.
Risks related to network quality towards customers	The mobile and fixed networks are important assets and a pre-requisite to be able to deliver a qualitative and profitable service. Any incident or disruption as well as delays in roll-out and upgrades could have serious consequences.	Tele2 manages this risk by ensuring changes and upgrades are made in a controlled manner, ensuring redundancy of systems and networks, ensuring back-up of data and performing restoration testing, and by closely monitoring systems and network performance and incidents on a 24/7 basis.
Risks related to network and IT integrity and personal data security	The Group's operations manage significant network and data volumes and therefore aims to ensure network integrity, data security and protect customers' personal data. Tele2 needs to protect assets such as personnel, customers, information, IT infrastructure, internal and public networks as well as office buildings and technical facilities. Along with increased digitalization, cyber-attacks are increasing and becoming more advanced and could, if not properly mitigated, lead to major disruptions on customer services and on internal IT infrastructure. Also, as per the Data Protection Regulation, breaches of customer's personal information could potentially result in major fines and significant reputational damage.	Tele2 has high focus on network and IT security and is also working actively to be able to comply with regulatory requirements through strengthening of systems and processes, updated security systems and software to prevent intrusions and attacks, performance of frequent penetration testing, and ensuring solid processes for incident management and escalation to ensure that Tele2 customer's personal data is secured and protected.
Risks in relation to external relationships	Tele2 conducts certain activities through joint operations in which Tele2 does not have and will not have a controlling interest. Such companies include Svenska UMTS-nät AB together with Telia Company and Net4Mobility Handelsbolag together with Telenor. Also, Tele2 is dependent on handset manufacturers such as Apple, Samsung and Huawei for attracting customers, equipment and network suppliers such as Ericsson and Nokia for rolling out networks and terrestrial digital TV supplier such as Teracom to be able to offer good quality services. Also, Tele2 depends on agreements with other network operators to provide services in major parts of the Tele2 network. Any of these third party relationships impose risks, be it in the form of delays in roll-out, limitations for customized development, supplier dependency and lack of alternative suppliers, longer supply chain lead times, limitations on operating profitability or legal proceedings.	Tele2 continuously evaluates existing agreements and manages co-operations with partners through continuous dialogue or through legal options, if necessary. Also, Tele2 continuously manages and assesses the risks associated with the supply chain in order to maintain a competitive and well-functioning infrastructure.

RISK	DESCRIPTION	RISK MITIGATION
Risk related to customer churn	Customer churn may increase due to Tele2's inability to deliver satisfactory services over the Tele2 network, unsatisfactory customer service, customers' reduced willingness to pay for converged offerings and Tele2's inability to respond to competitors' product and pricing activities. Also, landlords' termination of contracts or refusal to renew existing contracts or loss of a large B2B customer could contribute to increased customer churn. These could lead to increased costs and reduced revenue and could have a material adverse effect on Tele2's business, financial condition and results of operations.	Tele2 continuously works to improve the customer experience and increase customer satisfaction, which will continue to be the company's focus in future years.
Risks related to the ability to recruit and retain skilled personnel	To remain competitive and implement the strategy, and to adapt to changing technologies, Tele2 will need to recruit, retain and, where necessary, retrain highly skilled employees with the relevant expertise. The loss of key individuals or other employees who have specific knowledge of, or relationships with, customers in the markets in which Tele2 operates could have a material adverse effect on Tele2's business, financial condition and results of operations.	Tele2 has recruited a number of skilled employees and works continuously to provide incentives for them to retain and contribute to the continued development of the company.
Financial risks	Through the operations, the Tele2 Group is exposed to various financial risks such as currency risks, interest rate risks, liquidity risks, credit risks, risks related to tax matters and impairment of assets.	Financial risk management is mainly centralized to the Corporate Affairs function (responsible for treasury and tax matters) and the Financial Reporting and Operations function (responsible for impairment recognition). The aim is to control and minimize Tele2's financial risks as well as financial costs, and optimize the relation between risk and cost. Further information on financial risk management can be found in Note 2.
Risks related to climate change	The transition to a low carbon economy is associated with transitional risk, e.g. policy, liability or technology risks, that may all incur additional costs. Climate change is increasingly driving regulation and taxation related to reduction of greenhouse gas emissions and the use of fossil fuels. Increasing scarcity of natural resources, particularly rare minerals used in network and consumer technology hardware, may lead to increased hardware costs. Increasing energy costs, Greenhouse Gas (GHG) emissions taxation and price increases caused by natural resource scarcity may incur additional costs.	Tele2 has transitioned to renewable electricity and has certified the Environmental Management System according to Svensk Miljöbas. Tele2 is also working to reduce emissions of Greenhouse gases (GHG) as quickly as possible to reduce transitional risk, gradually transition to renewable energy when feasible and make Tele2's networks more energy efficient by taking a leading position in the AI4Green research project. Tele2 also continues efforts to reduce e-waste and follow-up to ensure compliance with relevant environmental laws and regulations.
Risk related to unstable geopolitical conditions	Since Tele2 operates in a global environment, it is and will be affected by the general economic environment, political uncertainties, local business risks as well as laws, rules and regulations in individual countries, thereby affecting demand for the company's services.	Tele2 is closely monitoring the development on world events and is kept informed by local management, government officials and independent sources.
Risks related to corruption and unethical business practices	Throughout the operations of Tele2, there are risks of corruption, especially in areas linked to market regulation, price setting, supply chain and third-party management and customer service. Actual or perceived corruption or unethical business practices may damage the perception of Tele2 and result in financial penalties and debarment from procurement and institutional investment processes. Fraud may significantly impact financial results.	Tele2's anti-corruption policy establishes the principles applied by Tele2 to prevent corruption within the business. All employees and business partners have been informed of the company's code of conduct and efforts to combat corruption and reduce the risk of unintentional mistakes. Tele2's guidelines for gifts, entertainment and hospitality, which are included in the anti-corruption policy have also been communicated throughout the organization, provide detailed information on how everyone at Tele2 should act in terms of external hospitality, as well as the rules governing giving and receiving gifts or other benefits. Fraud risks are monitored and managed through the internal security department.
Risks related to pandemics	Pandemics have the capability of affecting the global economic, social, and political landscape. The consequences of such global events (for example the ongoing COVID-19 pandemic) can cause disruption to Tele2's employees, suppliers and customers. Should Tele2 be unable to adapt and manage the impact of such pandemics, it could have a material adverse effect on the business, financial condition and results of operations.	Tele2 is constantly monitoring operations to ensure continuity of Tele2 services to customers and the society. There is an adaptive crisis management plan in place and capable of implementing mitigation actions. Tele2 also remains in close contact with local health authorities and governmental agencies to react and adapt to any developments and minimize any risks to Tele2's employees, customers, and suppliers.

Employees

Unique People and Culture

At Tele2 we believe in the power of people. We believe that coming together unleashes the full potential in all of us and builds an ever-stronger sense of team and belonging. With this we hope to achieve a thriving culture which embraces collaboration, engagement and well-being. The pandemic has continued throughout 2021 and the hybrid way of working has been prevailing. Even if our ambition is that all employees will work from our offices the majority of time, Tele2 is a remote friendly workplace knowing there is an invisible fabric which holds us together, no matter where we are.

Despite the pandemic, our ambitions have remained high. At Tele2, we trust our people with great responsibility and accountability. Engaged employees perform better, walk the extra mile and are personally motivated to make Tele2 an even better place to work. As part of Tele2's ambition to become a leading Telco in the Nordic & Baltic region we have defined four strategic enablers, each with defined KPI's and targets that we track on a quarterly basis.

- Walk the talk leadership that aligns and engages
- Evolve Tele2:s culture to maintain competitive advantage
- Attract and retain performance driven people with future proof competencies
- Diverse and inclusive workplace to be proud of

Walk the Talk Leadership that aligns and engages

Our strategy and mid-term ambition will place high demands on our people, on us as an organization, and on our ways of working. Great leadership that aligns and engages our employees around our new strategy will be key. We will promote leaders who walk-the-talk, who understand that they have an important role to serve as ambassadors and role models for Tele2's culture and values. This year we have continued our efforts of introducing new leaders by taking them through the My Leadership @ Tele2 program as well as offer refreshments sessions for existing leaders – strengthening strategy development, change management capabilities – leading change – and storytelling. Our efforts continue to pay off, Managers at Tele2 are again and again highly regarded by our employees and continue to be rated at high performing benchmark levels which is shown by the rating in our internal survey "My Voice". This year we have also enhanced our efforts of Talent Talks and Succession planning to mitigate gaps, recognize and provide development opportunities for talents and senior leaders with potential for future leadership and executive roles.

Evolve Tele2:s culture to maintain competitive advantage

The Tele2 culture has enabled us to challenge the market for years, and the Tele2 culture also enabled us to quickly adapt to the challenges of the pandemic. We will continue to evolve our unique culture to remain a differentiator. At Tele2, we believe that the right attitude, enthusiasm, and the ability to work according to Tele2's values - Fearless, Open, Cost Efficient, Reliable and Flexible - are more important than an impressive resume. The world outside is, however, changing and so must we. Change is in the DNA of Tele2, our company and our people will always continue transforming and moving forward. Our culture - the Tele2 Way – is at the center of what we do and will continuously be evolved to stay ahead - providing superior customer experience - becoming more fact based, increase efficiency, collaboration and not the least keeping up the Tele2 spirit and winning attitude – we play to win and do it together!

Attract and retain performance driven people with future proof competencies

To continue to win, we challenge ourselves to always be better, adapt to customer needs and always strive to deliver maximum customer value. Through grand expectations on ourselves and others, we want to make an impact and make a difference. We encourage a growth mindset with relevant feedback and continuous performance dialogue between manager and employee, as well as between peers. The approach seeks to ensure that all employees have clear and updated goals, and frequent and meaningful conversations with their manager around their aspirations, performance, and drivers for engagement. We believe in learning by doing, through exposure to challenging assignments together with good coaching, collaboration and learning from others. At the same time, we expect our people to have high ambitions and contribute to their own best abilities. This year we have made significant improvements in our onboarding of new employees, and our Executive Trainee program (ranked as number 5 out of 50 trainee programs by talents in a study by 4Potentials in Nov 2021) and IT Talent program continue to provide a great entry point for young professionals. At Tele2 we will always do our best to make sure our employees are safe, motivated and happy working for Tele2. We believe in a healthy work-life balance and do not measure excellence in the number of hours worked and we have zero tolerance to harassment of any kind.

Diverse and inclusive workplace to be proud of

As part of Tele2's ambition to become a leading Telco in the Nordic & Baltic region is also to lead in sustainability. To achieve this ambition, we have four prioritized areas, each having clear accountability within the Group Leadership Team, long-terms goals and defined KPIs to measure our progress - Diversity & Inclusion is one of these areas. We have great ambitions to build an inclusive culture where everyone can bring their full self and unique perspectives to work, a fair playing field where everyone will have the same chance to progress and develop to fulfill their potential. Tele2's ambition is always to employ the best talent that the market has to offer; considering values, experience and competence that match with our strong culture. Our culture and workplace is central in achieving this and Tele2 is committed to providing a workplace that facilitates diversity, productivity and working together. This year we have started the roll-out of a new training program "Re-wire for Inclusion" targeting all employees. We are making progress, in our employee "MyVoice" survey our employees are scoring high on Inclusion (84/100), 9 points above high performing benchmark. With our ambitious agenda to become a gender balanced company we still have some way to go. At the same time, we are happy to see that we continue to have a gender balanced recruitment (51% female/49% male) and that we during 2021 recruited more female leaders (48%). As of

January 2022, our Group Leadership Team is also gender balanced with four female and five male members.

Changes to the Tele2 Group Leadership Team

During the year there have been a number of changes announced to the Tele2 Group Leadership team that will bring important and diverse perspectives to Tele2:

Stefan Trampus
- Taking on the position as EVP B2B, has intimate knowledge of the Swedish telco market and a proven track record of success, most recently as Director Network Operator and CEO of iTUX within Tele2.

Yogesh Malik
- EVP and CTIO, responsible for merging the IT and Technology organizations into one unit, Digital Capabilities and Technology, has managed complexity in both mature and emerging markets, both as an operational leader and as a senior group executive at two major telecom operators.

Hendrik de Groot
- EVP and Chief Commercial Officer, brings a wealth of international experience from other telecommunications companies and has been focused on increased commercial capabilities, especially through convergence, all through his career.

Charlotte Hansson
- EVP and Group CFO, has extensive experience as CFO of companies from different industries but also deep experience from transformation journeys, for example towards e-commerce. Charlotte joined the company in the beginning of 2022.

Torkel Sigurd
- EVP Corporate Affairs, has 20 years of experience within telecom and has been part of the Tele2 family for 14 years, most recently as Director Strategy, M&A and Corporate Finance.

Nathalie Dahmm
- Chief Culture & HR Business Advisory, has a unique history with over 20 years with Tele2 from several senior positions within Culture, Leadership and Change Management, as well as within Technology, across different markets and functions at Tele2.

Facts

On December 31, 2021, the number of employees in Tele2 was 4,435 (4,528), excluding discontinued operations. Please refer to Note 31 for additional information regarding the number of employees, gender distribution and personnel costs. WeAreTele2 (#WeAreTele2) is currently present at LinkedIn, Instagram, Facebook and Twitter.

Guidelines for remuneration to senior executives

The current guidelines for remuneration to senior executives was approved by the Annual General Meeting in 2020 and are presented in Note 31. There are no changes to the remuneration guidelines for 2022.

Corporate governance report

Introduction

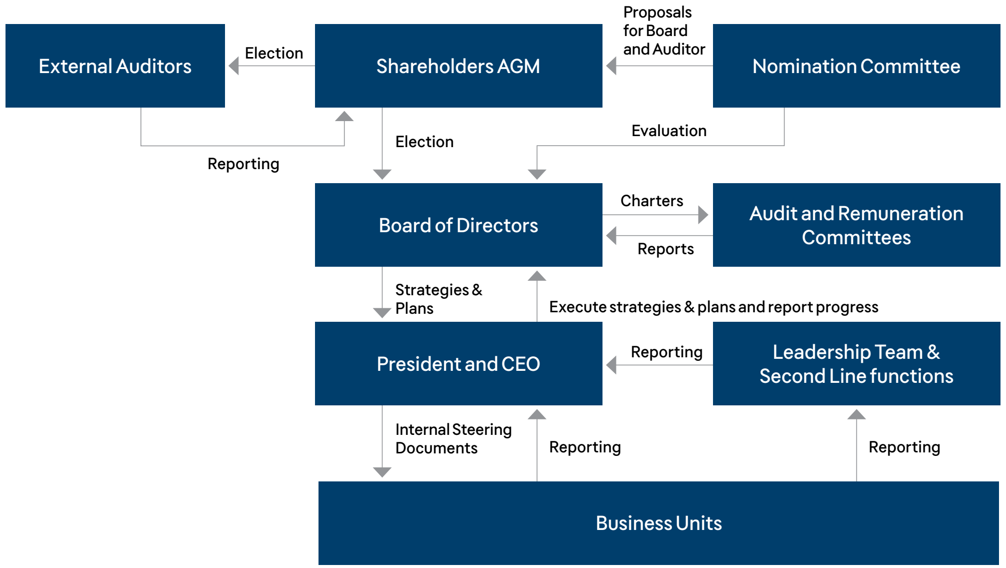
The Corporate Governance Report is prepared in accordance with the Swedish Annual Accounts Act and the provisions of the Swedish Corporate Governance Code. Listing information is described in the Shareholder information section of the Administrative report. Corporate Governance Reports prior to 2019 and other corporate governance documents (which were published separately from the Annual Report) are available on the corporate website, www.tele2.com.

The Code is based on the principle of comply or explain, which means that companies can deviate from single rules in the Code, provided that they offer an explanation for the deviation. Tele2 has not deviated from the Code during 2021.

Overview of corporate governance at Tele2

Sound corporate governance at Tele2 means the establishment of an appropriate framework for decision making, assignment of responsibility and the implementation of transparent reporting that supports the understanding and monitoring of the development of the company. Tele2's overall corporate governance framework can be visualised as below:

Tele2's governance structure



External Steering Documents, such as

- Swedish Companies Act
- The Annual Accounts Act
- The Swedish Code of Corporate Governance
- Rule Book for Issuers Nasdaq Stockholm
- Industry regulations, etc.

General Meetings and Nomination Committee

Annual General Meeting

The 2021 Annual General Meeting ("AGM") was held on April 22, 2021. At the meeting, 814 shareholders were in attendance, personally or by proxy, representing 60,5 percent of the votes. Due to the prevailing extraordinary situation of COVID-19, Tele2's Annual General Meeting was, in order to reduce the risk of spreading the virus and having regard to the authorities' regulations and advice on avoiding public gatherings, carried out only through advance voting (postal voting) pursuant to temporary legislation. Charlotte Levin, an external lawyer was elected Chairman of the meeting. Noted as present was General Counsel Stefan Backman.

The following significant resolutions were adopted by the AGM:

- Approval of the Annual and Sustainability Report for 2020 and resolution on ordinary dividend of SEK 6 per share in two equal installments. The record date for the first dividend was decided as April 26, 2021 and the second as October 8, 2021. The dividend was paid out to the shareholders on April 29, 2021 and October 8, 2021 respectively;
- Discharge the directors of the Board and the CEO from liability for the financial year 2020;
- Approval of remuneration to the Board and auditor and procedures for the Nomination Committee;
- Re-election of Andrew Barron, Georgi Ganev, Eva Lindqvist, Lars-Åke Norling and Carla Smits-Nusteling as directors of the Board, election of Stina Bergfors and Sam Kini as new members and re-election of Carla Smits-Nusteling as Chairman of the Board;
- Re-election of Deloitte as auditor until close of the 2022 AGM with Didrik Roos as the auditor-in-charge; and
- Approval of guidelines for the remuneration to senior executives as well as the principles and scope for Tele2's long term share related incentive program 2021.

Extraordinary General Meeting

The Extraordinary General Meeting ("EGM") was held on June 28, 2021. At the meeting, 824 shareholders were in attendance, by individual postal vote or by proxy postal vote, representing 58,2 percent of the votes. Due to the prevailing extraordinary situation of COVID-19, Tele2's Extraordinary General Meeting was, in order to reduce the risk of spreading the virus and having regard to the authorities' regulations and advice on avoiding public gatherings, carried out only through advance voting (postal voting) pursuant to temporary legislation. Charlotte Levin, an external lawyer was elected Chairman of the meeting. Noted as present was General Counsel Stefan Backman.

The meeting resolved on an extraordinary dividend of SEK 3 per share. The record date was decided as June 20, 2021 and the dividend was paid out to the shareholders on July 5, 2021.

The minutes of the AGM and EGM are available on Tele2's corporate website, www.tele2.com.

Nomination Committee for the 2021 AGM

For the 2021 AGM, the Nomination Committee, consisted of; Anna Stenberg appointed by Kinnevik AB; John Hernander appointed by Nordea Funds and Jan Dworsky appointed by Swedbank Robur Funds. The Committee held a number of meetings during 2021 in person and by phone, with additional contact over email and interviews with Board members between meetings.

The Committee's work primarily focused on the long-term development of the overall Board composition and succession planning, with the overall aim to provide stability in consideration of the changes made to the Board's composition in 2018 and 2019. In its assessment of the degree to which the proposed Board met the requirement placed on it, the Nomination Committee reviewed the Board members' ability to devote the necessary time and commitment required, as well as the balance and diversity of contributions of experiences from different areas and geographic regions of the broader digital communications industry.

The Committee also had the benefit of an internal performance review of the Board and its individual members, presented to the Committee by the Chairman of the Board. In its work, the Nomination Committee applied rule 4.1 of the Swedish Corporate Governance Code as its diversity policy. Accordingly, the Committee gave particular consideration to the importance of an increased diversity on the Board, including gender, age and nationality, as well as depth of experiences, professional backgrounds and business disciplines. The Committee believed the composition of the Board to be fit-for-purpose in respect of the various dimensions of diversity, and will continue to pursue a high degree of diversity and gender balance in its efforts to compose the most capable Board.

The Committee submitted proposals to the 2021 AGM for the election of the Board and auditor, and their remuneration, Chairman of the AGM and the procedure for the Nomination Committee.

No compensation has been paid by Tele2 to any member of the Nomination Committee for their work.

Nomination Committee for the 2022 AGM

In accordance with the procedures for the Nomination Committee as decided by, and in force since the 2018 AGM, Anna Stenberg, as representative for Kinnevik AB, has convened a Nomination Committee consisting of members appointed by the largest shareholders in terms of voting interest in Tele2 AB. The members of the Nomination Committee for the 2022 AGM are shown in the table below:

Name	Representing	Share of votes
Anna Stenberg (Chairman)	Kinnevik AB	42.0%
John Hernander	Nordea Fonder	2.0%
Frank Larsson	Handelsbanken Fonder	1.9%

The Board

According to Tele2's Articles of Association, the Board shall consist of at least five and a maximum of nine members, to be elected by the AGM. The Articles of Association of Tele2 are available on the corporate website, www.tele2.com.

At the 2021 AGM, Tele2's shareholders re-elected Andrew Barron, Georgi Ganev, Eva Lindqvist, Lars-Åke Norling and Carla Smits-Nusteling as directors of the Board and elected Stina Bergfors and Sam Kini as new members. Furthermore, Carla Smits-Nusteling was re-elected as Chairman of the Board. At the constitutional board meeting following the 2021 AGM, the Board elected Andrew Barron as Deputy Chairman of the Board.

The President and CEO, CFO and General Counsel/Company Secretary also attend the Board meetings except for when their own work is being evaluated. Other employees participate in the Board meetings to discuss specific matters, or as required by the Board.

Independence of the Board

The Board's assessment regarding each member's position of independence in relation to the company, its shareholders and the management is mentioned in the Board member profiles in the Introduction section. None of the Board members are part of the senior management of the company, nor are they union representatives. Four of the total seven Board members as at end of 2021 were women.

Tele2 meets the Code's requirement that the majority of the members be independent in relation to the company and its executive management. Six of the total seven Board members as at the end of 2021 are independent of the company, its executive management and, additionally, its major shareholders.

The Board's responsibility and work procedures

The Board's work procedures are established every year and govern the organization of the Board's duties and its meetings, as well as written instructions for the Board's work and evaluation of its performance. Furthermore, the Board has issued "Instructions to the Managing Director" to the President and CEO regarding his responsibilities towards the Board, and to establish his authority to execute the company's management, including any limitations thereto.

The Board:

- Oversees Tele2's overall long-term strategies and goals,
- Approves budgets, business plans, financial reports, investment and personnel proposals,
- Makes decisions regarding acquisitions and disposal of business interests,
- Monitors the CEO's work and the company's performance, and
- Evaluates the quality of the company's internal control functions, risk management and financial reports, and communicates with the company's auditors directly and through regular reports from the Audit Committee and the company's CFO.

The Board's work in 2021

During the 2021 financial year, the Board has met twelve (12) times – two (2) times in Stockholm, five (5) times through video meetings and five (5) per capsulam meetings.

Below is a summary of the main topics handled by the Board during 2021:

- Appointment of new Group Leadership Team members and other key personnel,
- Review and approval of financial reports,
- Review and follow-up of internal controls, risk management and corporate governance,
- Treasury matters,
- Corporate responsibility matters, including data privacy, corruption risks and ethical business practices,
- Human resources matters, including talent management, succession planning and remuneration guidelines,
- Strategy review, including review of growth opportunities, product portfolio, business model challenges and marketing strategies,
- Certain matters regarding acquisition and divestment opportunities, including the divestment of Tele2´s shares in T-Mobile Netherlands,
- Review of the budget for 2022,
- Evaluation of the Board,
- Auditors' reports.

Attendance of Board members

Name	Board meetings	Audit Committee	Remuneration Committee
Number of meetings, including telephone and per capsulam meetings	12	7	6
Carla Smits-Nusteling	12/12	6/7	-
Anders Björkman	5/5	-	2/2
Georgi Ganev	12/12	-	-
Cynthia Gordon	5/5	2/2	-
Lars-Åke Norling	12/12	-	6/6
Andrew Barron	12/12	-	6/6
Eva Lindqvist	12/12	7/7	-
Stina Bergfors	7/7	-	4/4
Sam Kini	7/7	4/5	-

The Board members are all compensated for their Board work in accordance with the resolution passed at the AGM. Details of compensation are shown in Note 31. In addition, Board members are reimbursed traveling expenses for Board work, according to submitted receipts. There is no outstanding share or share price related incentive program for the Board.

Annual Evaluation of the Board

The Chairman of the Board ensures that an annual self-assessment of the Board's work is performed, where the Board members are given the opportunity to share their views on working methods, Board material, their own and other Board members' work, as well as the scope of their assignment. The assessment was performed in 2021.

The Board also receives reports from the Audit and Remuneration Committees and evaluates their work. The evaluation is presented to the Nomination Committee.

Committees and auditor

In order to carry out its work more effectively, the Board has appointed members for a Remuneration Committee and an Audit Committee with special tasks. These Committees are the Board's preparatory bodies and do not reduce the Board's overall and joint responsibility for the handling of the company and the decisions made.

Furthermore, where needed, the Board appoints members to form preparatory working groups on topics of special interest, such as a capital structure committee working with questions on shareholder remuneration and capital structure.

Audit Committee

The Audit Committee has the primary task of assisting the Board in its supervision and review of the internal and external audit processes, and reviewing and ensuring the quality of the company's external financial reporting. Furthermore, the Audit Committee supervises the internal control functions of the company.

When performing its work, the Audit Committee is guided by a written charter and instructions that the Board has determined, as well as the provisions contained in the Code. The Board has delegated the following decision making powers to the Audit Committee:

- The right to establish procedures for accounting, internal control and auditing,
- The right to determine the procedure for receiving and managing complaints received by the company with regard to accounting, internal control or audit issues.

At the statutory Board Meeting following the 2021 AGM, the Board re-appointed Eva Lindqvist as the Chairman of the Audit Committee, and Carla Smits-Nusteling, Lars-Åke Norling and Sam Kini as ordinary members. Tele2 meets the independence requirements of the Code vis-à-vis the Audit Committee, also mentioned in the Board member profiles in the Introduction section.

The Audit Committee usually meets in connection with Board meetings or in order to review, assess and approve the release of the group's external financial results. The Audit Committee has met seven (7) times in 2021 - four (4) times through video meetings and three (3) times through a combination of video and in person (in Stockholm) participation. The President and CEO and the CFO together with the General Counsel, Head of Internal Audit, Head of Financial Reporting and Operations, Head of Investor Relations and the company's external auditors were also present at the meetings, as required. Other management representing Tax, IT and Network, Sustainability and Security were also present in part or some of the meetings.

In 2021, the primary matters dealt with by the Audit Committee were the approval of financial reports, capital structure, extraordinary dividend, crisis management, tax, reports from the external auditor, follow-up of internal audits and risk assessments, corporate responsibility, compliance and information regarding significant financial and control projects. The Audit Committee, through its Chairman, also meets with the external auditor independently to exchange views regarding the company's accounting and control environment. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are reported regularly to the Board of Directors.

Remuneration Committee

The Remuneration Committee's main work includes presenting recommendations to the Board regarding remuneration and terms of employment for executive management. These recommendations and guidelines regarding remuneration for executive management are also submitted to the President and CEO. The recommendations, including recommendations for long-term incentive programs, are submitted by the Board to the AGM for adoption.

Following their adoption at the AGM, the Board applies the remuneration guidelines.

When performing its work, the Remuneration Committee is guided by a written charter and instructions that the Board has determined.

The Board appoints the members and the Chairman of the Remuneration Committee. At the statutory Board meeting following the 2021 AGM, Andrew Barron was appointed Chairman of the Remuneration Committee and Stina Bergfors and Lars-Åke Norling were appointed members of the Committee.

During 2021, the Remuneration Committee held six (6) meetings.

Refer to Note 31 for information regarding remuneration to senior executives.

Auditor

At the AGM 2021, the audit firm Deloitte AB, Sweden, was elected external auditor until the AGM 2022 in compliance with the proposal from the Nomination Committee. Didrik Roos is the auditor in charge. He is an authorized public accountant and partner at Deloitte. In addition to his assignment at Tele2, he is amongst others, in charge of the audits of Boozt, H&M and Systembolaget.

During 2021, Deloitte performed a sustainability assurance assignment for Tele2 besides the ordinary audit assignments. Such non-audit services performed by the auditor are approved by the Audit Committee.

Refer to Note 32 for information regarding fee to the auditors.

Internal control over financial reporting

The internal controls over Tele2's financial reporting aims to provide reasonable assurance of the reliability of internal and external financial reporting, and to ensure that external financial reporting is prepared in accordance with legislation, applicable accounting standards and other requirements for listed companies.

Tele2's system for internal controls and risk management is based on the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission, also referred to as "the COSO model". This section reproduces the key elements of Tele2's application of this model and how it assists the Board and the Leadership Team in providing assurance over the financial reporting as well as operational, compliance and strategic objectives.

Control environment

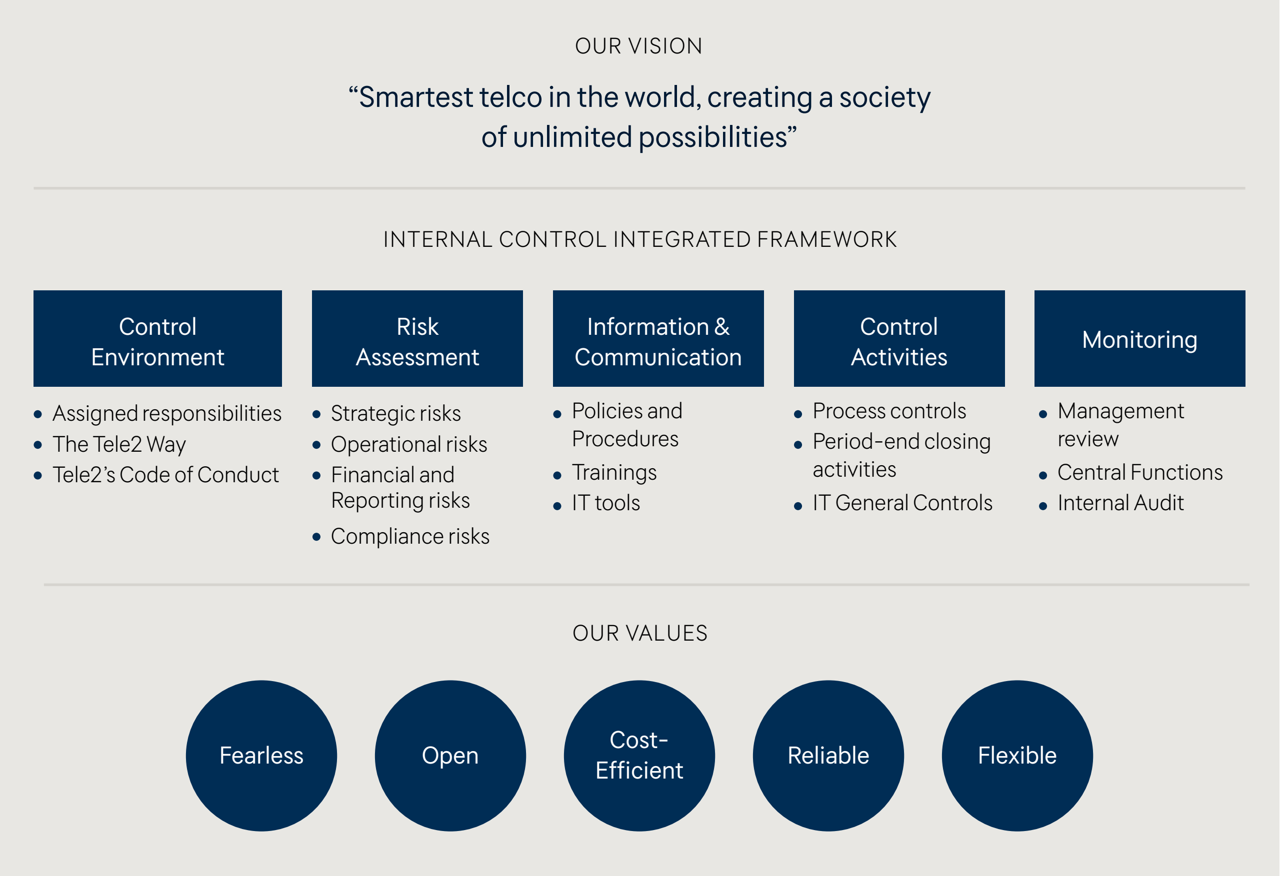
The Board of Directors bears overall responsibility for internal controls related to financial reporting. As a result, the Board has established a written work plan, "Work and delegation procedures for the Board of Directors of Tele2 AB", that clarifies its responsibilities and regulates the Board's and its committees' internal distribution of work. Furthermore, the Board has appointed an Audit Committee with a written charter, the primary task of which is to ensure that established principles for financial reporting and internal controls are adhered to and that appropriate relations are maintained with the company's auditors. Results of internal and external audits, which are reported to the Audit Committee, as well as management's reporting on risks and incidents forms the basis for the Board's evaluation of the internal controls over financial reporting.

Responsibilities for maintaining Internal Control over Financial Reporting

The responsibility for maintaining an effective control environment and ongoing work on internal controls has been assigned to the President and Group CEO and documented in the "Instructions to the Managing Director of Tele2 AB". The President and Group CEO has, in turn, allocated responsibility for maintaining internal controls to the Tele2 Group Leadership team and his direct reports.

Control environment, Tele2 values and the Tele2 Code of Conduct

The overall control environment in Tele2 (including that over its financial reporting) is much influenced by our common values which are reflected in all parts of our business, from trainings for new employees to developing corporate strategy. There are also control activities in place to ensure that the values are, not only known by employees and managers, but also that we act in accordance with them, i.e. that we "walk the talk". All employees are evaluated against these common values and managers are required to conduct training on "The Tele2 Way" in order to discuss and gain greater insight into the company's values and practices. Another key aspect of the overall control environment is the Executive Management's



enforcement of the Tele2 Code of Conduct and, as part of this, the four-eyes principle, which means that important decisions and contracts signed on behalf of Tele2 should always be made by at least two persons. The Code of Conduct is signed by all employees upon joining Tele2 and then reconfirmed annually. All employees are accountable for compliance with the code of conduct. When entering into a contractual arrangement with Tele2, suppliers and other business partners also need to give their assurance regarding compliance with Tele2's standards by signing Tele2's Business Partner Code of Conduct.

Also, our whistleblower process ensures that anyone working for or with Tele2 can report any wrongdoing. It also provides protection to any individual making a report of potential misconduct. We have implemented low-threshold possibilities for reporting any wrongdoing related to Tele2. Reporting can be done either anonymously, confidentially or openly and through different methods. Members of the Group Leadership Team and the Board (including the Audit Committee) are informed ad-hoc of ongoing or concluded investigations.

The Code of Conduct and detailed information on the whistleblower process is available on the company's intranet and on Tele2's corporate website www.tele2.com.

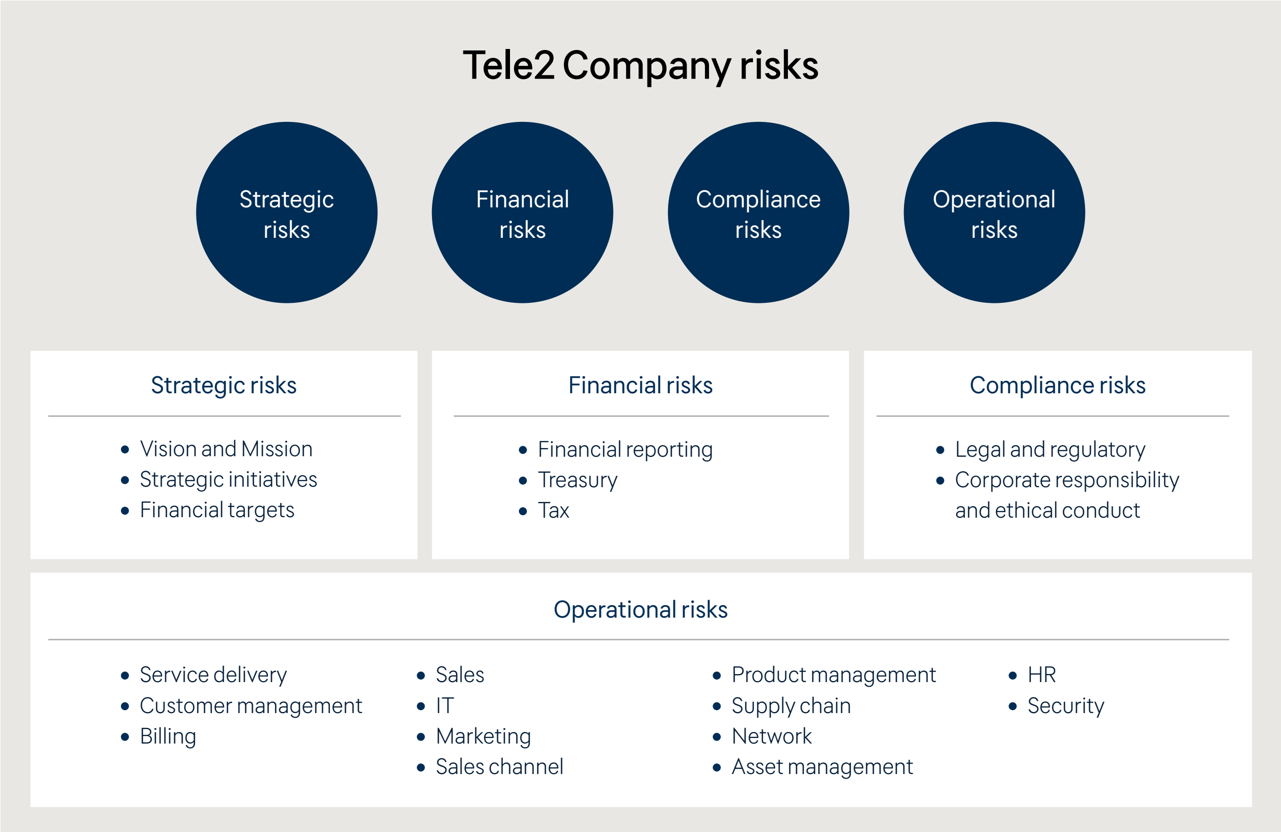
Risk assessment

Tele2's operational risk management is integrated into the financial reporting and operational processes to ensure accountability, effectiveness, efficiency, business continuity and compliance with corporate governance, legal and other requirements. The line managers are inherently responsible for the risk identification and risk mitigation related to their respective market or corporate area for financial reporting and other operational processes. On top of this, Internal Audit performs a risk assessment for each market and function (including financial reporting) which forms the basis for the annual internal audit plan. This risk assessment considers the fact that there is risk both from how we operate and from where we operate, as illustrated in the Tele2 Company risks.

Other inputs to this risk assessment and the internal audit plan include results of prior audits, known incidents and reporting issues, external risk benchmarks and external assessments of countries' general corruption levels, etc. The internal audit plan is reviewed and approved by the Board through the Audit Committee.

Information and communication

Corporate policies and procedures are available for employees on the company's intranet or directly through the relevant central function. Manuals and guidelines of significance to financial reporting are regularly updated and continuously communicated to the employees concerned. Monthly closings follow a pre-defined process and are preceded by monthly meetings with all senior finance



managers. Feedback is also provided to the reporting subsidiaries regarding their financial reporting processes. The company management reports regularly to the Audit Committee and the Board according to established procedures.

Controls such as IT and access security, change management and monitoring of systems performance and interfaces for IT systems supporting the financial reporting are of high importance for the internal controls over financial reporting. Requirements related to these areas are described in policies and standards and further reinforced through nano-learnings. Compliance to these requirements are followed up on a continuous basis.

Control activities

For Sweden, the President and CEO with his Group Leadership Team bear the responsibility for the implementation of control activities in compliance with central policies and governance documents (including the Financial Manual), as well as for managing any further risks that they may identify.

The finance organization led by the Group CFO has the specific responsibilities for ensuring correct and timely financial reporting through functions such as Financial Reporting and Operations, Business Control and Investor Relations. This includes controls in the financial reporting processes as well as controls in other processes which could be expected to impact financial reporting. These controls comprise a mix of detailed controls at transaction level and analyses based on aggregated data.
For the Baltics, similar responsibility lies with the country CEOs and their line managements.

In conjunction with monthly consolidation and reporting to management, Financial Reporting and Operations also performs a review of the figures reported.

Other departments that are vital to maintaining a sound control environment are for example Corporate Affairs (consisting of Legal and Regulatory, Security, M&A, Treasury), Procurement, Corporate Responsibility and People & Change (HR). Each of these departments are also responsible for maintaining internal control for the whole Tele2 Group by issuing group wide policies (including the group wide Code of Conduct), procedures, Financial Manuals etc. and following up on related issues.

The Audit Committee reviews every interim and annual report prior to publication. The company's financial reporting procedures are also evaluated regularly.

Monitoring

Monitoring means ensuring that the control activities described and referred to in the previous section are appropriate and performed as intended. This follow-up is performed at various levels within the company.

Follow-up within the Swedish operations

The President and CEO with his Group Leadership team are responsible for follow up on controls and compliance with the company's policies and governance documents. Where needed, this is performed through reviews with the help of experts in the respective areas. For example, the Security organization identifies risk of fraud and the Procurement department together with the Legal department follows up on the application of Tele2's Code of Conduct for business partners, and the controlling functions led by the Group CFO clarify and follow up on matters related to financial reporting and instructions in the Financial Manual.

Follow-up within the Baltics

The line managers in the markets follow up on controls in their respective areas with the help of their own staff.

In addition, compliance with the company's policies and governance documents are followed up by the functions based out of Sweden such as legal, security and finance (including financial reporting, clarification and adherence to the Financial Manual through regular interactions between finance teams of countries and the Financial Reporting and Operations team). In addition, there is the Baltics Supervisory Board Meeting with all local CEOs and CFOs.

Follow-up assisted by Internal Audit

Independently of line responsibilities and without any limitation by area of responsibility, Internal Audit follows up compliance with Tele2's rules and control activities through the performance of internal audits and other activities. The internal audits naturally also take into account the risk of errors in the financial reporting and are intended to ensure compliance with the Financial Manual, particularly when reviewing the account closing process. Significant risks and issues noted by Internal Audit are communicated to both the Audit Committee and to the relevant corporate functions for the purpose of not only correcting errors, but also enhancing or clarifying policies and other governance documents, and thereby reducing the risk of future errors. During 2021, around 400 man days of internal audit were performed.

Remuneration report

Introduction

This report describes how the guidelines for executive remuneration of Tele2 AB (publ), adopted by the annual general meeting 2021, were implemented in 2021. The report also provides information on remuneration to the CEO and a summary of the company's outstanding long-term share and share-price related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 31 (Employees and personnel costs) in the Annual and Sustainability Report 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report available in the Annual and Sustainability Report 2021.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 31 in the Annual and Sustainability Report 2021.

Key developments 2021

The CEO summarizes the company's overall performance in his statement in the CEO word in the Annual and Sustainability Report 2021.

The company's remuneration guidelines: scope and purpose

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests and its sustainability, is that the company is able to attract and retain driven and engaged employees. To this end, it is necessary that the company offers competitive remuneration packages to attract, motivate and retain key employees within the context of an international peer group. The aim is to create incentives for the management to execute strategic plans and deliver excellent operating results, and to align management's incentives with the interests of the shareholders.

Under the remuneration guidelines, executive remuneration shall be on market terms and remuneration to the senior executives should comprise annual fixed base salary, variable short-term remuneration, variable long-term incentives, pension benefits and other benefits. The variable short-term remuneration ("STI") shall be linked to predetermined and measurable criteria, measured over a period of maximum one year, which can be financial, such as EBITDA or revenue, or non-financial, such as sustainability. In addition, they may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy, "The Tele2 Way" or promote the senior executive's long-term development.

The guidelines are found in note 31 in the Annual and Sustainability Report 2021. The remuneration guidelines, adopted unanimously by the annual general meeting 2021, have been fully implemented. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share and share-price related incentive plans.

CEO remuneration for 2021 is presented in the table below.

Total CEO remuneration in 2021[1)]

kSEK	Fixed remuneration		Variable remuneration[1)]			
Name of director	Base salary	Other benefits	One-year variable	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
Kjell Johnsen	8,707[2)]	69	6,707	2,759	18,241	63/37

1) The total remuneration of the CEO is only displaying LTI which has vested, unvested LTI is separately reported in the next table.
2) Including holiday pay of kSEK 165.

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Share-based remuneration

Outstanding share-related and share price-related incentive plans

The company has during 2021 vested the 2018 long-term share based incentive plan (LTI) and implemented the 2021 LTI Plan as well as having 2019 and 2020 LTI Plans ongoing. The long term incentive plans are offered to a selected number of senior executives and other key employees within the Tele2 Group. Subject to the employee having made an own investment in shares in the company (savings shares), the employee has been awarded a number of retention shares and performance shares.

The current Tele2 CEO, Kjell Johnsen, is participating in the LTI program 2020 and LTI program 2021. For the plans of participation, the CEO has invested in 10,000 savings shares in LTI program 2020 and 20,000 saving shares in LTI program 2021 and thus been awarded 10,000 retention rights and 90,000 performance rights for LTI program 2020 and been awarded 20,000 retention rights and 180,000 performance rights for LTI program 2021. Retention rights and performance rights have been awarded free of charge and are subject to a vesting period of three years and continued employment. Vesting of retention- and performance rights is also subject to the satisfaction of performance conditions, for the 2020 and 2021 year program – Absolute TSR and Relative TSR vs Peer Group during the three-year period, and Operating Cashflow measured on cumulative basis for the consolidated Tele2 Group during the Operating Cash flow measurement period. The Absolute TSR measurement will give maximum one retention share, as for the performance rights allocation, the Relative TSR and the Operating Cashflow has a weight on 50% each, enabling the maximum possibility of nine performance shares per saving share for the CEO.

Share awards plans (CEO)

SEK		The main conditions of share option plans				Opening balance	Information regarding the reported financial year: During the year	Information regarding the reported financial year: Closing balance
Name of director	Name of plan	Performance period	Award date	Vesting date	End of retention period	Share awards held at beginning of year[1]	Awarded[1]	Awarded and unvested at year end[1]
Kjell Johnsen	LTI 2020	2020-2023	2020-09-15	2023-Q2	2023-Q2	12,829,808	997,346	13,827,154
	LTI 2021	2021-2024	2021-05-10	2024-Q2	2024-Q2	0	23,256,522	23,256,522

1) Value is calculated as the market share price at the time of the award (2020: 121.91, 2021: 110.69) multiplied with the number of maximum shares each right entitle to, including compensation for dividends executed during the year.

Application of performance criteria

The performance measures for the CEO's variable remuneration have been established to deliver the company's strategy and to encourage behavior which is in the long-term interest of the company. In the determination of performance measures, the strategic objectives and short-term and long-term business priorities for 2021 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

Comparative information on the change of remuneration and company performance

Remuneration and company performance

kSEK	2021	2020
Kjell Johnsen CEO remuneration (from 15/9 2020)	18,241	5,036
Anders Nilsson CEO remuneration (1/1–14/9, 2020)[1]	0	13,766
Underlying EBITDAaL	9,639,000	9,239,000
Average remuneration on a full time equivalent basis of employees within Sweden, excluding parent company[2]	750	743

1) The CEO remuneration for Anders Nilsson refers to time in position as CEO. The total remuneration paid until September 14, 2021 is kSEK 24,027.

2) Average remuneration includes base salary, holiday pay, benefits, variable pay at target and pension.

Performance of the CEO in the reported financial year: variable cash remuneration

Kjell Johnsen					
Measure	Weighting	Threshold performance level kSEK outcome at threshold performance	Target performance level kSEK outcome at target performance	Maximum performance level kSEK outcome at maximum performance	Actual Performance kSEK outcome
Underlying EBITDAaL	30%	90%	100%	110%	102%
		0	1,538	2,563	1,771
End User Service Revenue	30%	95%	100%	105%	101%
		0	1,538	2,563	1,776
Operating cash flow	20%	90%	100%	110%	120%
		0	1,025	1,708	1,708
Sustainability Goals[1]	5%	96%	100%	104%	99%
		0	256	427	171
Individual Goals[2]	15%	0%	60%	100%	100%
		0	769	1,281	1,281
Total	**100%**	**0**	**5,125**	**8,542**	**6,707**

1) Sustainability Goals are measuring number of females employees as well as CO2 emission reductions.

2) Individual Goals includes a weighted assessment on personal Business Impact Goals as well as living up to Tele2's Values.

Performance of the CEO in the reported financial year: share–based incentives

Name of director	Name of plan	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/ remuneration outcome
Kjell Johnsen	LTIP 2020	Absolute TSR	10%	N/A[1]
		Relative TSR	45%	N/A[1]
		Operating cashflow	45%	N/A[1]
	LTIP 2021	Absolute TSR	10%	N/A[1]
		Relative TSR	45%	N/A[1]
		Operating cashflow	45%	N/A[1]

1) Performance period still running.

Deviations from the remuneration guidelines

According to the remuneration guidelines, the Board may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. In 2021, the Board has resolved to deviate from the guidelines in two instances. First, the Board has awarded a new variable short term incentive, the One Time Transformation Award (described below) to the senior executives that is measured over two and a half financial years and not one year as stated in the guidelines. Further, in respect of the CEO, for 2022 and 2023, the variable short-term remuneration can maximum amount to 175 percent of the annual fixed base salary, due to the implementation of the One Time Transformation Award, whilst the maximum outcome in the guidelines is set to 100 percent.

No derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on www.tele2.com/governance/general-shareholders-meetings/.

One Time Transformation

In view of the importance that the Company reaches the Business Transformation Program communicated to the market as well as attributes to Group Executives and selected key individual's continued service for the Company, the Board of Directors of Tele2 decided to introduce a One Time Transformation award to senior executives and selected key individuals. The One Time Transformation award has been implemented in 2021 and with a vesting period until Q2 2023 with payment in 2023. Payment under the One Time Transformation Award corresponds to 6–18 months annual fixed base salary per participant, paid at completion of the Transformation Project in 2023. The One Time Transformation Award is conditional upon the participant being continuously employed during the vesting period and the defined Goals for Transformation established are reached.

The KPIs for the CEO connected with the One Time Transformation Award is delivery of cost savings in line with the externally communicated Business Transformation Program and delivery of Tele2 Group Revenue target and the outcome is capped for the CEO at a maximum of 150 percent of the annual fixed base salary, for the entire vesting period, whereof a maximum of 75 percent is accrued each year.

Sustainability report

We are a part of the solution for a sustainable future

With a vision to lead in sustainability,
Tele2's strong sustainability agenda will meet the demands
of our key stakeholders, including customers, investors, and employees.

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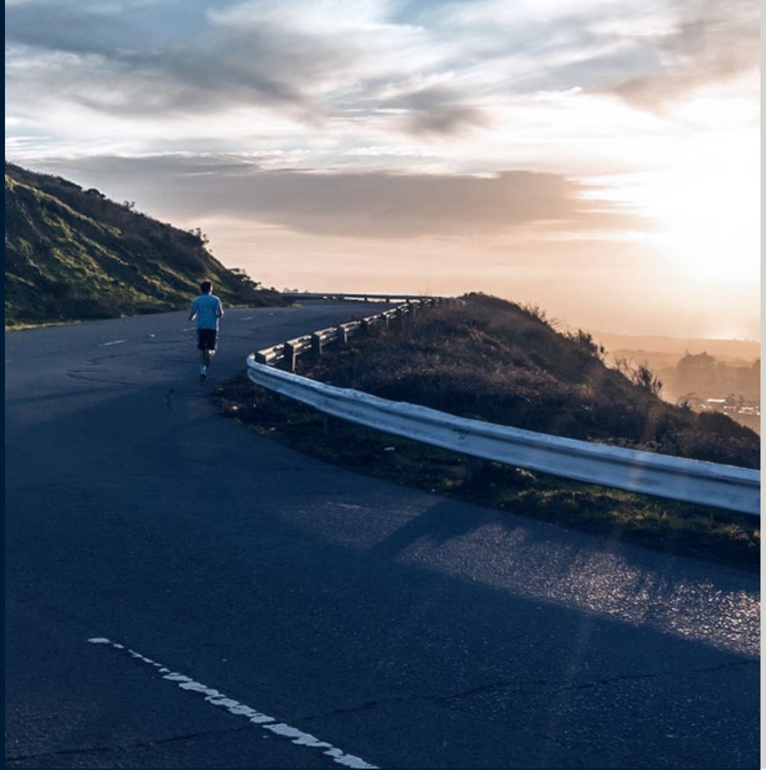


Launching a new sustainability strategy

The new strategy will support our journey towards the vision to lead in sustainability.

Within the four focus areas of the strategy, Tele2's ambition is to take a leading position, to differentiate us from our competitors. They constitute a strong sustainability agenda that meets stakeholder demands. This will enable us to win new customers, investors and employees, as well as to help us retain our current ones.

Read more on our site

Climate goals

Science-Based Targets

Tele2 has set new goals for GHG emissions reductions that have been approved by the Science-Based Targets Initiative. This means that the goals are based on the latest climate science and in line with the 1.5°C target. The goals are among the most ambitious in our industry to date.

Read more on our site

ECPAT

Connecting our partners

In line with our focus on sustainability efforts that are close to our core business, we are now providing connectivity to ECPAT Sweden, to support the work that they do to prevent sexual exploitation of children. Tele2 has connected a helpline for children and one for parents.

Read more on our site

Introduction

During the year we have seen higher demands on our sustainability performance from investors, customers, and employees. Sustainability, and especially climate issues, are discussed to a great extent in media and in society in general. We also see upcoming regulation that is likely to have a significant impact on us, especially regarding reporting requirements. In this context, being a sustainable business will maximize new business opportunities with a win-win perspective for Tele2, our customers, and society at large. This report is an important tool for us to communicate how we are meeting stakeholder demands, and to show the progress that we are making towards our vision to lead in sustainability.

This sustainability report contains several news to reflect the high ambition that Tele2 has set, and that our stakeholders' demands are upholding. With this report we are for the first time reporting on the new sustainability strategy and materiality analysis that we launched in January 2021. Our strong sustainability agenda will meet stakeholder demands, and ensure that sustainability is an integrated part of our business, which is necessary for our long-term success as a company.

For the first time ever we have also received limited assurance for the entire sustainability report, to ensure the quality and reliability of the data that we provide. The limited assurance review is also conducted in anticipation of the EU Commissions proposal for the Corporate Sustainability Reporting Directive (CSRD) which is expected to be effective as of 1 January 2023 and require external assurance to this extent. The report includes reporting according to the standards of the Sustainability Accounting Standards Board, reporting on our implementation of the recommendations of the Task Force on Climate-Related Financial Disclosures, and information about Principle Adverse Impacts as required by the Sustainable Finance Disclosure Regulation.

This report presents our performance during 2021 in the areas that we believe are the most material for our stakeholders. We hope that you will find it useful to further understand how our strong sustainability agenda is meeting increasing stakeholder demands.

For more information, click on the link to go to the sustainability section of our website.

"Our strong sustainability agenda will meet stakeholder demands, and ensure that sustainability is an integrated part of our business, which is necessary for our long-term success as a company."

KEY HIGHLIGHTS 2021

4
Our new sustainability strategy contains 4 focus areas

AAA
We maintained our MSCI AAA-rating

SBT
Our climate goals were approved by the Science-Based Targets Initiative

Our approach to sustainability

Tele2 has set a clear vision for our sustainability efforts: to lead in sustainability. At Tele2, sustainability is not about philanthropy, or limited to compliance, but about finding business opportunities. When we invest in sustainability it delivers returns. These returns ensure that we maximize the value that we create for our customers, investors, employees, society at large, and other stakeholders.

Sustainability governance

Our Board of Directors is responsible for setting the sustainability strategy and its targets. Four Executive Vice Presidents, who all report to Tele2's President and CEO, are responsible for the strategy execution. We have a Head of Sustainability for the group who is responsible for proposing a strategy, reporting and communication. The Head of Sustainability collaborates with the Executive Vice Presidents to execute the strategy and make progress towards the targets in the affected business units. At the country level, each operation has a single point of contact who is responsible for sustainability, which simplifies coordination between the markets that we operate in.

The Tele2 Sustainability Strategy

To make sure that our strong sustainability agenda meets our stakeholders' demands, we focus our resources on four focus areas. In each focus area we have set long-term goals. The four focus areas of Tele2's sustainability strategy are:

- *Advance circular economy to combat climate change*
- *Boost innovation for sustainability*
- *Maximize our potential through an inclusive and diverse workplace*
- *Protect children in a connected society*

For each of these focus areas, we strive to strengthen our position by continuous improvements to our operations every year. In the chapter "What we did in 2021" you can read how we did that in 2021. For more information about our focus areas, click on the link to go to the sustainability section of our website.

ESG targets

In addition to the long-term goals, we also set activities for the current year, for each of the four focus areas. These constitute our Environmental, Social and Governance (ESG) targets, as has been our approach for several years. For 2021, a majority of these targets have been of a qualitative nature. Having measurable sustainability targets help our organization focus on the most important issues and maximize the value that we create. In addition to this, we have set KPIs for the four focus areas that are tied to the long-term goals. The outcome of our targets for 2021 can be found on the page Tele2 ESG Targets 2021.

Integrating sustainability throughout our organization

Sustainability should be an integrated part of our daily business decisions for our long-term success as a company. Tele2's sustainability efforts are all tied to our core business, and we work actively to inform and engage our employees around sustainability topics. During the year, sustainability has been a recurring topic at company-wide all-hands meetings held by our CEO, sustainability news have been posted throughout the year on our intranet, we have held deep-dive sessions that have been available as live-streams and in recorded form on our intranet, and sustainability has a dedicated section on our intranet.

To direct the attention of managers, including senior executives, to sustainability, 5% of their annual short-term incentives, are tied to the achievements of sustainability goals. For 2021 these goals are set to improve our gender balance and decrease our GHG emissions. We will develop new goals for 2022 based on the sustainability strategy and like 2021 include them in the annual short-term incentive program for all managers in Sweden and the Tele2 Group leadership team and for our CEOs of our Baltic operations.

Executive responsibility for focus areas

"By increased circularity in the supply chain we reduce emissions, improve our customer offer and create new business opportunities for Tele2."

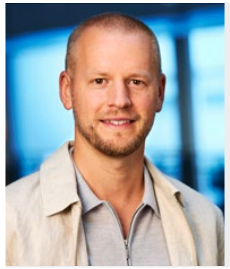
Charlotte Hansson
EVP CFO
Advance circular economy to combat climate change

"Innovative technology based on connectivity can create business and sustainability value both for Tele2, our customers, and other stakeholders."

Torkel Sigurd
EVP Corporate Affairs
Boost innovation for sustainability

"Diversity is key to take business performance to the next level, while increasing employee satisfaction and engagement."

Yogesh Malik
EVP CTIO
Maximize our potential through an inclusive and diverse workplace



"To make a greater impact for the most vulnerable in an online world – our children, our existing partnerships grew stronger and new alliances were formed."

Viktor Wallström
EVP Communications & Sustainability
Protect children in a connected society

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Our Sustainability Strategy

Tele2 has set a new sustainability strategy with four focus areas where we will take a leading position that will differentiate us from our competitors. This will enable us to win new customers, investors and employees, and help us to retain our current ones. This new strategy clearly reflects the very high ambition that Tele2 has for its sustainability efforts, with the vision to lead in sustainability. Our aim as a sustainable business is to maximize the creation of shared value for all stakeholders. To make sure the strategy has the highest possible relevance to our stakeholders and to society it is based on an updated materiality analysis and a comprehensive stakeholder dialogue, more information about which can be found in Note S10 and on the page Stakeholder dialogue.

For more information about the sustainability strategy and our efforts to achieve the long-term goals, click on the link to go to the sustainability section of our website.

Advance circular economy to combat climate change

By 2025 Tele2 will develop winning offerings for relevant customer segments in B2B and B2C, based on a circular business model and reduced climate impact.

Maximize potential through an inclusive and diverse workplace

By 2023, Tele2 will build an inclusive environment where diverse talent can perform at their best and at the same time a gender balanced workforce.

Boost innovation for sustainability

By 2025 Tele2 will use connectivity combined with innovative technology to create product and service offerings in partnerships that meet a growing demand from B2B and B2C customers, increase internal efficiencies, and create sustainability value.

Protect children in a connected society

By 2023 Tele2 will implement technical solutions and drive behavioral change to protect children online and win customers.

TELE2

Sustainability Net Impact

Tele2 firmly believes in the importance of supporting new research and technology, and being fearless in finding applications for it. This is a key part of how Tele2 will be able to achieve its vision to lead in sustainability.

As a member of the Net Positive Consortium, Tele2 has been a part of a research consortium of leading companies, investors, and public sector organizations that map the net impact of businesses in the Nordics. The consortium is run by the Upright Project. Upright's impact model is based on 19 impact categories, where a company's impact can be both positive and negative, in the following four dimensions:

- Society
- Knowledge
- Health
- Environment

Based on a research database containing over 200 million research papers, the impact of a company is attributed to the products and services that the company provides.

Tele2 has a positive net impact ratio on sustainability of our business of +52%. In terms of contribution to society, Tele2 has a positive impact through job creation and tax income. In our value chain we also have a positive impact towards providing social stability and societal infrastructure. With regards to knowledge, Tele2 uses scarce human capital to enable knowledge infrastructure and the creation and distribution of knowledge, resulting in a net positive impact on this dimension. When it comes to health, using connected devices can lead to a more sedentary lifestyle, however the activities associated with this, e.g. watching TV, bring meaning and joy to the users. Connected devices are also an important tool for communication to maintain relationships, which also contributes to our health, resulting in a net positive impact in this dimension. Finally in the environmental dimension the model only measures direct environmental impact, and does not take into account the avoided emissions that arise from the use of our products and services, outlined by the GSMA in their report "The Enablement Effect".

To find out more about Tele2's net sustainability impact, please visit our website
To find out more about the Upright Project, please visit their website

The Upright Project quantifies the net impact of companies, and incentivizes them to optimize their net impact. They lead the Net Positive research consortium.

UPRIGHT PROJECT

Working with the Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDG) has established a framework for the most important issues in society that we collectively must address until 2030. We believe that a sustainable business has done an analysis of which goals and targets they address, and ensure that they address all 3 dimensions; biosphere, social and economic aspects, and that SDG 17 Partnerships for the goals is a goal that all companies should address. Below you will find a presentation of which goals, and targets within each goal, that Tele2 works with, along with a brief description of how we work with them.

SDG 5 – Gender equality

Tele2 has a dedicated anti-discrimination policy, and promotes and monitors gender equality.

Tele2 has set a goal to be gender-balanced in executive and managerial roles, to ensure full and effective participation for women and equal opportunities for leadership.

SDG 8 – Decent work and economic growth

Tele2 contributes to increasing resource efficiency, among other things by reusing and recycling returned phones and technology hardware.

SDG 9 – Industry, innovation and infrastructure

Tele2 is furthering research in innovative technology based on connectivity, such as IoT. This is likely to create both social and environmental value for various stakeholders.

SDG 11 – Sustainable cities and communities

Smart buildings, transports and cities, using IoT solutions, can significantly reduce the environmental impact of cities, creating more sustainable cities and communities.

SDG 12 – Responsible consumption and production

Tele2 promotes a more sustainable consumption and minimizing the use of natural resources.

Tele2 is committed to reducing the amount of waste generated throughout the value chain.

SDG 13 – Climate action

Climate action matters are addressed in policies and the planning processes within Tele2 by promoting sustainable ways of operating through lowering the emissions of greenhouse gases and considering the adverse impacts of climate change.

SDG 16 – Peace, justice and strong institutions

To eradicate violence and abuse against children, Tele2 is an active, co-founding member of ECPAT's Telecom coalition. Tele2 works actively to block access to website containing child sexual abuse material.

SDG 17 – Partnerships for the goals

Tele2 actively supports civil society to foster sustainable development. Tele2 is a founding member, and long-standing partner of, Reach for Change. Other partnerships include Civil Rights Defenders, ECPAT and Prince Carl Philip and Princess Sofia's Foundation.

What we did in 2021

Setting clear goals and delivering on our strong sustainability agenda

During 2021, we have both achieved new mile-stones of our constantly developing sustainability agenda, as well as continued our strong performance in many of the areas where we have already established Tele2 as a market leader. We started the year by launching our new sustainability strategy, that will enable us to differentiate ourselves from our competitors, and make clear progress towards our ambition to lead in sustainability. The new strategy contains clear long-term goals, and we set clear and measurable activities for each focus area each year. This new strategy is a clear signal from Tele2 that we have raised our ambitions for sustainability. In the new strategy we considered the impact on society, the environment, the economy, and business value from these focus areas, as well as aligning with business priorities and our competitors' positions. The strategy contains four focus areas:

- Advance circular economy to combat climate change
- Boost innovation for sustainability
- Maximize potential through an inclusive and diverse workplace
- Protect children in a connected society

More information about the four focus areas will be provided in the following section.

In our dialogues with stakeholders during the year, the new strategy has been very well received, and we are strengthened in our conviction that the strategy is a reflection of the strong sustainability agenda that Tele2 aims to drive in the coming years.

During the year, we have also set science-based targets for GHG emission reduction to 2029, that are based on the latest climate science, and that are among the most ambitious science-based targets of any telco in the world to date. Despite the ambitious nature of the targets we are already able to announce that we have exceeded our targets and have achieved a reduction of GHG emissions in Scope 1 and 2 by over 90% in 2021, from our base year 2019, four years ahead of our target of 2025. The largest part of our GHG emissions reduction comes from our decision to invest in purchasing 100% renewable electricity. Much remains to be done in Scope 3, but we are proud that have set targets that we believe are ambitious, but possible to achieve. Continuing our progress towards our science-based targets will form the foundation of the climate action Tele2 will take as a part of our focus area Advance circular economy to combat climate change.

As stakeholder demands on our sustainability effort have continued to grow, limited resources during the year has meant that we have had to prioritize and focus on the most material topics. To continue to develop our sustainability efforts we have during 2021 decided to add more resources to our central sustainability function, to ensure progress towards our vision to lead in sustainability.

In many areas we are strengthened in our delivery of our strong sustainability agenda through partnerships with various organizations. Tele2 is a founding member and long-standing partner of Reach for Change, whose social entrepreneurs strive to make the world a better place for children and youths. To make progress on our diversity & inclusion goals we have supported Female Digital Engineer, Women in Tech, and Tjejer kodar ("Girls Coding"). During the year, Tele2 has entered into new partnership with ECPAT Sweden and Swedish Prince Carl Philip and Princess Sofia's Foundation to further the work that we do to protect children in a connected society.

Benchmark for success

To measure our progress, we find it very valuable to get an external view on our performance. This purpose is best served by the reports that are made by ESG analysts for external ratings. We have carefully selected the ratings that we participate in, and we participate in them to ensure that the outside world get an accurate view on the progress that we strive to make. In 2021, we participated in the following ratings:

- MSCI ESG Rating
- S&P Global Corporate Sustainability Assessment & Rating
- FTSE Russell ESG Rating
- Sustainalytics ESG Risk Rating
- Equileap Gender Equality Global Report & Ranking
- CDP Climate Change Rating

During this year of delivering on a strong sustainability agenda, we are pleased that we have managed to improve our performance (or maintain if already at the highest possible rating) in several of the ratings which were updated during 2021. In particular, we are proud to maintain our top rating from MSCI ESG (AAA). For the second year, we participated in S&P Global Corporate Sustainability Assessment, where we improved our score both in absolute and relative terms, and our percentile ranking has improved from 36 in 2019 to 75 in 2021. We also participated for the third year in the CDP climate change rating, and received a B rating, which is denoted as being in the Management band. The B rating with CDP is on our industry average, the European average and above the global average. We are pleased to see our CDP rating increase for the second year in a row, and aim to continue our progress from here. Our result in the Equileap Gender Equality Global Report & Ranking puts us as the 5th best company in Sweden, and in the top 5% globally, which we take as a recognition of all the hard work that we put into addressing gender equality. Our result in FTSE Russell decreased from the 99th percentile in 2020 back to our result from 2019, mainly owing to a lack of climate goals at the time of the assessment (which has since been remedied through our science-based targets) and that Tele2 did not consider water management a material topic for a company which does not use water in its operations other than normal office use. We have taken action to remedy this, and have high hopes for an improvement in our rating result for 2022.

Every year we evaluate which ratings we should participate in, based on our sustainability materiality analysis. If there are any changes to this during next year, we will consider participating in additional ratings.

Industry-leading Science-Based Targets

In May 2021, Tele2 launched its industry-leading[1] Science-Based Targets. Tele2 has developed these targets to reflect our very high level of ambition when it comes to our efforts to reduce the negative climate impact of our business. We have sought and gained the approval of these targets by the Science-Based Targets initiative (SBTi) to ensure that our targets are in line with the latest climate science, and are aligned with the Paris Agreement to limit global warming to 1.5°C compared to pre-industrial levels.

Tele2's targets have been developed using the sector specific guidance developed by the SBTi and our industry association the GSMA, among others. When the targets were launched, they were among the most ambitious Science-Based Targets of any telco in the world.

We have already come far in reducing our emissions in scope 1 & 2, but now we need to focus on the activities that are required for us to get these emissions down to zero by 2029. To further reduce our GHG emissions as quickly as possible, our focus will need to be on scope 3, as we have already come far in scope 1 and 2.

In scope 3, the majority of our emissions come from the category purchased goods and services. To reduce our GHG emissions in scope 3 we plan to actively engage with our suppliers on this topic, according to the following steps:

- First, communicate our targets to our top suppliers
- Then, ask suppliers to put targets to reduce GHG emissions in place by 2023/2024
- Then, develop a process for monitoring supplier progress towards their targets
- Finally, include demands on GHG emission reduction in our Business Partner Code of Conduct

More details about our efforts to reduce the negative climate impact and data on our emissions are available in Note S9, and on our website

Scope 1 and 2 GHG Emissions	90%	By 2025
Scope 1 and 2 GHG Emissions	100%	By 2029
Scope 3 GHG Emissions	60%	Per subscription by 2029

The Science Based Targets initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. They help companies set emission reduction targets in line with climate science and the Paris Agreement.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

[1] Compared to targets approved on SBTi website in May 2021.

Advance circular economy to combat climate change

By 2025 ,Tele2 will develop winning offerings for relevant customer segments in B2B and B2C, based on a circular business model and reduced climate impact.

Activities for 2021

- Define a scalable circular business model concept and evaluate commercial viability
- Evaluate improvements/expansion of B2B's circular offering
- Define process for handling and logistics of network equipment
- Evaluate improvements to refurbishment of Customer Premise Equipment
- Make a plan for Scope 1 emissions reduction
- Engage with top 20 suppliers regarding CO_2 reduction targets

Key Performance Indicators 2021

- % devices sold in a circular business model: 22% of Sweden B2B Large Enterprise & Public segment
- % Scope 1 & 2 emissions change from 2019: -94% (-79%)
- % Scope 3 emissions change from 2019: -2.5% (0%)

Building a circular business model

Electronic waste is a significant and growing problem for our industry. Increasing the circular flow of resources in our value chain can create both business and sustainability value. For our Swedish operations we had a total product re-use rate for take-back mobile phones of 80%. To further meet a growing demand for circular solutions from our B2B customers, we evaluated opportunities to extend the current "as a Service" offering to new segments and product categories.

With the roll-out of a new 5G network, and updates made to the technical infrastructure of the 4G network, we see potential benefits from a resource efficiency perspective. We have during 2021 defined a process for handling and logistics of network equipment, with an intent to reduce waste and increase re-use and recycling.

We have identified customer premise equipment, such as wireless routers, as an area were improvements can be made to improve circularity. Tele2 has during 2021 evaluated improvements to the process for recycling old network equipment, and extend the refurbishment of other types of customer premise equipment.

Even though we already have revenue tied to our circular business model, we have not achieved our target of defining a scalable circular business model concept and evaluating commercial viability. We intend to do so during 2022.

Settings science-based climate targets

In May, we announced that our climate targets had been approved by the Science-Based Targets initiative (SBTi), meaning that our targets are in line with the latest climate science. Tele2's targets are aligned with the Paris Agreement to limit global warming to 1.5°C compared to pre-industrial levels, and were developed using the sector guidance developed by the SBTi and , GSMA. Tele2's targets were industry leading when announced, and are proof that Tele2 has a strong sustainability agenda also when it comes to climate impact. For more details, please see the page "Industry-leading Science-Based Targets".

Reducing our negative climate impact

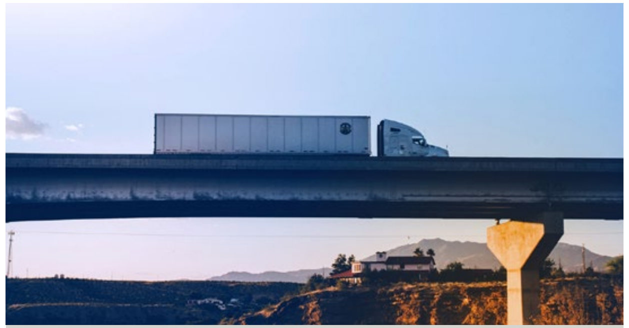
Tele2 continues to rapidly reduce emissions in our own operations, and we have now reduced our scope 1 & 2 emissions by over 90% compared to our base year. A big part of this reduction comes from our decision to buy 100% electricity from renewable sources. We are proud to have exceeded our own expectations, and met our short-term science-based targets four years ahead of schedule.

We have raised our ambition for carbon offsetting, and we are now using 100% carbon removals to offset our remaining emissions in scope 1 & 2. We are using a combination of deforestation and the latest and most innovative carbon-capture and storage technology, to support the development of this new technology. We see offsetting as a temporary solution, and will continue to work towards our 2029 target of reducing scope 1 & 2 emissions by 100%.

By applying the value-chain net-zero requirements as defined by the SBTi on our operations, i.e. at least -90% reduction of emissions, and offsetting through 100% carbon removals, we can now state that we have achieved net-zero emissions in our own operations. As we have reduced emissions in own operations by over 90%, our focus will increasingly lie with our value chain emissions. Therefore, we have informed our top 20 suppliers of our targets. Tele2 plans to set a net-zero target for our value-chain during 2022.

We have developed a climate strategy that will be implemented during 2022 to continue to drive progress towards our goal of reducing our negative climate impact.

More information can be found in Notes S8 and S9.



Mobile as a Service

Our B2B customers drive demand for circular solutions. In our Large Enterprise segment more than 1 in 5 mobile phones are sold "as a Service". This enables us to increase the circular flow of resources in the value chain, and a more closed loop for devices. Through our Mobile as a Service solution we take back more than 99% of devices. A majority can be refurbished and reused, and the remaining are recycled.

For more information visit tele2.com/sustainability

SDG 8.4
SDG 12.2
SDG 12.5
SDG 13.2

This focus area contributes to the SDG targets above. See page "Working with the Sustainable Development Goals" for a description of how Tele2 works with the SDGs.

Boost innovation for sustainability

By 2025, Tele2 will use connectivity combined with innovative technology to create product and service offerings in partnerships that meet a growing demand from B2B and B2C customers, increase internal efficiencies, and create sustainability value.

Activities for 2021

- Map current activities to evaluate sustainability value
- Propose new initiatives, for innovation in product and service offering
- Support "Property of tomorrow" project
- Evaluate increased internal efficiencies from using AI
- Conduct sustainability impact analysis of IoT customer cases
- Support AI4Green Project

Key Performance Indicators 2021

- Measurable social and environmental impact: N/A for 2021, will be measured for 2022

Companies using innovative technology, such as Internet of Things (IoT) and Artificial Intelligence (AI) are able to create both business and sustainability value. As this is still rapidly developing technology, many new applications of the technology are expected in the coming years. By aiming to find both sustainability and business value in the application of innovative technology Tele2 is positioned to find smart opportunities that could maximize the creation of shared value for both investors and other stakeholders.

Sustainable innovation is an area that can create high customer value, for instance in the form of smart buildings, and self-driving vehicles. It is primarily B2B customers that currently see a high value in this area, meaning that the potential business value is also high. This issue also has the potential to create high societal value, as these new technologies can solve many of the environmental and social problems that we as a society are facing today.

Property of tomorrow

Tele2 is providing smart solutions for landlords, thereby supporting the creation of the smart property of tomorrow, creating both business and sustainability value.

By providing safe and reliable broadband connections, Tele2 makes it possible for landlords to operate a smart buildings. A smart building can make the everyday life for tenants safer and easier, while at the same time creating efficiencies in the running of the property for landlords. A key area where a smart building can create both business and sustainability value is through energy efficiency. In a smart building the energy system can be connected, connecting and enabling monitoring of for instance solar panels, electric vehicles charging stations or ventilation.

Tele2 is offering landlords an app that can be used by tenants, that gives tenants control over their smart home through the app. Tele2 is also offering landlords an opportunity to counteract the digital divide, and help support digital inclusion. Tele2's solution is centered around digital inclusion services for tenants, which is particularly helpful for those that are not used to using digital solutions.

Increasing internal efficiencies using AI

AI is presenting new opportunities to increase efficiencies in many different fields, including in our operations.

Tele2 is leading a European research project with more than 15 participants from 5 different countries called AI4Green. The AI4Green project is a three year long research project which aims to find applications of AI technology that can increase the energy efficiency of mobile networks. The project is due to be completed in 2022.

IoT customer case impact analysis

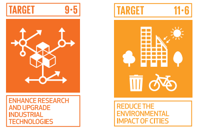
Tele2 has developed a framework for measuring sustainability impact of IoT customer cases, and it is based on the report "The Enablement Effect" by the GSMA. During 2021, we have mapped the GSMA themes against our connectivity and IoT services and developed a framework of key impact areas that encompass the Tele2 enablement effect. The framework consists of seven themes with subcategories. For each subcategory suitable key impact areas have been identified to estimate the sustainability value.

To test the framework, measures have been done for two pilot projects, in the form of IoT customer cases, which has resulted in measurable social and environmental impact. This framework will be further implemented during 2022, and we will evaluate if it could be used for other parts of our business.

Measuring sustainability impact for IoT customer cases

Innovative technology based on connectivity can create both business and sustainability value, but it is difficult to quantify the sustainability value. IoT solutions are creating business and sustainability value for our customers in a range of areas, such as smart cities, manufacturing, transport, energy and agriculture. Using a new impact framework, Tele2 has for the first time been able to measure the sustainability impact of our IoT customer cases.

For more information visit tele2.com/sustainability



SDG 9.5
SDG 11.6

This focus area contributes to the SDG targets above. See page "Working with the Sustainable Development Goals" for a description of how Tele2 works with the SDGs.

Maximize potential through an inclusive and diverse workplace

By 2023, Tele2 will build an inclusive environment where diverse talent can perform at their best and at the same time a gender balanced workforce.

Activities for 2021

- Re-evaluation of diversity & inclusion targets per Business Unit
- Roll out of Re-wire for inclusion
- Roll out of Jargons training
- Re-take on diversity council
- Continued collaboration with NGOs

Key Performance Indicators 2021

- Inclusion score all employees > 82: 87 (81)
- Women as a % of total workforce: 45% (44%)
- Women as a % of total workforce in Sweden: 33% (33%)

At Tele2, we are convinced that diverse teams perform better, are more creative, more innovative, more engaged, and serve our customers better. We are building an inclusive culture where everyone can bring their full self and unique perspectives to work. We create a fair playing field where everyone will have the same chance to progress and develop to fulfil their dreams. By taking true action we continue to make a real difference to the diversity agenda.

Tele2 is a signatory of the UN Women's Empowerment Principles. Our work with principle 2 "Treat all women and men fairly at work – respect and support human rights and non-discrimination" has been recognized as leading by UN Women. To highlight this UN Women have done a case study on Tele2, called "Confronting gender imbalances head-on". The case study includes several of our lessons-learnt on our journey towards our long-term goal to achieve a gender balanced workforce. Examples of these include the importance of ambitious goal-setting, implementation of measures that are easy to understand and visualize, and to sometimes allow recruitment processes to take longer time.

Excellent results in independent evaluation

Tele2 is proud to be recognized as both a national and global leader when it comes to gender diversity. In latest version of Equileap's gender equality study Tele2 is rated in the top-5 in Sweden, and in the top 5% globally, compared to 3,702 companies from all over the world.

Equileap uses 19 different criteria to assess a company's gender equality performance. The criteria cover a wide range of topics, such as gender balance from the board to the workforce, as well as the pay gap and policies relating to parental leave and sexual harassment.

Training to spread diversity throughout the organization

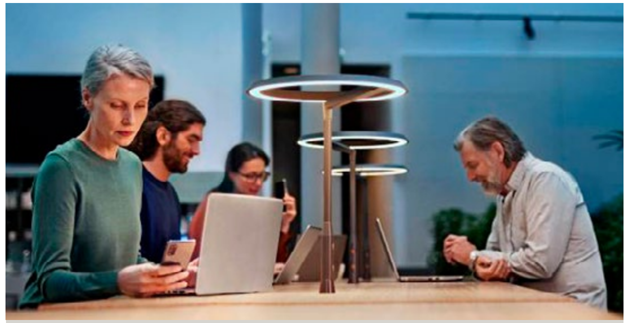
To be able to make diversity and inclusion an integrated part throughout our organization Tele2 has conducted several new training sessions for employees and managers. During the year, 60 workshops with 236 managers and 741 employees took place on the topic of Rewire for Inclusion. We are aiming to have all employees participate in this training by the end of 2022.

As a part of our leadership program "My Leadership@Tele2", we have introduced Inclusion as a mandatory part. Providing managers and employees with hands-on knowledge about diversity and inclusion is a key component for us to be able to reach our long-term goal.

Our diversity & inclusion council takes us to the next level

We believe that employee engagement with diversity and inclusion is vital to drive the diversity agenda. During 2021, we have therefore re-launched our diversity & inclusion council. Our aim is for the council to represent a diverse group of employees, that truly represent our employees and our customers. The role of the members of the council is to provide insights and feedback on the strategy, deliverables, and goals of the roadmap that we have set for diversity and inclusion.

The council has taken Tele2 to the next level in terms of diversity & inclusion communication, female retention and diversity and inclusion based on cultural background and for LGBTIQA+ employees.



Top 5 Swedish company for gender equality

In the 2021 report by Equileap Tele2 is rated as the 5th best company in Sweden for gender diversity. In a global comparison to over 3,700 companies Tele2's result is in the top 5%. The Equileap rating considers 19 gender equality criteria, covering gender balance on all levels in the company, as well as pay gap and policy commitment to key gender quality topics.

For more information visit tele2.com/sustainability

SDG 5.1
SDG 5.5

This focus area contributes to the SDG targets above. See page "Working with the Sustainable Development Goals" for a description of how Tele2 works with the SDGs.

Protect children in a connected society

By 2023 Tele2 will implement technical solutions and drive behavioral change to protect children online and win customers.

Activities for 2021

- Enable Trygg Surf for all mobile Tele2 customers in Sweden
- Evaluate new technical platform to block Child Sexual Abuse Material (CSAM)
- Publish the report Children and the Internet 2021
- Develop health guide for children using devices, with experts and spokespersons
- Information to customers about our activities to protect children through digital channels and Tele2 stores
- Evaluate opportunities to support B2B customers in preventing CSAM

Key Performance Indicators 2021

- Percent customer availability of Trygg Surf (child profile) for Tele2 Sweden: 100%
- Change in percent customers using Trygg Surf (child profile) for Tele2 Sweden: +44,8%
- # blocked attempts to access CSAM (avg/month):102 580

Living in a connected society presents children today with many great opportunities. Opportunities to learn, to play, to make new friends, and keep in touch with them. Life online is however a reflection of the society that we live in, and as such there are risks associated with living a connected life. These risks include health risks, disinformation, and crime, such as cyber-bullying or sexual abuse.

New parental tools for child online safety

New technical solutions, combined with behavioral change, make children safer in a connected society. During 2021, we have enabled a parental control function for all Tele2 mobile customers in Sweden. This makes it possible for parents to set limits to sensitive content, such as violence or sexual content, for their children's devices.

In our partnership with the Swedish Prince Couple's Foundation, we have during the year spread awareness about the parental guide that we developed during 2020, using our customer communication channels. The parental guide includes concrete recommendations on what parents can do to help protect children online. In addition to this we have also developed a health guide, that gives information about how children's physical and mental health can be impacted by using connected devices.

As children's connected lives is still a relatively new occurrence it is important to gather and share information about the topic. For the fourth year, Tele2 has released its Children and the Internet report, thereby contributing to the knowledge available about children's connected lives.

Preventing the distribution of CSAM

As a telco, a key responsibility for us to protect children in a connected society is to block access to CSAM. With our current technical solution for blocking access to CSAM we block over 100,000 attempts per month on average to access this type of material.

Strengthening and developing partnerships

In line with SDG target 17.17, Tele2 believes that civil society partnerships are foundational for our ability to achieve the SDGs.

Tele2 is a founding member, and long-standing partner of Reach for Change. Reach for Change supports social entrepreneurs that are working to make life better for children and youth around the world. Reach for Change has a goal to change the lives of 30 million children and youth around the world by 2030. These entrepreneurs, so called Change Leaders, receive support from Tele2 in various forms to develop their ideas.

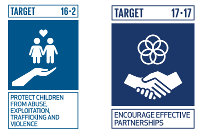
Tele2 is a founding member of ECPAT Sweden's telecom coalition, and is actively working to drive the coalition's work to prevent the distribution of CSAM. To further deepen our support of ECPAT, Tele2 has entered into a partnership with the organization, in which Tele2 will provide ECPAT with the connectivity solutions that ECPAT needs to do its important work.

For more information about all of our partnerships, please see the page "Partnerships and industry collaboration".

New partnership with the Prince Couple's Foundation

Tele2 pursues new partnerships to spread knowledge and expertise that contributes to our long-term goal of protecting children online. During 2021 we entered into a partnership with Prince Carl Philip and Princess Sofia's Foundation. In partnership, Tele2 and the foundation have developed tools to help parents protect their children online, and a guide to physical and mental health for children using connected devices.

For more information visit tele2.com/sustainability



SDG 16.2
SDG 17.17

This focus area contributes to the SDG targets above. See page "Working with the Sustainable Development Goals" for a description of how Tele2 works with the SDGs.

Tele2 ESG Targets 2021

We annually set activities for the current year, for each of the four focus areas, to ensure progress towards our long-term goals. These Environmental, Social and Governance (ESG) targets, help us focus on the most important issues, as has been our approach for several years. We have also defined KPIs for the four focus areas, that measure progress towards the long-term goals. The outcome of our ESG targets for 2021 can be found in the table below.

ESG Target	Achieved
Advance circular economy to combat climate change	
• Evaluate improvements/expansion of B2B's circular offering	Full
• Define process for handling and logistics of network equipment	Full
• Evaluate improvements to refurbishment of Customer Premise Equipment	Full
• Make a plan for Scope 1 emissions reduction	Full
• Engage with top 20 suppliers regarding CO_2 reduction targets	Full
• Define a scalable circular business model concept and evaluate commercial viability	No
Boost innovation for sustainability	
• Propose new initiatives, for innovation in product and service offering	Full
• Support "Property of tomorrow" project	Full
• Evaluate increased internal efficiencies from using AI	Full
• Conduct sustainability impact analysis of IoT customer cases	Full
• Support AI4Green Project	Full
• Map current activities to evaluate sustainability value	No

ESG Target	Achieved
Maximize potential through an inclusive and diverse workplace	
• Re-evaluation of diversity & inclusion targets per Business Unit	Full
• Re-take on diversity council	Full
• Continued collaboration with NGOs	Full
• Roll out of Re-wire for inclusion	Partial
• Roll out of Jargons training	No
Protect children in a connected society	
• Enable Trygg Surf for all mobile Tele2 customers in Sweden	Full
• Evaluate new technical platform to block CSAM	Full
• Publish the report Children and the Internet 2021	Full
• Develop health guide for children using devices, with experts and spokespersons	Full
• Information to customers about our activities to protect children through digital channels and Tele2 stores	Partial
• Evaluate opportunities to support B2B customers in preventing CSAM	No

Stakeholder dialogue

In the most recent major stakeholder dialogue, Tele2 gathered input through surveys and interviews with over 9,000 of our key stakeholders. These included investors, employees, customers, the Board, suppliers, NGOs and ESG analysts. The stakeholders were asked to rank the importance for Tele2 of the 18 most material sustainability issues for our company and industry, to their preference. All 18 issues are presented in Note S10.

Three topics stood out as the most important to stakeholders:

- Privacy, integrity & digital ethics
- Business ethics
- Prevent the distribution of Child Sexual Abuse Material

We took this as input for our materiality analysis, which in turn has informed our new sustainability strategy. More information about our stakeholder dialogue and materiality analysis can be found in Note S10.

In our stakeholder dialogue we also surveyed our stakeholders about the importance of Tele2 having a strong sustainability agenda. Employees answered on average 8.8, B2C consumers 8.2 and B2B customers 7.9 out of 10.

Tele2 aims to conduct a major stakeholder dialogue every 3-4 years, depending on internal factors, such as our progress on sustainability strategy implementation, and external factors such as new macroeconomic trends, legislation or technology. In addition to this, Tele2 conducts continuous stakeholder dialogues with our key stakeholders.

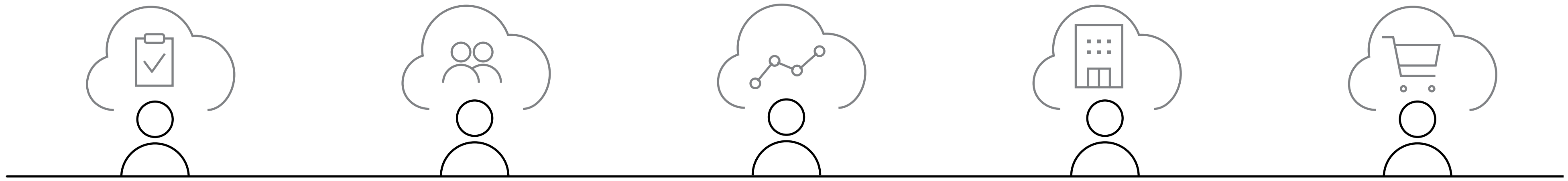
A summary of the most important topics for our key stakeholders is found below for each stakeholder group.

For more information, click on the link to go to the sustainability section of our website.

Continuous stakeholder dialogues

To ensure that our strong sustainability agenda meets the demands of our stakeholders, Tele2 conducts continuous stakeholder dialogues with our stakeholders.

- From investors we see a strong interest in our sustainability efforts. Throughout the year we hold meetings and presentations to keep our investors appraised of our performance.
- Our B2B customers give us input on our sustainability efforts both through their evaluation of tenders that we participate in, and through regular meeting requests where we discuss sustainability matters.
- We keep our employees informed about our sustainability efforts through meetings and our intranet. We continuously gather input through our employee survey, and directly from our employees.



Board of Directors

- Diversity & inclusion
- Privacy, integrity & digital ethics
- Prevent the distribution of Child Sexual Abuse Material

Quote: *"In recent years sustainability has become increasingly important, not least when attracting new talents."*

Employees

- Prevent the distribution of Child Sexual Abuse Material
- Attract and retain talent
- Child protection

Quote: *"Tele2 can take the market lead as the green operator in our market segment."*

Shareholders and investors

- Privacy, integrity & digital ethics
- Responsible marketing & sales
- Business ethics

Quote: *"You are doing very well, don't slack."*

B2B customers

- Prevent the distribution of Child Sexual Abuse Material
- Privacy, integrity & digital ethics
- Child protection

Quote: *"Consider the environment in all aspects from electricity to purchasing of hardware.."*

B2C consumers

- Prevent the distribution of Child Sexual Abuse Material
- Privacy, integrity & digital ethics
- Child protection

Quote: *"Ensure that the Tele2 product offerings, such as phones from various brands, are sustainable."*

Partnerships and industry collaboration

Tele2 actively supports civil society partnerships that foster sustainable development in accordance with the Sustainable Development Goals, specifically Goal 17's target to encourage and promote effective partnerships, that build on the experience and the resources of the partners. Partnerships are important for Tele2 to find the expertise that we need to reach our long-term sustainability goals.

Tele2 is a founding member of, and has a long-standing partnership with, Reach for Change to support social entrepreneurship as a means of tackling societal issues. Other partnerships include Civil Rights Defenders, ECPAT and Prince Carl Philip and Princess Sofia's Foundation. More information about these partnerships are presented in this section of the sustainability report.

Industry collaboration is vital to finding the most efficient solutions. Through our industry association the GSM Association (GSMA), Tele2 can both contribute to and gain access to the shared global expertise of our industry.

The GSM Association

The GSMA has an ambitious sustainability and climate agenda, which is well aligned with Tele2's strong sustainability agenda. The GSMA is driving industry initiatives on topics such as net-zero targets for GHG emissions, human rights, and showing the benefits for individuals, companies and society which increased connectivity can bring.

Tele2 is actively participating in the dialogue regarding sustainability and climate issues, as a member of the Sustainability Network and the Climate Action Taskforce.

We are leading a GSMA project group on the topic of circular economy for devices. This project group aims to find a common definition for circular economy for devices, and will explore if the industry could set a common goal for how the industry would like circular economy for devices to develop. In addition to this we are also members of a project group which is developing an ESG Reporting Framework, that could simplify how telcos report on their ESG performance.

Reach for Change

Reach for Change is an international NGO based in Sweden that empowers social entrepreneurs to develop innovative solutions that improve the lives of children and youth. They run development programs for social entrepreneurs, focusing on capacity building and networking, with the goal of building sustainable organizations.

Being one of the founding partners in 2010, Tele2 is a standing member of the board of Reach for Change. Besides a yearly SEK 1.6 million cash contribution, Tele2 is a supporter to the entrepreneurs in the incubator and contribute with skills and training, such as HR. During 2021 Reach for Change has run a project in Sweden to support entrepreneurs that tackle issues that arise in disadvantaged suburban areas called För-orten ("For the suburbs"), which has been supported by Tele2. Over 500 entrepreneurs submitted ideas, and in a national final winners were selected, seed money provided, and several were accepted as new members of the Reach for Change incubator.

Prince Carl Philip and Princess Sofia's Foundation

One of the foundation's areas of operation is to create a safer and more empathetic everyday online life for children and youth. It runs projects and initiatives to inform and create awareness for how living a life online affects children and youth.

In addition to the national campaign #nejtillnäthat (#nocyberhate), the foundation has also created an online school platform called Lajka, which provides teachers and others with material that can be used to teach children about a safer life online.

In partnership with Tele2, the Foundation has developed the Lajka platform to also include a module with recommendations and resources for parents. The module contains helpful information and resources, including hands-on tips, information about online hate, legal obligations and sexual abuse online. During 2021, Tele2 has together with the Foundation also developed the parental module to include a health guide on mental and physical health for children and youth using connected devices.

ECPAT Sweden

ECPAT Sweden is a children's rights organization working to fight sexual exploitation of children. They spread information, and take measures to prevent children and young people from being sexually abused. ECPAT Sweden runs both the ECPAT Hotline, a website that gives the public an opportunity to anonymously report suspected sexual abuse of children, Ditt ECPAT ("Your ECPAT"), a dedicated helpline for children and young people, and Föräldrahjälpen ("Parent's help"), a helpline to support parents in questions regarding sexual abuse.

Tele2 is a founding member of ECPAT's telecom coalition. The members of the coalition work together to prevent that our services and products are abused by perpetrators. Together we are working actively to stop online exploitation of children.

During 2021, Tele2 has entered into a partnership with ECPAT to support their work by providing the technical solution for Ditt ECPAT and Föräldrahjälpen. In addition to this Tele2 is providing connectivity solutions including telephony for ECPAT's operations in Sweden.

Civil Rights Defenders

Civil Rights Defenders is an international human rights organization based in Sweden. The organization supports human rights defenders who work in some of the world's most repressive regions. Tele2 provides IoT connectivity to the organization's Natalia Project, including roaming in more than 450 networks all over the world. The Natalia Project is named in honor of Natalia Estemirova, a human rights defender who was abducted and murdered in Chechnya in 2009.

The Natalia Project is the world's first security alarm system for human rights defenders at risk. Today the project includes more than 170 human rights defenders from all over the world. Each participating human rights defender is provided with security training and a security device that can activate an alarm instantly in situations where the human rights defender faces an immediate threat. The alarm sends a distress signal with a GPS location to nearby local contacts, as well as to Civil Rights Defenders' headquarters in Stockholm enabling instant local and global support.

Sustainability information

Tele2's sustainability information is presented in four sections. The first section includes notes with information on relevant disclosures and sustainability topics for Tele2. The second section discloses the management approach to sustainability topics that are considered material. The final sections include the GRI Content Index, followed by the SASB-Index and the SFDR framework, which either contain or refer to information on the relevant disclosures for Tele2.

Consolidated sustainability notes

NOTE S1 ABOUT THE SUSTAINABILITY REPORT

The sustainability report is prepared in accordance with Global Reporting Initiatives (GRI) Standards: Core option, and in accordance with the reporting requirements defined in the Swedish Annual Accounts Act. The sustainability report includes the following pages 39-82. The sustainability report covers Tele2 Group. Legal entities are listed in the parent company's financial statements in Note 19. The reporting period is January 1, 2021 up to and including December 31, 2021.

This report includes disclosures specifically referencing the metrics identified for Tele2's sector by the Sustainability Accounting Standards Board (SASB). It includes a mapping of existing reporting to the relevant SASB metrics where possible, and relevant information where necessary.

Tele2's reporting boundaries have been defined through interactions with stakeholders, and during in-house discussions with for example the legal department, where the degree of ownership and areas of work for each entity were reviewed. The content of reported information mirrors the material sustainability areas as defined in the corporate strategy. There have been no significant restatements within the scope of sustainability.

Identifying and managing key aspects

Sustainability risk management is part of the sustainability requirements of Tele2's largest shareholders. Therefore, discussions and reviews of key aspects are conducted with the largest shareholders annually. Sustainability risks and opportunities are regularly discussed at board meetings. The sustainability report is approved by the Board.

Organizational changes

No organizational changes that impact our reporting have taken place during 2021.

External initiatives

Tele2 adheres to applicable parts of the following: the United Nations Universal Declaration of Human Rights, the International Labor Organization's core conventions, the Organisation for Economic Co-operation and Development (OECD) Guidelines for multinational enterprises, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights and the Children's Rights Business Principles.

Note S1 cont.

External assurance

Deloitte has been engaged to provide limited assurance on the Sustainability Report in its entirety, including all the relevant GRI Standards disclosures presented in the GRI Content Index. Conducting a limited assurance review of the full report is an important next step towards higher quality and transparency in Tele2's sustainability efforts, and an example of Tele2's ambition to lead in sustainability.

See page 82 for Auditor's Limited Assurance Report on Sustainability Report and statement regarding the Statutory Sustainability Report.

Sustainability report index – Annual Accounts Act

The table below shows where the requirements for sustainability information of the Annual Accounts Act is reported in Tele2 Annual and Sustainability Report 2021.

Area	Disclosure	Page reference
General	Business model	p. 6
Environment	Policy, management approach and environmental issues	p. 73-74, 76
	Risks and their management regarding environmental issues	p. 23–25
	Targets and results related to environmental issues	p. 52, 61–65
Social conditions & Personnel	Policy, management approach and social issues	p. 74–76
	Risks and their management regarding social issues	p. 23–25
	Targets and results related to social issues	p. 52, 57–60
Respect for human rights	Policy, management approach and human rights issues	p. 75–76
	Risks and their management regarding human rights issues	p. 23–25
	Targets and results related to human rights issues	p. 52, 60-61
Anti-corruption	Policy, management approach and anti-corruption issues	p. 73, 76
	Risks and their management regarding anti-corruption issues	p. 23–25
	Targets and results related to anti-corruption issues	p. 56

NOTE S2 BUSINESS ETHICS & COMPLIANCE

Code of conduct

To mitigate risks and manage impacts, Tele2 uses a Code of Conduct (CoC) and a Business Partner Code of Conduct (BPCoC) based on the United Nations Global Compact. It encompasses labor rights, anti-corruption, environment, freedom of association and collective bargaining, child labor, and forced labor, and other fundamental human rights. Tele2's requirement is that sound business practices shall prevail throughout its operations and daily business. Tele2 requests that all employees and business partners sign and comply with the Tele2 Code of Conduct, and does not tolerate deviations.

Since 2020, a digital training and re-signing process for the Code of Conduct is conducted annually to ensure that all employees understand and comply with its contents, and underlines the commitment to the business ethics principles that are a foundation for the way Tele2 does business. During the 2021 annual training Tele2 achieved a 100% completion rate for the training and re-signing among employees and consultants in active service.

Reporting violations

Tele2 is committed to the highest possible standards of openness, honesty and accountability. The Tele2 whistleblowing policy is in place to ensure the correct procedures, protection, and availability of reporting channels in case of wrongdoing. Both employees and external parties can anonymously report violations of Tele2's policies through Tele2's incidents report system. Employees can also go to their manager with any concerns. The legal teams make use of an open door policy for employees seeking advice on ethical and lawful behavior. Processes are in place to report or escalate incidents to the relevant group functions.

Confirmed incidents of corruption and actions taken[1)]

Tele2 had no incidents of corruption reported, no incidents in which employees were dismissed or disciplined for corruption reported, and no incidents when contracts with business partners were terminated or not renewed due to violations related to corruption reported, during the year, nor the previous year. Furthermore, there have not been any public legal cases or ongoing investigations regarding corruption brought against Tele2 or its employees reported during the year, nor the previous year.

[1)] Tele2 does not report on fraud committed against the company under this indicator. Attempts to defraud telecommunications companies through their services are common, and Tele2 has adequate measures in place to mitigate those attempts. Reporting figures on telecommunications fraud would create a skewed perspective and distract from more material cases of corruption if they would occur.

Note S2 cont.

Legal actions for anti-competitive behavior, anti-trust, or monopoly practices

No legal actions (2020: one) for anti-competitive behavior, antitrust, or monopoly practices have been reported during the year.

Non-compliance with environmental laws and regulations

No significant fines or non-monetary sanctions for non-compliance with environmental laws or regulations have been reported during the year, nor the previous year.

Incidents of non-compliance concerning marketing communication

Tele2 has had three (2020: zero) incidents of non-compliance with regulations or voluntary codes concerning marketing communication, including advertising, promotions, and sponsorships, during the year. Three of these incidents, (2020: zero) resulted in a warning.

Incidents of non-compliance concerning health and safety of products

No incidents of non-compliance with regulations and codes concerning health and safety have been reported during the year, nor the previous year.

Tele2 strives to provide its customers with safe services that do not have a negative impact on their health, and works proactively to identify and monitor potential health and safety issues related to its products and services. Tele2's networks emit electromagnetic fields. No adverse health risks have been identified in relation to the exposure to such fields from base stations for mobile telephony, wireless networking or similar transmitters.

In order to manage impacts, Tele2's networks are designed to operate well within the applicable regulations and guidelines of the countries of operation. Tele2 measures the radio wave signals emitted in the networks at the request of property owners.

Compliance with laws and regulations in the social and economic area

No significant fines and non-monetary sanctions[1] for non-compliance with laws and/or regulations in the social and economic area have been reported during the year, nor the previous year.

[1] Significant fines and non-monetary sanctions are defined by Tele2 as exceeding EUR 250,000.

NOTE S3 EMPLOYEE DATA

All employee data is presented as per 2021-12-31.

New employee hires and turnover

Continuing operations	New hires 2021			Employees leaving 2021		
	Total	of whom women	of whom men	Total	of whom women	of whom men
Sweden	450	176	274	456	177	279
Lithuania	246	162	84	217	138	79
Latvia	165	88	77	184	103	81
Estonia	101	69	32	83	48	35
Total	**962**	**495**	**467**	**940**	**466**	**474**

Total increase/ decrease of employees

Continuing operations	2021	2020
Women	29	102
Men	-7	-23
Total	**22**	**79**

Due to a miscalculation, there was an error in the data published in the Annual and Sustainability Report 2020 regarding increase/decrease of employees for continuing operations. The correct data for 2020 is presented above.

Total number of employees and collective bargaining

Continuing operations	2021	
	Total	Collective bargaining
Sweden	2,885	99.7%
Lithuania	748	-
Latvia	434	-
Estonia	366	-
Netherlands	2	-
Total	4,435	65%

In Sweden, all employees except for the Group Leadership Team employed in Tele2 AB are covered by the collective agreement. For other countries this may vary, though Tele2 has a positive view on collective bargaining and supports the right of all employees to form trade unions and sign collective bargaining agreements.

Note S3 cont.

Non-discrimination

Tele2's zero tolerance for any types of discrimination is frequently communicated, each case is evaluated individually and appropriate actions are taken. Tele2 encourages employees to share information with their manager or the responsible function within HR/Security about any case of discrimination that they have information about. Zero incidents of discrimination have been reported in 2021 (2020: Four).

Employee diversity

Continuing operations	2021								
		Women				Men			
	Total	<30	30–50	>50	Total women	<30	30–50	>50	Total men
Sweden	2,885	243	552	161	956	322	1,127	480	1,929
Lithuania	748	198	328	7	533	100	111	4	215
Latvia	434	72	150	13	235	67	126	6	199
Estonia	366	80	157	15	252	41	61	12	114
Netherlands	2	–	–	–	–	–	2	–	2
Total	4,435	593	1,187	196	1,976	530	1,427	502	2,459

Continuing operations	2021			2020		
	Total	of whom women	of whom men	Total	of whom women	of whom men
Sweden	2,885	33	67	2,928	33%	67%
Lithuania	748	71	29	729	70%	30%
Latvia	434	54	46	513	53%	47%
Estonia	366	69	31	354	65%	35%
Netherlands	2	–	100	2	–	100%
Luxembourg	–	–	–	2	–	100%
Total	4,435	45	55	4,528	44%	56%

The gender distribution between board of directors and management in all active group companies is presented in the table below. Management refers to managing directors and persons reporting directly to the managing directors.

For active group companies (excluding discontinued operations)	2021			2020		
	Total	of whom women	of whom men	Total	of whom women	of whom men
Board members	20	20%	80%	26	15%	85%
Management	33	39%	61%	28	39%	61%
Total	53	32%	68%	54	28%	72%

Gender pay gap

Tele2 is strongly committed to gender pay equality, and annually conduct a gender pay gap analysis to ensure equal pay for the same kind of position or job. The last analysis was conducted in April 2021 and is presented in the table below. The differences in pay at Tele2 is mainly due to gender imbalance in senior level positions rather than unequal pay due to gender for the same kind of position or job. This is something Tele2 actively works on as part of our diversity work to further achieve a gender balanced workforce.

As of 2021-04-30 Employee groups	Ratio[1)]	Mean gender pay gap
Stores and Customer Operations employees	104%	4%[2)]
All other employees	98%	2%
All managers[3)]	92%	8%

[1)] Average female salary / Average male salary
[2)] Positive to females
[3)] Excluding Group Senior Executives

Training and development programs

Tele2 is highly engaged in the continued development of employees and offers various training- and development programs for employees and managers within areas such as customer operations, environment, and data privacy.

Tele2 encourages a growth mindset with relevant feedback and continuous performance dialogue between manager and employee, as well as between peers. The approach seeks to ensure that all employees have clear and updated goals, and frequent and meaningful conversations with their manager around their aspirations, performance, and drivers for engagement. Tele2 believes in learning by doing, through exposure to challenging assignments together with good coaching, collaboration and learning from others.

Tele2 places high demands on leadership throughout the organization. Through the development program My Leadership@Tele2, managers are offered training during 10-12 months, including theoretical sessions, group training sessions and own reading. The program provides managers with tools and inspiration to translate high-level strategy and engage their teams towards even greater performance. In case of unavoidable redundancies, Tele2 also offers counselling and psychological services, outplacement services and severance packages exceeding legal requirements to support continued employability.

Average hours of training per employee

Hours of training	2021 Total	2021 Average per employee (hours)
Employees	20,822	4.7

Annual total compensation ratio

kSEK	2021 Total	2021 Change from 2020	2020 Total
CEO	18,241	-3.0%	18,802
Average annual compensation on a full time equivalent basis of employees within Sweden[1) 2)]	750	0.9%	743
Ratio	24.3	4.0%	25.3

1) Excluding parent company.

2) Average remuneration includes base salary, holiday pay, benefits, variable pay at target and pension.

NOTE S4 OCCUPATIONAL HEALTH AND SAFETY

Injuries

There are numerous examples of how Tele2 minimizes risk to hazards: slippery floor is handled by putting a mat on the floor, a heavy door is handled by installing a door opener, heavy lifting and high climbing is not allowed without the appropriate tools and security equipment. If any work-related injuries were to happen, a report is made to the Facility department. They then do a follow up to prevent any future injuries. Managers are trained in how to write these reports.

According to the Swedish Work Environment Act, all employers in Sweden, including Tele2, must determine the risk of high-consequence injuries by examining, implementing and following up the activities in the company in such a way that accidents at work are prevented. By doing this work systematically in cooperation with the unions associated with the company, Tele2 determines the hazards effectively. Work environment representatives appointed by the employees have the legal right to interrupt work if there is an immediate and serious danger to the life and health of employees. Tele2 is of course compliant to this.

None of the detected hazards have caused or contributed to high-consequence injuries during the reporting period.

Occupational health and safety management system

100% of Tele2's employees (2021: 4,435 employees) are covered by an occupational health and safety management system, including the psychosocial and physical work environment. At the Swedish headquarters, the physical work environment of the health and safety management also covers all persons visiting or that are situated at the office. At Tele2 Estonia, one worker that is not an employee is covered by Tele2's occupational health and safety management system.

As stated in the Tele2 Business Partner Code of Conduct, Tele2 expects business partners to take similar responsibility for the health and safety of employees within their organizations, including workers that are working on behalf of Tele2.

NOTE S5 RESPONSIBLE MANAGEMENT OF SUPPLIERS

Most of Tele2's suppliers, considering spend, are producers of input material or products such as handsets, base stations, sim cards, construction companies for telecom mast constructions, network & IT system solutions platforms as well as service providers within areas such as customer operations and media. Additionally, suppliers or business partners (as Tele2 calls them) may be consultants, financial auditors, M&A firms, legal advisors, etc. Other telecommunications providers are suppliers of wholesale interconnection and roaming services which are necessary to deliver our services on or to other networks. Suppliers are either contracted through the central procurement function, country procurement or directly by various business ownership parties at central or country level. The central procurement function also serves the Swedish operations.

Tele2's supply base consists of several thousands of suppliers. There may be changes from year to year as contracts expire, and new potential suppliers are signed on. These changes have not been significant during the year.

Note S5 cont.

Responsible business and sustainable procurement

In order to mitigate risks related to human rights, labor conditions and environment in its supply chain, Tele2 requires its significant business partners to sign the Tele2 Business Partner Code of Conduct. By doing so Tele2 includes clauses about human rights, labor rights, anti-corruption, environment, etc. into a vast majority of its agreements with its business partners. In 2021, suppliers representing over 90% of spend had signed the Business Partner Code of Conduct. In case of breaches of the Business Partner Code of Conduct, Tele2 primarily conducts dialogues with business partners to establish remediation plans. If this would not produce the desired changes, Tele2 can terminate the relationship with the specific business partner.

Tele2's framework for sustainable procurement defines routines for sourcing new business partners, and how Tele2 follows up on strategic and critical suppliers. These procedures include the use of EcoVadis Business Sustainability Ratings scores, an annual risk assessment, and process for selecting suppliers for on-site audits. Tele2 uses EcoVadis as the main source of information regarding suppliers' sustainability performance.

On-site audits

On-site audits are a key component for Tele2 to ensure a responsible management of suppliers. The selection of suppliers for on-site audits is based on the annual risk assessment. The risk assessment and analysis covers four steps: 1) Review of the suppliers on the EcoVadis platform (covering around 50% of spend), 2) Review of suppliers from different high-risk industries, 3) Review of suppliers with strong exposure to countries with high sustainability risk, 4) Review of top 20 suppliers by spend. Based on these steps, the 2021 supplier risk assessment identified five suppliers for on-site audits. Three out of five planned on-site audits were conducted in 2021.

The first audit was of a supplier in Sweden, identified as operating within a high-risk industry (construction). Non-conformities where identified through the audit and resulted in a Corrective Action Plan with deadline for actions throughout 2022, which will be followed-up.

In the second audit, Tele2 commissioned PwC to conduct an on-site audit of a supplier in China, identified as operating within a high-risk industry (manufacturing in China and a risk of human rights violations). Non-conformities where identified through the audit and resulted in a Corrective Action Plan with deadline for actions by May 2022, which will be followed-up.

The third audit was of a supplier in the UK, were Tele2 commissioned PwC to conduct an on-site audit. The supplier was selected based on a score below 45% in EcoVadis, which is the risk threshold for Tele2, and a benchmark for other companies using EcoVadis supplier assessments. The audit report has not been completed, and no information is available regarding non-conformities and the potential need for establishing a Corrective Action Plan.

One of the suppliers selected for on-site audit, identified as operating within a high-risk industry (electronics manufacturing) as well as one of Tele2's top 20 suppliers by spend, has refused Tele2's request to conduct an on-site audit, and instead offered a desktop audit and for Tele2 to take part of previous audit reports. The fifth planned audit of a supplier in India, identified as operating in a high-risk country, could not be conducted before 31 December, 2021 due to travel limitations following the Covid-19 pandemic. Tele2 is still determined to conduct this audits once it is possible.

Tele2 aims to publish all audit reports at Tele2.com.

Risk assessment and audits

Supplier assessment	2021
Total number of suppliers assessed for social and environmental impacts through EcoVadis [1]	57
Number of suppliers audited on site	3
Number of suppliers where social or environmental non-conformities identified	2
Percentage of the suppliers assessed or audited which non-conformities were identified where a Corrective Action Plan was established	67%
Percentage of the suppliers assessed or audited which non-conformities were relationships were terminated	-

[1] Tele2 uses EcoVadis Business Sustainability Ratings to screen and monitor business partners.

NOTE S6 HUMAN RIGHTS

Tele2 aims to conduct its business with the highest degree of ethics while also being compliant to local laws and regulations and respecting human rights. Tele2's different markets are all different in this aspect. To mitigate risks, Tele2 uses a Code of Conduct applicable to its own operations and a Business Partner Code of Conduct applicable to its business partners, based on the United Nations Global Compact. It encompasses labor rights, anti-corruption, environment, freedom of association and collective bargaining, child labor and forced labor, and other basic human rights. The Code of Conduct was updated last in November 2020 and the Business Partner Code of Conduct was last updated in December 2020.

Tele2 believes that all people are entitled to basic human rights and recognizes its responsibility to respect and support human rights in all its business operations, including in the supply chain and communities in which Tele2 operates. This means that Tele2 avoids causing or contributing to negative human rights impact through its business operations, as well as through the activities to which Tele2 are directly linked via a business relationship. To further emphasize Tele2's commitment to human rights, Tele2 has during 2021 adopted a dedicated human rights' policy. The policy describes Tele2's salient human rights' impact, how this is managed, and the grievance mechanism which is available. There is potential human rights impact throughout Tele2's entire value chain. Based on geographical presence

Note S6 cont.

and the industry in which Tele2 operates, the following are considered to be Tele2's most relevant human rights impact, where children are identified as a particularly vulnerable group: 1) Anti-discrimination, 2) Children's Rights, 3) Freedom of Expression, 4) Freedom of the Media, 5) Labor Rights, 6) Gender Equality, 7) Privacy Rights.

Tele2 will conduct human rights impact assessments (HRIA) starting in 2022 to further identify and manage material risks in Tele2's operations and supply chain.

Fair working conditions

All employees of Tele2 and its Business Partners are entitled to fundamental human rights which shall be known, understood, respected and be applied equally. No one shall be subject to corporal punishment, physical, sexual, psychological or verbal harassment or abuse. Forced, exploited or bonded labor is strictly forbidden.

Employees shall not be required to lodge deposits or original identity papers as a condition for employment. Employees shall not be forced to work more than the limits on regular and overtime hours allowed by the laws of the country in which they are employed. Overtime shall be compensated at no less than the legally required rate. All employees shall have contracts specifying the terms of employment. Children under the minimum working age established by local law or 15 years, whichever is greater, shall not be used as part of the labor force. Employees under 18 years shall not be engaged in hazardous or heavy work, or on night shifts.

The rights of employees to freely associate and to bargain collectively, in accordance with the laws of the countries in which they are employed, shall be recognized and respected.

Protection of children's rights

To support the protection of children's rights, Tele2 gives guidance to its employees regarding child protection. Protecting the rights of children is included in the Code of Conduct and the Business Partner Code of Conduct and business partners are expected to adhere to the same standards in relation to the work they do for Tele2.

NOTE S7 ENVIRONMENT

Waste generated at operational units by disposal method [1) 2)]

Tonnes	2021			
	Total	Consumer	Network	Facility
Hazardous waste;				
for reuse	4.36	4.36	-	-
for recycling	127.70	0.09	113.41	14.20
for incineration	27.32	–	27.32	-
sent to disposal	21.74	0.42	21.32	-
Total hazardous waste	**181.12**	**4.86**	**162.05**	**14.21**
Non-hazardous waste				
for reuse	0.52	0.52	-	-
for recycling	290.42	36.09	223.65	30.68
for incineration	137.74	14.23	76.27	47.24
sent to disposal	40.03	27.40	12.43	0.20
Total non-hazardous waste	**468.71**	**78.24**	**312.35**	**78.13**
Total amount of waste	**649.83**	**83.11**	**474.39**	**92.34**

1) Consumer includes reclaimed electronic waste, Network includes waste from construction and maintenance of the mobile network, Facility includes waste from offices.

2) Calculations are based on data from waste disposal suppliers and their classification of hazardous and non-hazardous waste. For Lithuania, Latvia and Estonia, the waste disposal method for Consumer and Network is based on data from Eurostat, the European Environment Agency and the EU Commission, as data on the share of disposal methods is missing.

2021 is the first year measuring waste and can therefore not be compared to previous years.

Reclaimed products [1)]

Product category	Share of reclaimed products	of which re-used	of which recycled
Mobile phones	7.4%	80.1%	19.9%

1) Data on reclaimed products is based on sales data on number of products sold and data from Tele2' Sweden's partners for collecting used products from B2B and B2C operations.

The scope for 2021 includes the take-back and processing of mobile phones from Swedish operations. Other product categories are omitted as data is not reported.

Note S7 cont.

Water consumption from operations

Mega liter	2021
Sweden	7.40
Lithuania	1.49
Latvia	1.35
Estonia	0.51
Total	**10.75**

2021 is the first year measuring water consumption and can therefore not be compared to previous years.

NOTE S8 ENERGY, TRAVEL AND TRANSPORT

Energy consumption

	2021		2020		2019	
	Consumption	Share of consumption	Consumption	Share of consumption	Consumption	Share of consumption
Energy fuel within the organization (GJ)						
Natural gas	757	0.1%	733	0.1%	1,293	0.1%
Petrol	-	-	-	-	-	-
Diesel	40	0.0%	842	0.1%	6,703	0.7%
Total fuel within the organization	797	0.1%	1575	0.2%	7,996	0.8%
Fuel from cars (GJ)						
E85	29	0.0%	-	-	26	0.0%
Petrol	15,171	1.7%	10,704	1.2%	11,020	1.1%
Diesel	16,750	1.8%	20,780	2.3%	37,375	3.8%
Gas mix	42	0.0%	35	0.0%	32	0.0%
Electricity	105	0.0%	425	0.0%	664	0.1%
Total fuel from cars	32,097	3.5%	31,944	3,5%	49,117	4.9%
Share of renewables in total fuel consumption (%)[1]	**0.2%**		**0.1%**		**0.1%**	
Electricity, heating, cooling and steam purchased for consumption (GJ)						
Electricity	833,265	91.5%	812,449	90.4%	879,872	88.4%
District heating	8,820	1.0%	20,964	2.3%	21,105	2.1%
District cooling	35,435	3.9%	32,340	3.6%	37,703	3.8%
Total electricity, heating, cooling and steam	877,520	96.4%	865,753	96.3%	938,680	94.3%
Total energy consumption	**910,414**		**899,272**		**995,793**	

[1] The share of renewables from fuel consumption is calculated based on 85% share of renewables in E85 and 96% share of renewables in gas mix.

Due to improved data collection from offices, the level of district heating has been significantly lowered, offset by an increase in electricity. Recalculations for 2019 will be conducted, to ensure that Tele2's base year from carbon reductions is correct.

There is an increase in the measured amount of petrol used for company cars, offset by a decrease in the measured amount of diesel. Although fuel from cars represent only 3.5% of the total energy consumption, the impact from cars make up 85% of Tele2's total scope 1 and 2 emissions and primarily comes from petrol and diesel consumption. Emissions from diesel consumption in cars stand for 45% of total scope 1 and 2 emissions while petrol cars represent 40%. To reduce these emissions, Tele2 can further transition to electric cars or increase the share of cars operated on E85, gas or other biofuels.

As all markets used 100% renewable electricity during the full year of 2021, there is a significant increase in the percentage of green energy.

Share of green energy and electricity

	2021	2020
Percentage of green energy total	94.87%	86.89%
Percentage of green electricity total	100%	92.76%

Energy and emissions intensity

	2021	2020
Energy consumed per RGU[1] (Excl. fuel) kWh	29.15	28.74
Emissions emitted per RGU[1] kg CO_2-eq	0.3	1.34

[1] Revenue Generating Unit

Reduction of energy consumption

Enhancing network capacity through 5G is one example of how Tele2 can meet the increasing demand for data, While 5G networks enable faster and increased capacity for data consumption, more data requires more energy. At the same time, thanks to modernization of networks and technological equipment, 5G consumes significantly lower amounts of energy compared to 4G, per transferred data.

One example of the energy efficiency of 5G is the base stations that Tele2 has rolled out in 2021. With new power saving features, the power amplifier of the base stations are put in standby when there is no data to send. According to Radio Access Network (RAN) Statistics, the new function results in around energy reductions of over 200,000 kWh per year, with potential of greater energy efficiency from the continued 5G roll out.

Additionally, Tele2 continually modernizes the fixed network by replacing and upgrading technical equipment to more energy efficient alternatives.

NOTE S9 GHG AND OTHER EMISSIONS

Direct and indirect emissions (Scope 1 and 2)

Emissions by market (Tons CO_2-eq)	2021				2020				2019			
	Direct	Energy indirect	Total	Share	Direct	Energy indirect	Total	Share	Direct	Energy indirect	Total	Share
Continuing Operations												
Sweden	1,550	119	1,668	64%	1,519	311	1,830	17%	2,356	467	2,823	5%
Lithuania	371	0	371	14%	181	874	1,056	8%	235	6,051	6,286	11%
Latvia	325	33	358	14%	319	1,176	1,495	13%	432	8,766	9,198	16%
Estonia	197	-	197	8%	312	4,454	4,766	43%	289	24,662	24,951	42%
Total continuing operations	**2,443**	**151**	**2,594**	**100%**	**2,322**	**6,634**	**9,147**	**81%**	**3,112**	**39,946**	**43,258**	**73%**
Discontinued operations												
Croatia[1)]	-	-	-	-	117	1,937	2,054	19%	894	14,820	15,714	27&
Germany[2)]	-	-	-	-	15	31	46	0%	20	44	64	0%
Total discontinued operations	**-**	**-**	**-**	**-**	**132**	**1,968**	**2100**	**19%**	**914**	**14,864**	**15,778**	**27%**
Total	**2,443**	**151**	**2,594**		**2,464**	**8,783**	**11,247**		**4,226**	**54,810**	**59,036**	

1) Reporting until March 31, 2020 due to divestment.
2) Reporting until December 11, 2020 due to divestment.

For 2021, Tele2's operations included the markets in Sweden, Estonia, Latvia, and Lithuania, referred to in this report as continuing operations. All operations in Croatia and Germany were divested in 2020 and are therefore not part of the 2021 emissions or the 2019 and 2020 emissions when referring to continuing operations.

The total emissions in scope 1 and 2 for Tele2 in 2021 were 2,594 tonnes CO_2-eq which is a decrease of 94% compared to the continuing operations in the base year in 2019 (43,258 tonnes CO_2-eq). When looking at the scope 1 and 2 emissions using the location-based method, the emissions are 44,604 tonnes CO_2-eq in 2021 compared to 43,809 tonnes CO_2-eq in 2020 (increase of 5% due to increased consumption of purchased energy) for the continuing operations. During the last few years, Tele2's scope 1 and 2 emissions have decreased greatly due to increased sourcing of renewable electricity with Guarantees of Origin certificates. In 2021, Tele2 reached 100% sourcing of renewable electricity for the full year, which means that the emissions from purchased electricity using the market-based method are zero. The climate impact from cars is now instead the largest source of emissions in Tele2's scope 1 and 2, overtaking emissions from purchased electricity which by far was the most significant source of emissions in scope 1 and 2 in previous years.The impact from cars make up 85% of Tele2's total scope 1 and 2 emissions and primarily comes from petrol and diesel consumption.

With the reduction of emissions in scope 1 and 2, Tele2 have already reached their targeted -90% in scope 1 and 2 which was the ambition for 2025 in their science based target. 8 years now remain for Tele2 to reach the -100% until 2029.

Location-based emissions (Scope 2)

Location-based Scope 2 emissions	2021	2020
Total emissions (Tons CO_2-eq)	44,604	43,809
Change from previous year (Tons CO_2-eq)	795	-12,779
Change from previous year (%)	1.82%	-22,6%

Comparing the market-based emissions with location-based emissions shows 44,453 tonnes CO_2-eq lower emissions in Scope 2 (151 tonnes CO_2-eq market-based) than they would have been without Tele2's active choice to only source renewable electricity.

Note S9 cont.

EU Emission Trading System

The EU Emission Trading System (ETS) is a policy instrument with the purpose of reducing greenhouse gas emissions. It is based on a cap-and-trade system that limits the amount of greenhouse gases that can be emitted each year, and requires companies in selected sectors to obtain allowances for their emissions through trade.

Tele2 is not subject to the regulations of the EU ETS framework but use the framework as a tool to monitor emissions by theoretically putting a price on its GHG emissions, as can be seen in the tables below.

EU Emission Trading System (ETS), calculation of cost (market-based)

	2021	2020
Total scope 1 & 2 GHG emissions (market-based) Tons CO_2-eq	2,594	11,247
Cost per ton, EUR	54	22
Total ETS cost, EUR	139,188	234,000
Change in ETS cost, (%)	-40.5%	-82.1%
Rate of renewable energy certificates, EUR/MWh	1.75	0.69

If Tele2 was part of the EU ETS (the European Emission Trading System), their total climate impact in scope 1 and 2 would mean a cost of 139,188 EUR (market-based) of allowances. Since 2019 the average cost of EU ETS (European Emission Trading System) allowances price increased by 243%. During this time Tele2 reduced the scope 1 and 2 GHG emissions by -94% (market-based method) in the continuing operations and at the same time divested the operations in the Croatian and German markets.

This means that if Tele2 would have followed under the regulations of the EU ETS, the overall cost of allowances would have decreased by 85% since 2019, where the savings could be used to finance about 665 GWh of renewable energy certificates with a rate of about 1.75 EUR/MWh. The rate is based on the price for certificates from Tele2's energy supplier.

EU Emission Trading System (ETS), calculation of cost (location-based)

	2021	2020
Total scope 1 & 2 GHG emissions (location-based) Tons CO_2-eq	44,604	43,809
Cost per ton, EUR	54	21
Total ETS cost, EUR	2,393 072	927,804
Change in ETS cost, (%)	+158%	-26%

As the location-based emissions did not decrease as much during this period of time (-21%), the overall cost of allowances would instead have increased by 158% due to the increased allowance cost per ton CO_2-eq.

Carbon offsetting

To offset Tele2's scope 1 and 2 emissions and emissions from business travel in scope 3 for 2021, Tele2 has purchased credits for 2,900 tons of CO_2-eq.

Tele2 has used 2 projects for carbon offsetting, both classified as carbon removal: 1) Verified Carbon Standard (VCS) project for Reduced Emissions from Deforestation and Forest Degradation (REDD+) (accounting for a majority of credits), 2) Direct Air Capture project, verified according to ISO 14064-2 by DNV.

Emissions by Scope 3 category

Tons CO_2-eq	Scope 3 emissions		Scope 3 emissions		Scope 3 emissions	
	2021	Share	2020	Share	2019	Share
1. Purchased good and services	144,464	78.8%	150,366	79.3%	145,345	76.8%
2. Use of sold products	31,377	17.1%	28,358	15.0%	28,637	15.1%
3. Leased assets	678	0.4%	705	0.4%	755	0.4%
4. Fuel and energy related activities	3,189	1.7%	3,920	2.1%	6,120	3.2%
5. Business travel	302	0.2%	682	0.4%	2,546	1.3%
6. Upstream and downstream transportation and distribution	1,374	0.8%	1,442	0.8%	1,867	1.0%
7. Employee commuting	1,470	0.8%	3,714	2.0%	3,443	1.8%
8. End-of-life treatment of sold products	424	0.2%	439	0.2%	450	0.2%
9. Waste generated in operations	8	0.0%	4	0.0%	5	0.0%
Total	**183,286**	**100%**	**189,629**	**100%**	**189,168**	**100%**

Scope 3 emissions increased in the Use of goods sold category, mainly owing to the fact that the emissions from the production mix in Sweden has increased.

There are significant decreases in several categories. In Fuel and energy related activities we see a decrease which is tied to the use of 100% renewable electricity. In Business travel and Employee commuting we also see decreases, that are mainly associated with the Covid-19 pandemic.

Compared to the base year (2019) Tele2's scope 3 emissions have decreased by -2.5%.

Reduction of GHG emissions

Tele2 continuously engages in activities to reduce greenhouse gas emissions from its operations and value chain. To combat the significant contribution from car fuel on scope 1 and 2 emissions, Tele2 has introduced a company car policy that promotes the use of electric company cars. All new company cars (excluding service vehicles) should be chargeable, and the company car fleet should be all electric by 2024.

In 2021, Tele2 has purchased 100% green electricity on all its markets, and as a result, purchased electricity is no longer the most significant source of emissions in Scope 1 and 2 and the total emissions have decreased considerably.

Note S9 cont.

Tele2 has previously identified the category "purchased goods and services" to be the main source of Scope 3 emissions. In 2021, Tele2 has engaged in dialogue with their 20 largest suppliers by spend to inform them of Tele2s Science-Based Targets. This is the first step towards lowering Scope 3 emissions, where engaging with suppliers will be key to achieve Tele2s long-term targets.

Total GHG emissions and intensity (Scope 1, 2 and 3)

The emissions of direct and indirect GHG emissions in Scope 1, 2 and 3 totaled to 185,880 tons CO_2-eq. The total GHG intensity in 2021 was: 6.94 tons CO_2-eq/ MSEK revenue.

Calculations are based on a total 26,789 MSEK revenue.

Calculation of emissions Scope 1, 2 and 3

Scope 1:

Tele2 apply the operational control approach to their calculations, meaning that emissions from company cars include all cars operated by Tele2's employees in duty and includes company owned cars, leased cars, rental cars and private cars operated in business purposes. Refrigerant leakages emissions are included in scope 1 for facilities where Tele2 has the operational control. The primary source of data for fuel combustion is the actual volume of fuel consumed per fuel type, e.g. liters of diesel or cubic metres of gas. If the fuel volume is not available, the travelled distances per fuel type is used, e.g. km travelled using diesel cars. Refrigerant leakages are assumed to equal the refilled volumes of a cooling system. If data is not available, assumptions are based on known data sources to estimate the unknown parts.

Scope 2:

Emissions in scope 2 relate to purchased electricity, district heating and district cooling. Data on actual energy use was primarily used, e.g. the actual electricity consumption for the headquarters in Kista. Where primary data was not available, the energy use was based on the energy cost and an assumed cost per kWh. If data was not available, assumptions based on known data sources were made to estimate the unknown parts. Tele2 applies the market-based method mainly when calculating their scope 2 emissions. However, the location-based method is used in accordance with the recommendations in the GHG Protocol. The calculations are based on the same data and assumptions, but different emission factors were applied.

Scope 3:

Purchased goods and services: Where possible Tele2 collected data through supplier surveys from 2019 to 2021. Where data was missing for one year, the available data was used to estimate emissions, using the emissions per reported spend for another year within the three year period. Most suppliers reported emissions per product, but some reported material use in their products in which case emission factors from e.g. the ICE database was applied to calculate the product emissions.

Fuel and energy related activities: This category represents the production and distribution of fuels and energy which direct emissions were reported in scope 1 and 2. The same data was used to calculate these emissions as was used in scope 1 and 2.

Transportation and distribution: Emissions data from suppliers representing 88% of the total outbound transports was used to calculate the outbound emissions from Tele2 to customers. It was assumed that the remaining suppliers had the same emission intensity. Emissions on inbound transports were estimated using purchased product volumes together with assumptions on travel distances and travel modes.

Waste generated in operations: Data on waste disposal and transports is based on primary data and EU statistics. If the waste is used to produce e.g. district heating or new materials, this should be accounted for in the created product's lifetime and is therefore not included in Tele2's inventory.

Business travel: Calculations primarily based on data from travel agencies used by Tele2 and covers flights, hotel nights, taxis and train travel. As some travels were booked outside the travel agencies, these emissions were estimated using the same emission intensity per EUR as for the travels booked within the travel agency.

Employee commuting: Calculation based on the number of employees travelling to and from work in large and small cities and accounts for employees working from home or stores being closed due to Covid-19 restrictions. Distances and travel modes used in the daily commute are estimated using a Swedish survey on travel habits made by Trafa which differentiates travel patterns for larger and smaller cities.

Leased assets: Data on emissions are provided by the suppliers, and emissions for 2021 were estimated by extrapolating emissions from 2019 to 2021 using the average emissions per spent SEK. Note that some of these emissions are included in purchased goods and services as these are based on the spend analysis.

Use of sold products and end-of-life treatment of products: Calculations based on the number of RGUs (revenue generating units) per country. Mobile RGUs were assumed to represent smartphones and fixed RGUs were assumed to represent e.g. routers. For use of sold products, The energy use from these devices were then calculated and the resulting emissions were calculated by applying the respective country grid mix emission factor. For end-of-life treatment of sold products, The weight of these devices was estimated in order to calculate the total weight of waste in the EOL treatment process. Emissions from the waste were then calculated using the same emission factors as for the waste generated in operations category.

Note S9 cont.

Notes on changes and altered calculation methods

Scope 1 and 2

- Tele2's operations in Croatia and Germany are no longer part of Tele2 and are therefore not a part of the 2021 disclosure. Remaining markets are Sweden, Estonia, Latvia, and Lithuania.
- Purchasing guarantees of origin certificates for the purchased electricity has had a significant impact on Tele2's scope 1 and 2 emissions, which now consist mainly of emissions from diesel and petrol cars (85% of total scope 1 and 2 impact).

Scope 3

- Emissions from business travel in 2019 and 2020 has been updated with data from the Baltics and with data on travels not booked through a travel agency. Lithuanian data is incomplete regarding taxi and train travel in 2019 and all business travel in 2020.
- New to 2021 was that employee commuting accounted for the Covid-19 situation by considering closing periods for stores and distance work for office employees. This was not accounted for in 2020, as 2020 is not the base year for Tele2's scope 3 SBT, and as it was agreed that the employee commuting category will be further detailed through a Tele2-specific commuting survey.
- 2019 employee commuting emissions was updated due to a calculation error only accounting for daily single trips and not round trips. The emissions in this category further changed from previous inventories due to removing employee commuting in discontinued operations. Overall, the 2019 employee commuting emissions went up.
- Emissions from waste generated in own operations increased due to accounting for network waste, that was previously not accounted for. These emissions are insignificant overall but still this should be further detailed going forward to ensure consistency over time.

Gaps identified during the reporting:

- Lithuania did not previously include energy data from Tele2 Prekyba (stores). For the complete 2021 – these emissions were estimated using the electricity consumption from October. To account for these stores in 2019 and 2020, the consumption was estimated by the average electricity consumption per square meter based on the actual data from October 2021. Similar assumptions were used to estimate the refrigerant leakage in Tele2 Prekyba facilities in 2019-2021.
- Estonia did not previously report data on private cars used in business purposes. During 2021, this data was added to all disclosures since 2019 based on data from Estonian reporters.
- Data on energy use in Swedish offices were collected from the largest offices and was then extrapolated to cover the smaller offices. Previously, the energy use data was calculated based on spend from lease contracts. This resulted in a decrease in district heating, and even if these emissions are small in the overall comparison, this triggers the need for a recalculation of the base year inventory.
- Emissions from electric cars calculated using the location based method are missing in the location-based total. These emissions are estimated to about 5 tonnes CO_2-eq and will be added to the inventory going forward.

NOTE S10 STAKEHOLDER ENGAGEMENT AND MATERIALITY

In 2020, Tele2 conducted a materiality analysis following six steps: Trend analysis, Industry analysis, Competitor analysis, Stakeholder dialogue, Impact analysis and Materiality analysis. In 2021, Tele2 reviewed its materiality analysis, and found that no material changes had occurred. Therefore it was not deemed necessary to make any changes to the materiality analysis.

In the trend analysis Tele2 considered the importance of sustainability to key stakeholders; customers, employees and investors. The analysis was conducted using secondary data and research findings.

In the industry analysis Tele2 conducted a mapping of risks and opportunities within the telco industry value chain as a basis to identify material aspects.

In the competitor analysis Tele2 benchmarked the sustainability governance and performance of both competitors in local markets, as well as international peers.

In the latest major stakeholder dialogue that included direct dialogue with key stakeholders, Tele2 surveyed and interviewed over 9,000 employees, customers, the Board of Directors, suppliers, investors, and ESG analysts, to determine most important sustainability topics for Tele2 to address from the various stakeholders' perspective, out of 18 topics that were defined as the most material to Tele2's industry and business. Tele2 continuously engages with stakeholders to follow up on material topics and a new materiality analysis covering all stakeholder groups should be conducted every third or fourth years.

The impact analysis was done using an alignment with the GRI Standards usage of the term impact from a dual materiality perspective; *The effect an organization has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development.* In addition to this external impact, internal impact in the form of financial, legal, reputational or operational impact, as well as the level of Tele2's possibility in affecting value with regard to the specific sustainability topics, has also been considered.The 18 topics were mapped from N/A to high potential impact. The scoring was aggregated, and used to inform the materiality analysis.

Identified material topics for Tele2's industry and business

1. Attract and retain talent
2. Business ethics
3. Child protection
4. Circular economy
5. Community engagement
6. Digital consumption
7. Diversity and inclusion
8. Equal and reliable access of ICT for all
9. Health and safety
10. Innovation for sustainability
11. Sourcing of products and services
12. Prevent distribution of child sexual abuse material
13. Privacy, integrity & digital ethics
14. Renewable energy and energy efficiency
15. Responsible marketing and sales
16. Sustainable acquisition
17. Responsible supply chain
18. Taking action against climate change

Note S10 cont.

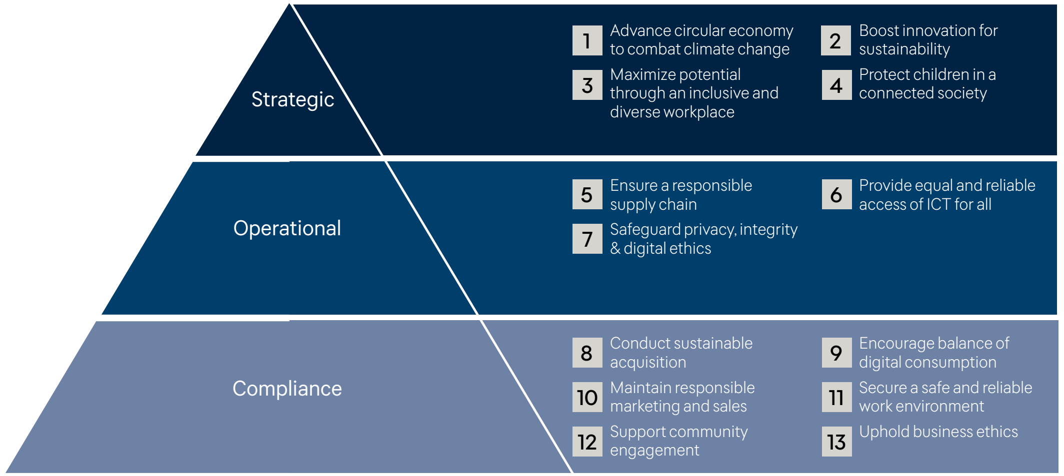
Materiality analysis

By combining the results from the stakeholder dialogue and the impact analysis, as well as aligning with business priorities and competitors' positions, the 18 topics were reduced to 13, and segmented into 3 different levels that determine Tele2's approach to them:

Strategic: take an industry leading position and differentiate Tele2 from competitors to enable us to retain current and win new customers, investors and employees.

Operational: continuously develop to a similar level as competitors within the industry to meet stakeholder expectations.

Compliance: maintain at current level of governance and performance as the topics are foundational, but have reached maturity in Tele2 and/or society.



NOTE S11 CLIMATE-RELATED SCENARIO ANALYSIS, RISKS, AND OPPORTUNITIES

Understanding climate change and the associated climate risks is fundamental to future-proofing Tele2's business. In 2021, Tele2 implemented the Task Force on Climate-related Financial Disclosure (TCFD) framework and reporting recommendations to disclose current knowledge about the climate risks and opportunities most material to Tele2. The TCFD framework includes disclosures within four categories: Governance, Strategy, Risk Management, and Metrics and Targets. Tele2 published its TCFD report in 2021, and can be found in full on Tele2's website.

Governance

The Tele2 Board of Directors holds the responsibility to approve the sustainability strategy, which supports the Tele2 business strategy. The Board is also responsible for the ongoing evaluation of the quality of the company's internal control functions and risk management, ensuring that the company is adequately equipped to mitigate and manage all kinds of risk.

The Board reviews and approves the sustainability strategy and strategic risk registry once a year, whilst the mandate to execute on the strategy has been delegated to the Head of Sustainability and for the strategic risk registry to the Head of Internal Audit, who reports to the EVP Corporate Affairs. The Audit Committee reviews the sustainability strategy and the progress made on a quarterly basis. As part of the advancement of Tele2's sustainability strategy and its deepened understanding of how climate risks can affect the company, Tele2 will assess how the proactive approach to climate change and climate risks should best be strengthened.

Strategy

In 2020, Tele2 initiated a risk assessment to gain a more complete picture of the Tele2 climate risk landscape, assessing both physical risks and transition risks, according to the TCFD recommendations. These include acute and chronic physical risks, and transition risks concerning reputation, market, technology, and policy and legal risks. The assessment includes activities upstream and downstream, as well as the daily operations. In the assessment, the potential financial impact was put into context in terms of whether it could have an impact on tangible assets, such as infrastructure, or on intangible assets, such as our reputation. The risk assessment was done considering potential financial impact, risk likelihood, and timeline for risks to manifest. An overview of the risk assessment can be found in the table below.

Note S11 cont.

Overview of climate-related risks

Risk category	Tangible assets	Intangible assets	Timeline
Physical			
Acute	X		Mid term
Chronic	X	X	Long term
Transitional			
Reputation		X	Mid term
Market	X		Short term
Technology	X		Mid term
Policy and legal		X	Short term - mid term

* For full disclosure of climate risks, please refer to Tele2 TCFD Report 2020.
Short term: 0-5 years
Mid term: 6-10 years
Long term: 11-50 years

The table shows an overview of the risk assessment. The X's indicate an identified potential financial impact on tangible and/or intangible assets from physical and transitional risks.

Overview of climate-related opportunities

Opportunities	Tangible assets	Intangible assets	Timeline
Efficiency	X	X	Mid term
Market		X	Long term
Reputation		X	Short term

The X's indicate an identified potential financial positive impact on tangible and/or intangible assets from climate-related opportunities.

Risk management

Risk management is fundamental to Tele2's ability to achieve its strategic objectives, and all material risks are assessed by the Group Leadership Team (GLT). Although the climate risk exposure is lower compared to other sectors such as heavy industry, materials and buildings or agriculture, Tele2 must work proactively to mitigate the risks associated with climate change.

The work with climate risks is at the early stages and Tele2 must increase the capacity and know-how of how to deal with climate risks and what they entail, dispersing climate change knowledge throughout the organization. The risks associated with climate change will only grow bigger with time, and as such, climate risks are listed as one of the risks in Tele2's strategic risk registry. This means that there is a strong effort made by the GLT to discuss, evaluate and mitigate the climate risks.

As per the risk management process, risk areas identifying the climate risks have been defined. The risk areas have been assigned to a risk owner (an individual GLT member) who is responsible for the ongoing work and continuous assessments of potential impact and likelihood. In the upcoming year, the identified risk owners will further assess and identify mitigative actions to manage the climate risks. Challenges and advancements are to be reported to the GLT, as well as to the Audit Committee and/or the Board of Directors.

Climate risks have undergone the initial integration into the overall risk management framework and Tele2 will continue the work to implement them. Tele2's operational risk management has been integrated into the financial reporting and operational processes to ensure accountability, effectiveness, efficiency, business continuity and compliance with corporate governance, legal and other requirements.

Metrics and targets

Tele2 has laid the groundwork for assessing the climate risks and opportunities material to Tele2, considering the kind of impact a risk can have on business. The progress on Scope 1, 2 and 3 GHG emissions can be found in Note S9. To demonstrate the commitment to fighting climate change, Tele2 has developed Science-based targets, which were approved by the SBTi in April 2021:

Tele2 AB commits to reduce absolute scope 1 and 2 GHG emissions by 90% by 2025 and 100% by 2029 from a 2019 base year. Tele2 AB commits to reduce scope 3 GHG emissions by 60% per subscription by 2029 from a 2019 base year.

Metrics that have been considered on a general level besides carbon emissions and carbon intensity (per subscription), are operational costs such as those of interrupted service and the cost of renovation and increased maintenance, disrupted supply chains, increased or volatile energy prices and changes in the energy supply, and national and regional taxes and fees. To strengthen the work with climate risks Tele2 recognizes the need to involve more company functions to develop and quantify the metrics especially relevant to its business. This includes the development of performance metrics related to climate risk mitigation.

Climate scenarios and business resilience

The Paris Agreement commits the world to limit the global temperature rise to 2°C by 2100, and aims to limit it to 1.5°C. The Tele2 scenario analysis has been conducted using two emission reduction pathways as defined by the Intergovernmental Panel on Climate Change (IPCC), the RCP2.6 and the RCP8.5.

RCP2.6:

RCP2.6 is the emissions reduction pathway compatible with the Paris Agreement, and Tele2's science-based targets. This scenario sees a drastic reduction of emissions of carbon dioxide and other greenhouse gases, a transition to a zero, and even net negative, carbon economy, partly relying upon carbon capture technologies.

Note S11 cont.

On a general level, transition risks are expected to be greater than physical risks under this scenario, but the Tele2 business model implies a moderate exposure to transition risks. The highest risk exposure to transition risks will be found in highly polluting industries such as manufacturing, buildings and materials, agriculture and energy. Given the accumulative characteristics of greenhouse gases, the world will see climate change and physical risks even in the RCP2.6 scenario, but they can be expected to be a little less frequent and severe compared to less stringent emission trajectories.

RCP8.5:

RCP8.5 is the emissions reduction pathway that the world is currently on, i.e. a future where emissions of carbon dioxide and other greenhouse gases follow current trajectories. With it comes global warming of 3-5°C and a range of other changes with it.

The physical effects are expected to be severe in this scenario, with a direct impact on the geographies where Tele2 operates, with even more severe impacts upstream in the supply chain, as well as downstream in the wider value chain. Even though limited transition risks are anticipated in the RCP8.5, it is crucial to remember that the EU has already made regulatory and policy decisions that will impact Tele2. National governments have also passed climate-related legislation that will bring changes to companies even in this lax policy future, and transition risks must thus be understood and mitigated.

NOTE S12 REPORTING ACCORDING TO ARTICLE 8 OF THE EU TAXONOMY REGULATION

The EU Taxonomy is a part of the EU Action Plan on Sustainable Finance, which provides a common classification system for green, sustainable economic activities. The taxonomy consists of six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

At the time of writing, the EU taxonomy is still under development and only two of the six environmental objectives have been released.

For fiscal year 2021, the assessment only covers taxonomy-eligible economic activities, in accordance with the regulation. An assessment of Tele2's actual alignment will be presented in the annual report covering financial year of 2022.

For an activity to be considered taxonomy-aligned, there are three criteria that must be fulfilled; the activity must make a Substantial Contribution to at least one of the six environmental objectives outlined above, it must Do No Significant Harm to the other five areas and the company must have established minimum safeguards in relation to human rights, labor rights, and anti-corruption.

Assessment of compliance with the regulation

The assessment of eligible economic activities was made against the EUTaxonomy Delegated Regulation (EU 2021/2139) related to the objectives adaptation and mitigation of climate change, and the consolidated financial statements for 2021, prepared in accordance with International Financial Reporting Standards and interpretations of the IFRS Interpretations Committee (IFRS IC).

The assessments determine that the majority of Tele2's economic activities are not directly covered in the taxonomy. In the taxonomy reporting, network services are not included as they are only indirectly potentially linked to taxonomy activities. This year, Tele2 has not had any taxonomy-related Capex or Opex plans, and have not identified any relevant purchase of taxonomy-related products and services

Three economic activities that apply directly to Tele2's operations have been identified.

Note S12 cont.

The waste heat produced in data centers sold to district heating (4.25)

Tele2 has identified the waste heat produced in data centers and sold to district heating as a taxonomy-relevant activity. However, the waste heat is invoiced to Tele2's electrical provider and its value is deducted from the electrical costs. This is therefore not included as revenue in the group and as such is not included in the taxonomy-eligible revenue. This is not a core business for Tele2.

Data centers services (8.1)

Includes data center services that Tele2 has direct revenue from but does not include Tele2's services that require data centers to function. This is not a core business for Tele2.

IoT services for sustainability (8.2)

Includes provision of IoT solutions aimed at the provision of data and analytics enabling GHG emission reductions for Tele2's customers.

Accounting policy

In accordance with the taxonomy regulation, Tele2 reports the three key performance indicators of taxonomy-eligible economic activities outlined above. How the key performance indicators have been determined is described below.

Turnover

The denominator for Turnover is defined as the total group revenue excluding internal sales, and can be found in Note 3 on page 104 of the Annual and Sustainability Report 2021. The numerator is based on financial and customer data and includes revenue from provided services to customers (data centers services), and revenue from the provision of IoT solutions enabling GHG emission reductions (IoT services).

Capital expenditure (Capex)

The denominator for Capex is defined as the direct investments related to property assets and includes additions to intangible assets, tangible assets and rights-of-use before amortization and impairment, and can be found in Note 11, 12 and 13 on pages 110, 112, 113 of the Annual and Sustainability Report 2021. The numerator includes investments related to data centers services.

Operating expenditure (Opex)

The denominator for Opex is defined as the direct costs related to the maintenance of property assets that are necessary for the continued and correct functioning of these assets, including short-termed leases, maintenance and repairs, and third-party license and service agreements. The numerator includes the direct production costs related to data center services.

Key performance indicator	Total (MSEK)	Proportion of Taxonomy eligible economic activities (%)	Proportion of Taxonomy non eligible economic activities (%)
Turnover	26,789	0.6%	99.4%
Capital expenditure (Capex)	4,819	0.3%	99.7%
Operating expenditure (Opex)	1,724	1.9%	98.1%

Contextual information

It is the first time Tele2 is reporting this so no historic figures are available. The majority of Tele2's business activities are not covered in the taxonomy.

NOTE S13 INFORMATION SECURITY AND PRIVACY

Reported substantiated complaints received during the year, concerning breaches of customer privacy, from outside parties and substantiated by Tele2 or from regulatory bodies, as well as reported identified leaks, thefts or losses of customer data discovered by Tele2, are stated in the table below. The increase in breaches of customer privacy discovered by Tele2 is due to an increased awareness of customer privacy concerns.

To ensure data privacy and protect the personal integrity of Tele2's customers, regular stress tests are conducted to prevent cyber-attacks, and vulnerability and penetration tests on Tele2's networks. In our proactive activities, Tele2 use the services of so called white hat hackers, that look for potential issues in the IT-security measures, and report them to Tele2 to enable the resolving of issues without the risk of damage to customers or other stakeholders. The General Data Protection Regulation (GDPR) continues to play an important role in Tele2's privacy and integrity efforts. To ensure that all employees have a good understanding of the GDPR, Tele2 conducts an annual online training for all employees. The training explains key concepts of the regulation, describes how employees should act in certain situations, as well as provides information about who they can contact with questions about the regulation.

Information security and privacy incidents reported through Security Incidents Management System (SIMS)

	2021			2020		
	Total number of substantiated complaints received concerning breaches of customer privacy			Total number of substantiated complaints received concerning breaches of customer privacy		
Country	From outside parties and substantiated by Tele2	From regulatory bodies	Breaches of customer privacy discovered by Tele2	From outside parties and substantiated by Tele2	From regulatory bodies	Breaches of customer privacy discovered by Tele2
Sweden	2	-	3	–	–	5
Lithuania	1	-	-	–	–	–
Latvia	-	-	-	2	–	–
Estonia	2	-	10	1	–	4
Croatia[1)]	-	-	-	-	2	-
Germany[2)]	-	-	-	-		-
Total	5	-	13	3		9

1) Reporting until March 31, 2020 due to divestment.
2) Reporting until December 11, 2020 due to divestment.

Disclosure of management approach

Disclosure	Material topic	Why this topic is material to Tele2 and how it is managed[1]	Topic material within Tele2	Topic material outside Tele2
200 Series: Economic				
201-1	Economic Performance	Economic performance is identified as a material aspect because Tele2 is a profit driven corporation that needs to make a profit to remain viable. Tele2's profits in turn contribute to society through payment of wages, taxes and purchases of services and products. This in turn impacts economic activity, government and society and contributes to economic growth. In order to manage impacts related to economic performance, Tele2's internal audit monitors its payroll and the payment of taxes in countries of operation.	YES	NO
205-3 206-1	Anti-corruption and Anti-competitive behavior	Integrity and ethics are integral parts of Tele2's values and code of conduct. Therefore, efforts to promote fair and ethical business, such as anti-corruption and preventing anti-competitive behavior, are part of its daily operations. Compliance with local laws and regulations ensures investors that Tele2 is a trustworthy business partner. Tele2 has established a common perspective on group level of how to deal with anti-competitive behavior and anti-corruption, and is formalized in the Anti-corruption Policy and the Fair Competition Standards policy. Responsibility lies with the local heads of the legal departments to put it into practice. For example, anti-competitive behavior and anti-corruption are included in the education of new employees, existing managers and selected risk functions (for example procurement). Employees also retake the education annually. Responsibility for conducting relevant training is the duty of each country organization. In order to manage impacts, compliance with local laws and regulations is a responsibility of the local legal team in each country. The legal teams make use of an open-door policy for employees seeking advice on ethical and lawful behavior, and processes are in place to escalate incidents to the highest governance body when necessary.	YES	NO
300 Series: Environmental				
301-3 306-3 306-4 306-5	Materials, Effluents and Waste	Creating a more circular economy is one of the most material topics for our stakeholders, and one of the four focus areas of our sustainability strategy. Closing the loop of material and production flows extends the lifetime, as well as upholds the value of materials and products. Tele2 is continuously working towards finding new ways to increase our product take-back and reduce waste throughout our value chain. Since 2021, we are monitoring generated waste from our operations by disposal method, to map our greatest sources of waste and identify potential improvements.	YES	YES
302-1 302-3 305-1 305-2 305-3 305-4 307-1	Energy, Emissions and Environmental Compliance	Energy, emissions, and environmental compliance are identified as material aspects in light of climate change being a global challenge. The information and communication technology industry contributes to this global challenge, but can also contribute to solving problems and promote mitigation. For Tele2, electricity consumption is key, as this has been the major source for Tele2's emissions of greenhouse gases (GHG) in our own operations. In our value chain the major source of GHG emissions is purchased goods and services. To mitigate these impacts, Tele2 has transitioned to using 100% renewable electricity in our own operations. To address the value chain impact Tele2 has set science-based targets, that include targets for GHG emissions reduction for purchased goods and services. Tele2's local teams follow up and ensure compliance with relevant environmental laws and regulations in its countries of operation in order to perform in line with internal and external stakeholders' expectations. Environmental compliance is formalized through the Environmental Policy	YES	NO
303-5	Water and Effluents	Water stress and access to clean water is a growing global problem. Through the water usage in its operations, the information and technology industry is part of the problem, but can also be part of the solution. IoT and smart technologies create opportunities to manage and monitor water supply and increase water efficiency to reduce the negative impacts on ecosystems, climate, etc. Since 2021, Tele2 measures the water consumption from operations as a first step towards identifying potential measures to reduce water usage and limiting the negative impact on water critical locations. Tele2 plans to implement a water management system during 2022 to further address the topic of water consumption.	YES	NO

[1] Parts of the management approach is included in the Sustainability Notes S1–S13.

Disclosure	Material topic	Why this topic is material to Tele2 and how it is managed[1]	Topic material within Tele2	Topic material outside Tele2
308-2	Supplier Environmental Assessment	In order to mitigate environmental risks in its supply chain, Tele2 requires its significant business partners to sign the Tele2 Business Partner Code of Conduct. By doing so Tele2 includes clauses about the environment, etc. into a vast majority of its agreements with its business partners. In case of breaches of the Business Partner Code of Conduct, Tele2 primarily conducts dialogues with business partners to establish remediation plans. If this does not produce the desired changes, Tele2 can terminate the relationship with the specific business partner. Tele2's framework for sustainable procurement defines routines for sourcing new business partners, and how Tele2 follows up on strategic and critical suppliers. These procedures include the use of EcoVadis Business Sustainability Ratings scores, an annual risk assessment, and process for selecting suppliers for on-site audits. Each year a risk assessment of the total supplier stock is performed, and the following criteria will be taken into account for selection of suppliers for on-site audits: 1) the suppliers on the EcoVadis platform 2) suppliers from the different high-risk categories 3) suppliers with strong exposure to countries with high sustainability risks 4) Top 20 vendors by spend. Based on these 4 segments, 5 suppliers will be appointed to be audited the following year. Audits will be arranged by the sustainability department and will focus on the suppliers' compliance with the Tele2 Business Partner Code of Conduct and our requirements imposed on their supply chain.	YES	NO
400 Series: Social				
401-1 404-1 404-2 405-1 406-1	Employment, Diversity and Equal Opportunity, Non-discrimination, Training and Education	With the ambition to deliver the best service in the industry, Tele2 invests in the well-being and development of its employees. Its ambition is for all employees to have performance plans and annual performance dialogues, including senior executives. In order to manage impacts, Tele2 has also introduced development plans for all employees. In addition, an employee survey is conducted yearly to follow up on employees' satisfaction and well-being. Results are gauged against others to understand changes and trends. Critical points of improvement are communicated to local managers who turn them into local action plans. It is crucial for Tele2 to attract and retain talented and diverse employees to be able to deliver its strategy as well as maintaining its culture. Diversity is an integral aspect of Tele2's operations and is captured in the Diversity and Inclusion Policy, as well as in the Code of Conduct. In order to manage impacts, a gender KPI is followed up on all functional levels to inform promotion and recruitment decisions. Tele2's zero tolerance for any type of discrimination is frequently communicated, each case is evaluated individually, and appropriate actions are taken. Tele2 encourages employees to share information with their manager or the responsible function within HR/Security about any case of discrimination that they have information about.	YES	NO
403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8 403-9	Occupational Health and Safety	Tele2 strives to provide its employees with a safe and healthy work environment in which they can develop their long term ambitions. In order to manage impacts, Tele2 has policies and processes in place to ensure access to health care and for the prevention of accidents. Tele2 expects the same from its business partners, as is stated in the Business Partner Code of Conduct. Furthermore, in Sweden, employees have an insurance program that covers rehabilitation and preventive care from specialists. Tele2 respects the privacy of employees and the confidentiality of personal and medical information. There are also policies in place to support employees in treating and preventing injuries. Tele2 applies self-assessment checklists for both managers and employees to ensure that employees are satisfied with their work environment as well as meeting legal requirements. These checklists are updated on a regular basis. Additionally, regular meetings are held with the Work Environment Committee including employee and employer representatives to discuss and follow-up on work environment conditions. Tele2 follows up on employee absence and offers rehabilitation plans for employees who have been ill long-term with support of external experts. Tele2's approach to health and safety is adapted to the local legislation in each of its countries of operation.	YES	NO

Disclosure	Material topic	Why this topic is material to Tele2 and how it is managed[1]	Topic material within Tele2	Topic material outside Tele2
407-1 408-1 409-1	Freedom of association and collective bargaining, Child labor, and Forced or compulsory labor	Tele2 aims to conduct its business with the highest degree of ethics while also being compliant with local laws and regulations and respecting human rights. Tele2's markets are all different in this aspect. There is potential human rights impact throughout Tele2's entire value chain which is described in the Human Rights Policy, including how this is managed, and the grievance mechanisms that are available. To mitigate risks and manage impacts, Tele2 uses a Code of Conduct (CoC) and a Business Partner Code of Conduct (BPCoC) based on the United Nations Global Compact. It encompasses labor rights, anti-corruption, environment, freedom of association and collective bargaining, child labor and forced labor and other basic human rights. Tele2 employees undergo training and sign the CoC annually. Tele2 requires its significant business partners to sign the Tele2 BPCoC. By doing so, Tele2 includes clauses about human rights, labor rights, anti-corruption, environment etc. into a vast majority of its agreements with its business partners. In addition, a share of the business partners which are managed within the sourcing and procurement processes described above, have also been screened and monitored with the EcoVadis Business Sustainability Ratings. In case of breaches of the BPCoC, Tele2 primarily conducts dialogues with business partners to establish remediation plans. If this does not produce the desired changes, Tele2 can terminate the relationship with the specific business partner. Due to divestments in recent years, Tele2's exposure to risks related to labour rights have significantly decreased.	YES	YES
414-2	Supplier Social Assessment	There is potential human rights impact throughout Tele2's entire value chain which is described in the Human Rights Policy, including how this is managed, and the grievance mechanisms that are available. In order to mitigate risks related to human rights and labor conditions in its supply chain, Tele2 requires its significant business partners to sign the Tele2 Business Partner Code of Conduct (BPCoC). By doing so, Tele2 includes clauses about social standards, etc. in a vast majority of its agreements with its business partners. In case of breaches of the BPCoC, Tele2 primarily conducts dialogues with business partners to establish remediation plans. If this would not produce the desired changes, Tele2 can terminate the relationship with the specific business partner. Tele2 also has a Conflict Minerals Policy to specifically target one of the most material topics of our suppliers. Tele2's framework for sustainable procurement defines routines for sourcing new business partners, and how Tele2 follows up on strategic and critical suppliers. These procedures include sustainability as a part of the Request for Proposals process, the use of EcoVadis Business Sustainability Ratings scores, an annual risk assessment, and a process for selecting suppliers for on-site audits. Each year a risk assessment of the total supplier stock will be performed, and the following criteria will be taken into account for selection of suppliers for on-site audits: 1) the suppliers on the EcoVadis platform 2) suppliers from the different high-risk categories 3) suppliers with strong exposure to countries with high sustainability risks 4) Top 20 vendors (highest spend). Based on these 4 segments, 5 suppliers will be appointed to be audited the following year. Audits will be arranged by the sustainability department and will focus on the suppliers' compliance with the Tele2 BPCoC and our requirements imposed on their supply chain.	YES	NO
416-2	Customer health and safety	Tele2 strives to provide its customers with safe services that do not have a negative impact on their health and works proactively to identify and monitor potential health and safety issues related to its products and services. Tele2's networks emit electromagnetic fields. No adverse health risks have been identified in relation to the exposure to such field from base stations for mobile telephony, wireless networking, or similar transmitters. In order to manage impacts, Tele2's networks are designed to operate well within the applicable regulations and guidelines of the countries of operation. Tele2 measures the radio wave signals emitted in the networks at the request of property owners.	NO	YES
417-3	Marketing and labelling	Marketing communications is a core aspect of Tele2's interaction with its customer base and therefore identified as a material aspect. Responsibility for marketing and sales lies with local teams as legislation differs between countries. In Sweden, there is an education for new employees on guidelines for communication and marketing. In order to manage impacts, the legal team reviews marketing material before it is published to assure compliance, and if incidents occur, they are reported to the responsible management. Ethical communication is also included in the Code of Conduct, which all employees are trained in every year, and as such included in Tele2's policies.	YES	YES

Disclosure	Material topic	Why this topic is material to Tele2 and how it is managed[1]	Topic material within Tele2	Topic material outside Tele2
418-1	Customer privacy	Tele2 has customer and employee privacy and data protection as a high priority. Due to the nature of the services Tele2 provides, it processes personal data. In order to manage impacts, Tele2 has organizational and technical measures, policies and guidelines, and a governance structure, which all serve to protect its customers' data. These have been updated to meet the requirements of the GDPR in the EU. Tele2 continuously monitors the development of laws and regulations and updates its processes and controls accordingly. Tele2 has a Group Data Privacy Officer, and in all of its markets Tele2 has a dedicated Data Privacy Officer who works on privacy and data protection. A privacy impact assessment has been integrated in its project model. The Group Data Privacy Officer is also the Data Privacy Officer for Sweden. Data privacy processes are similar in all European operations. All Tele2 employees are required to take a data privacy awareness training.	YES	YES
419-1	Socio-economic compliance	Integrity and ethics are integral parts of Tele2's values and Code of Conduct. Tele2 aims to deliver high quality in its products and services and legal compliance is of course an important part of this. Therefore, compliance is a key aspect of its operations on a daily basis. Following local laws and regulations ensures investors that Tele2 is a trustworthy business partner. In order to manage impacts, Tele2 has established a common perspective on group level on how to deal with socio-economic compliance. Responsibility lies with the local heads of legal departments to ensure compliance in practice in each market. The legal teams make use of an open-door policy for employees seeking advice on ethical and lawful behavior. Processes are in place to report or escalate incidents to the relevant group functions. As an example, both anti-competitive behavior and anti-corruption are included in the education of new employees, existing managers and selected risk functions (e.g., procurement). Incidents in this area are reported to the central security function and escalated to the highest governing bodies if warranted. Employees also retake the education annually. Responsibility for conducting relevant training is the duty of each country organization.	YES	YES

Evaluation of management approach

Tele2's sustainability performance and governance is externally reviewed through general and topic specific ESG indices, such as S&P Global, MSCI, ISS and Equileap, whereas the scores may serve as an indication on areas to improve. During 2021, Tele2 implemented a system to collect and streamline sustainability data. The system will facilitate data quality and data coverage within our organization. Given the launch of the new sustainability report, new key performance indicators have been implemented in the data collection system, and all data will be subject to review in the various auditing processes. Group policies are issued by the respective department and approved by the CEO. Monitoring of compliance with Tele2's policies is performed at various levels within the company, including the CEO, The Group Leadership Team, group functions and Internal Audit.

Economic

Results on economic performance is reported in the Annual and Sustainability Report, as well as in quarterly interim reports. Tele2's work on anti-corruption and anti-competitive behavior is monitored regularly and reported in the Annual and Sustainability Report.

Environment

Tele2's environmental commitments and activities are evaluated and followed up through the environmental management system (EMS). In Sweden, the EMS is annually reviewed through an external audit, in connection to re-certification of the management system, as well as an internal audit by the Internal Audit department. The review includes a management review by the CEO and management team to decide upon actions for continuous improvements.

Energy consumption and GHG emissions from Scope 1, 2 and 3 are measured annually and evaluated in relation to our set targets, such as our approved Science-Based Targets for reduction of emissions. New additions for 2021 is that we are also measuring waste handling and water consumption, which will be subject to annual review in the coming year.

Social

Tele2's social material topics are evaluated through a wide range of procedures. The systematic work with occupational health and safety, and fire protection is evaluated through regular internal reviews. The Tele2 MyVoice survey is an important tool for including employee feedback into the evaluation of material topics, such as diversity and inclusion, non-discrimination, business ethics routines and procedures, etc. Multiple MyVoice employee surveys are conducted throughout the year, and results are shared with all Tele2 employees.

Tele2 has an integrated privacy impact assessment into general project models to ensure implementation throughout the organization. This is evaluated and followed up by the Data Privacy Officer.

The framework for sustainable procurement, including the management of social impact in our value chain, is regularly evaluated and updated.

GRI content index

GRI Standard		Reference	Comment
GRI 102: General Disclosures 2016			
Organizational profile			
102-1	Name of the organization	Shareholder Information	
102-2	Activities, brands, products, and services	Tele2 at glance	
102-3	Location of headquarters	Page 4	Annual and Sustainability Report 2021
102-4	Location of operations	Page 4	Annual and Sustainability Report 2021
102-5	Ownership and legal form	Shareholder Information	
102-6	Markets served	Tele2 at glance	
102-7	Scale of the organization, including total number of employees, operations, net sales, and capitalization	Shareholder Information	
102-8	Information on employees and other workers	Administrative report	Employees
102-9	Supply chain	Note S5	
102-10	Significant changes to the organisation and its supply chain	Note S1	
102-11	Precautionary Principle or approach	Enterprise Risk Management	
102-12	External initiatives	Note S1	
102-13	Membership of associations	Partnerships and industry collaboration	
Strategy and analysis			
102-14	Statement from senior decision-maker	CEO Letter	
102-15	Key impacts, risks, and opportunities	Enterprise Risk Management	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Tele2.com	Tele2 Code of Conduct and Business Partner Code of Conduct
102-17	Mechanisms for advice and concerns about ethics	Note S2	

GRI Standard		Reference	Comment
Governance			
102-18	Governance structure	Corporate Governance Report	
102-19	Delegating authority	Corporate Governance Report	
102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate Governance Report	
102-21	Consulting stakeholders on economic, environmental, and social topics	Note S10	
102-22	Composition of the highest governance body and its committees	Corporate Governance Report	
102-23	Chair of the highest governance body	Corporate Governance Report	
102-24	Nominating and selecting the highest governance body	Corporate Governance Report	General meetings and nomination committee
102-25	Conflicts of interest	Corporate Governance Report	
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Report	
102-27	Collective knowledge of highest governance body	Our approach to sustainability	
102-28	Evaluating the highest governance body's performance	Corporate Governance Report	The Board
102-29	Identifying and managing economic, environmental, and social impacts	Note S1	
102-30	Effectiveness of risk management processes	Corporate Governance Report	Internal control over financial reporting
102-31	Review of economic, environmental and social topics	Corporate Governance Report	Committees and auditor
102-32	Highest governance body's role in sustainability reporting	Note S1	
102-33	Communicating critical concerns	Corporate Governance Report	Committees and auditor
102-35	Remuneration policies	Note 31	
102-36	Process for determining remuneration	Note 31	
102-37	Stakeholders' involvement in remuneration	Note 31	
102-38	Annual total compensation ratio	Note S3	
102-39	Percentage increase in annual total compensation ratio	Note S3	

GRI Standard		Reference	Comment
Stakeholder engagement			
102-40	List of stakeholder groups	Note S10	
102-41	Collective bargaining agreements	Note S10	
102-42	Identifying and selecting stakeholders	Note S10	
102-43	Approach to stakeholder engagement	Note S10	
102-44	Key topics and concerns raised	Note S10	
Reporting methodology			
102-45	Entities included in the consolidated financial statement	Note S1	
102-46	Defining report content and topic Boundaries	Note S1	
102-47	List of material topics	Disclosure of management approach	
102-48	Restatements of information	Note S1	
102-49	Changes in reporting	Note S1	
102-50	Reporting period	Note S1	
102-51	Date of most recent report		March 25, 2021
102-52	Reporting cycle	Note S1	
102-53	Contact point for questions regarding the report	Contacts	
102-54	Claims of reporting in accordance with the GRI Standards	Note S1	
102-55	GRI content index	GRI Content Index	
102-56	External assurance	Note S1	
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	Disclosure of management approach	
103-2	The management approach and its components	Disclosure of management approach	
103-3	Evaluation of the management approach	Disclosure of management approach	

GRI Standard		Reference	Comment
SPECIFIC DISCLOSURES - GRI 200: Economic			
GRI 201: Economic performance 2016			
201-1	Direct economic value generated and distributed	Financial overview	Tele2 does not track data for taxes paid on a country-by-country level
GRI 205: Anti-corruption 2016			
205-3	Confirmed incidents of corruption and actions taken	Note S2	
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Note S2	
SPECIFIC DISCLOSURES - 300: Environmental			
GRI 301: Materials 2016			
301-3	Reclaimed products and their packaging materials	Note S7	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	Note S8	
302-3	Energy intensity	Note S8	
302-4	Reduction of energy consumption	Note S8	
GRI 303: Water and Effluents 2018			
303-5	Water consumption	Note S7	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Note S9	
305-2	Indirect (Scope 2) GHG emissions	Note S9	
305-3	Other indirect (Scope 3) GHG emissions	Note S9	
305-4	GHG emissions intensity	Note S9	
305-5	Reduction of GHG emissions	Note S9	
GRI 306: Waste 2020			
306-3	Waste generated	Note S7	
306-4	Waste diverted from disposal	Note S7	
306-5	Waste directed to disposal	Note S7	

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GRI Standard		Reference	Comment
GRI 307: Environmental compliance 2016			
307-1	Non-compliance with environmental laws and regulations	Note S2	
GRI 308: Supplier environmental assessment 2016			
308-2	Negative environmental impacts in the supply chain and actions taken	Note S5	
SPECIFIC DISCLOSURES - 400: Social			
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Note S3	Omission of age distribution, data not available
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Disclosure of management approach	
403-2	Hazard identification, risk assessment, and incident investigation	Disclosure of management approach	
403-3	Occupational health services	Disclosure of management approach	
403-4	Worker participation, consultation, and communication on occupational health and safety	Disclosure of management approach	
403-5	Worker training on occupational health and safety	Disclosure of management approach	
403-6	Promotion of worker health	Disclosure of management approach	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Disclosure of management approach	
403-8	Workers covered by an occupational health and safety management system	Note S4	
403-9	Work-related injuries	Note S4	
GRI 404: Training and education 2016			
404-1	Average hours of training per year per employee	Note S3	Omission of gender distribution and employee category, data not available
404-2	Programs for upgrading employee skills and transition assistance programs	Note S3	

GRI Standard		Reference	Comment
GRI 405: Diversity and equal opportunity 2016			
405-1	Diversity of governance bodies and employees	Note S3	
GRI 406 Incidents and discrimination and corrective actions taken 2016			
406-1	Incidents of discrimination and corrective actions taken	Note S3	
GRI 407: Freedom of association and collective bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Note S6	
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Note S6	
GRI 409: Forced and compulsory labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Note S6	
GRI 414: Supplier Social Assessment 2016			
414-2	Negative social impacts in the supply chain and actions taken	Note S5	
GRI 416: Customer Health and Safety 2016			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Note S2	
GRI 417: Marketing and labeling 2016			
417-3	Incidents of non-compliance concerning marketing communications	Note S2	
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Note S13	
GRI 419: Socioeconomic compliance 2018			
419-1	Non-compliance with laws and regulations in the social and economic area	Note S2	

SASB index

Accounting Metrics	References	
Environmental Footprint of Operations		
(1) Total energy consumed (2) Percentage grid electricity, (3) Percentage renewable	(1) Annual Report Note S8 (2) Annual Report Note S8 (3) Annual Report Note S8	910,415 GJ 99% 94.9%
Data privacy		
Description of policies and practices relating to behavioral advertising and customer privacy	Annual Report p. 72, 75–76 *Web: Privacy and Integrity* Tele2 customers have access to more detailed information from the Tele2 business they are a subscriber with, for example the local privacy policy.	
Number of customers whose information is used for secondary purposes	Tele2 complies with the General Data Protection Regulation (GDPR). Thus, Tele2 does not use data for purposes that are not compatible with the original purpose for the data collection.	
Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Annual Report Note S13 In 2021, no significant fines have been reported as a result of legal proceedings associated with privacy.	
(1) Number of law enforcement requests for customer information, (2) number of customers whose information was requested, (3) percentage resulting in disclosure	Not disclosed due to legal confidentiality requirements. This is only disclosed in accordance with national and EU legal requirements.	
Data Security		
(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of customers affected	(1) Annual Report Note S13 Only data breaches involving PII are disclosed (2) Annual Report Note S13 100% of disclosed data breaches as per (1). No sensitive data according to GDPR is processed. (3) Measured and reported to supervisory authorities, but not publicly disclosed by Tele2.	
Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Annual Report "Enterprise Risk Management" Annual Report Note S13	
Product End- of life Management		
(1) Materials recovered through take back programs (2) Percentage of recovered materials that were - reused - recycled - landfilled	(1) Not disclosed (2) Note S7 - 80 % reused - 20 % recycled - 0 % landfilled	

Accounting Metrics	References
Competitive Behavior & Open Internet	
Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	In 2021, no significant fines have been reported as a result of legal proceedings associated with anticompetitive behavior regulations.
Average actual sustained download speed of (1) owned and commercially associated content (2) non-associated content	Download speed mobile: > 30 Mbit/s Download speed fixed: 250 Mbit/s For Tele2, there is no difference between (1) and (2).
Description of risks and opportunities associated with net neutrality, paid peering, zero rating, and related practices	Annual Report "Enterprise Risk management" Web: Privacy and Integrity All network traffic is treated equally, no difference between Tele2 or third-party. Peering settlement is free within Tele2.
Managing Systemic Risks from Technology Disruptions	
(1) System average interruption frequency (2) Customer average interruption duration	Not disclosed. Tele2 does not currently calculate and report metrics relating to the frequency and duration of system interruptions in the manner specified by the standard.
Discussion of systems to provide unimpeded service during service interruptions	Tele2 continuously discusses systems to provide unimpeded service during service interruptions.
Number of Subscribers and Network Traffic	
Number of wireless subscribers	Annual Report 17–22
Number of wireline subscribers	Annual Report 17–22
Number of broadband subscribers	Annual Report 17–22
Network traffic	Mobile: 50 PB/month Fixed: 317 PB/month

Principal Adverse Impacts – Sustainable Finance Disclosure Regulation

The EU's Sustainable Finance Disclosure Regulation (SFDR) aims to harmonize, simplify, and increase clarity regarding the sustainability-related information of investments. The disclosures range from carbon emissions, fossil fuel exposure, gender diversity, due diligence on human rights issues, and exposure to corruption and bribery. SFDR sets out regulation for financial market participants such as fund managers and investors to report on a set of mandatory and additional indicators on principal adverse impact indicators (PAIs).

The SFDR framework and principal adverse impacts indicators used are built on a draft from the Joint Committee of the European Supervisory Authorities as per February 2, 2021. The framework and its contents is therefore preliminary, and as such, may be updated for the Annual and Sustainability Report for the fiscal year of 2022.

Principal Adverse Impacts – Mandatory indicators[1)]

Adverse sustainability impact and indicator	Reference
GHG emissions	
Scope 1 emissions (tonnes CO_2-eq)	Note S9
Scope 2 emissions (tonnes CO_2-eq)	Note S9
Scope 3 emissions (tonnes CO_2-eq)	Note S9
Total GHG emissions (tonnes CO_2-eq)	Note S9
Carbon Footprint	
Carbon footprint (investors)	N/A
GHG Intensity	
GHG intensity (Scope 1+2+3)/(€M revenue)	Note S9
Exposure to companies active in the fossil fuel sector	
Active in the fossil fuel sector	No
Share of non-renewable energy consumption and production	
Share of non-renewable energy consumption and non-renewable energy production (%)	Note S8, Energy production data unavailable
Energy consumption intensity per high impact climate sector	
Energy consumption in GWh per million EUR of revenue, per high impact climate sector	N/A
Activities negatively affecting biodiversitysensitive areas	
Company has sites/operations located or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas	Yes
Emission to water	
Tonnes of emissions to water	Data unavailable
Hazardous waste ratio	
Tonnes of hazardous waste generated	Note S7
Violation of UN Global Compact & OECD Guidelines for Multinational Enterprises	
Involvement in violation of the UNGC principles or OECD Guidelines for Multinational Enterprises	No
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and Guidelines for Multinational Enterprises	
Company without policy to monitor compliance with UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations	No
Unadjusted gender pay gap	
Average unadjusted gender pay gap	Note S3
Board gender diversity	
Average ratio of female to male board members	Note S3
Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	
Involved in the manufacture or selling of controversial weapons	No

Principal Adverse Impacts – Additional indicators[1)]

Adverse sustainability impact and indicator	Reference
Breakdown of energy consumption by type of non-renewable sources of energy sources of energy	
Share of energy from non-renewable sources broken down by each non-renewable energy source	Note S8
Incidents of discrimination	
Number of incidents of discrimination reported	Note S3

1) As per December 31, 2021.

Auditor's Limited Assurance Report on Sustainability Report and statement regarding the Statutory Sustainability Report

To Tele2 AB (publ), corporate identity number 556410-8917.

Introduction

We have been engaged by the Board of Directors and Executive Management of Tele2 AB (publ) to undertake a limited assurance engagement of the Tele2 Sustainability Report for the year 2021. The Company has defined the scope of the Sustainability Report on page 55 in the Annual and Sustainability Report and the Statutory Sustainability Report on page 56.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 55 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Tele2 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, March 25, 2022
Deloitte AB

Didrik Roos
Authorized Public Accountant

Adrian Fintling
Expert Member of FAR

Financial statements

Financial statements – Group

Notes

Financial statements – Parent company

Notes

Consolidated income statement

SEK million	Note	2021	2020
Revenue	3, 4	26,789	26,554
Cost of services provided and equipment sold	5	-15,870	-15,098
Gross profit		**10,919**	**11,456**
Selling expenses	5	-4,332	-4,467
Administrative expenses	5	-2,112	-2,087
Result from shares in associated companies and joint ventures	15	221	311
Other operating income	6	221	2,350
Other operating expenses	7	-130	-193
Operating profit		**4,787**	**7,371**
Interest income	8	18	23
Interest expenses	9	-458	-491
Other financial items		-40	-49
Profit after financial items		**4,307**	**6,855**
Income tax	10	-347	378
Net profit, continuing operations		**3,960**	**7,233**
Net profit, discontinued operations	33	346	175
Net profit, total operations	4	**4,306**	**7,408**
Continuing operations			
Attributable to:			
Equity holders of the parent company		3,960	7,233
Net profit, continuing operations		**3,960**	**7,233**
Earnings per share (SEK)	23	5.74	10.51
Earnings per share, after dilution (SEK)	23	5.71	10.45
Total operations			
Attributable to:			
Equity holders of the parent company		4,306	7,408
Net profit, total operations		**4,306**	**7,408**
Earnings per share (SEK)	23	6.25	10.76
Earnings per share, after dilution (SEK)	23	6.21	10.71

Consolidated comprehensive income

Total operations SEK million	Note	2021	2020
NET PROFIT		**4,306**	**7,408**
Components not to be reclassified to net profit			
Pensions, actuarial gains/losses	31	116	58
Pensions, actuarial gains/losses, tax effect	10	-24	-12
Components not to be reclassified to net profit		**92**	**46**
Components that may be reclassified to net profit			
Translation differences in foreign operations		96	-184
Tax effect on above	10	—	-4
Reversed cumulative translation differences from divested companies	6, 33	—	-1,480
Tax effect on above	6, 33	—	-1,438
Translation differences in associated companies	15	134	-278
Translation differences		230	-3,384
Hedge of net investments in foreign operations		-155	129
Tax effect on above	10	32	-28
Reversed cumulative hedge from divested companies	33	—	-143
Tax effect on above	33	—	41
Hedge of net investments		-123	-1
Exchange rate differences		**107**	**-3,385**
Profit arising on changes in fair value of hedging instruments	2	61	27
Reclassified cumulative profit/loss to income statement	2	-30	-21
Tax effect on cash flow hedges	10	-6	-1
Cash flow hedges		**25**	**5**
Components that may be reclassified to net profit		**132**	**-3,380**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**224**	**-3,334**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,530**	**4,074**
Attributable to:			
Equity holders of the parent company		4,530	4,074
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,530**	**4,074**

Consolidated balance sheet

SEK million	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Goodwill	11	29,695	29,651
Other intangible assets	11	15,806	17,269
Intangible assets		**45,501**	**46,921**
Machinery and technical plant	12	6,006	6,292
Other tangible assets	12	1,819	1,247
Tangible assets		**7,825**	**7,540**
Right-of-use assets	13	5,408	5,349
Shares in associated companies and joint ventures	15	7	7,018
Other financial assets		758	737
Capitalized contract costs	17	505	493
Deferred tax assets	10	164	245
Non-current assets	4	**60,167**	**68,303**
Inventories	18	**769**	**824**
Account receivable	19	1,796	1,766
Other current receivables	20	1,620	1,856
Prepaid expenses and accrued income	21	1,562	1,552
Current receivables		**4,978**	**5,174**
Cash and cash equivalents	22	880	970
Current assets		**6,627**	**6,968**
Assets classified as held for sale	14, 33	**7,458**	**140**
TOTAL ASSETS		**74,251**	**75,411**

SEK million	Note	Dec 31, 2021	Dec 31, 2020
EQUITY AND LIABILITIES			
Share capital	23	866	863
Other paid-in capital		27,378	27,378
Reserves		-149	-281
Retained earnings		3,047	4,791
Attributable to equity holders of the parent company		**31,142**	**32,751**
Equity		**31,142**	**32,751**
Liabilities to financial institutions and similar liabilities	24	22,390	21,406
Lease liabilities	29	4,289	4,209
Provisions	25	1,531	1,491
Other interest-bearing liabilities	24	122	128
Interest-bearing liabilities		**28,331**	**27,234**
Deferred tax liability	10	4,120	4,311
Non-interest-bearing liabilities		**4,120**	**4,311**
Non-current liabilities		**32,452**	**31,545**
Liabilities to financial institutions and similar liabilities	24	2,783	3,262
Lease liabilities	29	1,125	1,118
Provisions	25	80	169
Other interest-bearing liabilities	24	129	332
Interest-bearing liabilities		**4,116**	**4,881**
Accounts payable	26	2,007	1,739
Current tax liabilities		173	561
Other current liabilities	24	616	346
Accrued expenses and deferred income	26	3,284	3,034
Non-interest-bearing liabilities		**6,080**	**5,679**
Current liabilities		**10,195**	**10,561**
Liabilities directly associated with assets classified as held for sale	14, 33	**462**	**554**
TOTAL EQUITY AND LIABILITIES		**74,251**	**75,411**

Consolidated cash flow statement

Total operations SEK million	Note	2021	2020
Operating activities			
Net profit		4,306	7,408
Adjustments for non-cash items in net profit			
- Depreciation/amortization and impairment	5	5,952	5,315
- Result from shares in associated companies and joint ventures	15	-221	-311
- Gain/loss on sale of tangible assets		41	31
- Gain/loss on sale of operations		-351	-2,380
- Incentive program		60	65
- Financial items	30	108	66
- Income tax	30	-219	339
- Deferred tax expense		-138	-1,377
Changes in working capital			
- Inventories	18	59	-150
- Accounts receivable		-20	274
- Other current receivables		-26	-72
- Other financial assets		223	315
- Capitalized contract costs		-11	-119
- Prepaid expenses and accrued income		-8	185
- Accounts payable		74	38
- Accrued expenses and deferred income		248	-348
- Other current liabilities		268	-431
- Provisions		-48	-33
Cash flow from operating activities		**10,297**	**8,816**

Total operations SEK million	Note	2021	2020
Investing activities			
Acquisition of intangible assets		-1,407	-1,023
Acquisition of tangible assets		-1,921	-1,727
Sale of tangible assets		1	1
Acquisition of shares in group companies	14	0	-5
Sale of shares in group companies	14	302	2,098
Sale of shares in associated companies	14	—	6
Capital contribution to associated companies	14	—	-1
Other financial assets, made payments		-1	-3
Cash flow from investing activities		**-3,025**	**-654**
Financing activities			
Proceeds from credit institutions and similar liabilities	24	5,202	3,247
Repayment of loans from credit institutions and similar liabilities	24	-4,851	-3,129
Amortization of lease liabilities	29	-1,185	-1,188
Proceeds from other interest-bearing lending	24	110	155
Repayment of other interest-bearing lending	24	-331	-520
Dividends paid	23	-6,205	-6,198
Cash flow from financing activities		**-7,260**	**-7,633**
Net change in cash and cash equivalents		**12**	**529**
Cash and cash equivalents at beginning of the year	22	970	448
Exchange rate differences in cash and cash equivalents	22	-102	-7
Cash and cash equivalents at end of the year	22	**880**	**970**

Consolidated statements of changes in equity

Total operations SEK million	Note	Dec 31, 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		—	—	—	—	4,306	4,306
Other comprehensive income for the year, net of tax		—	—	-99	230	92	224
Total comprehensive income for the year		—	—	-99	230	4,399	4,530
Other changes in equity							
Share-based payments	31	—	—	—	—	60	60
Share-based payments, tax effect	10, 31	—	—	—	—	7	7
New share issue		3	—	—	—	—	3
Repurchase of own shares		—	—	—	—	-3	-3
Dividends	23	—	—	—	—	-6,205	-6,205
Equity at the end of the year		866	27,378	-301	152	3,047	31,142

Total operations SEK million	Note	Dec 31, 2020 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	–207	3,306	3,465	34,805
Net profit		—	—	—	—	7,408	7,408
Other comprehensive income for the year, net of tax		—	—	4	–3,384	46	–3,334
Total comprehensive income for the year		—	—	4	–3,384	7,454	4,074
Other changes in equity							
Share-based payments	31	—	—	—	—	65	65
Share-based payments, tax effect	10, 31	—	—	—	—	5	5
Dividends	23	—	—	—	—	–6,198	–6,198
Equity at end of the year		863	27,378	–202	–78	4,791	32,751

Notes

NOTE 1 ACCOUNTING PRINCIPLES AND OTHER INFORMATION

General

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards and interpretations of the IFRS Interpretations Committee (IFRS IC) as endorsed by the EU at the date of publication of this annual report. The Group also applies the Swedish Financial Reporting Board recommendation RFR 1 Supplementary Accounting Rules for groups which specifies additional disclosures required under the Swedish Annual Accounts Act.

The consolidated financial statements are prepared on the basis of historical cost, apart from financial instruments which are normally carried at amortized cost, with the exception of other non-current securities, contingent considerations and derivatives which are carried at fair value. A defined benefit pension liability/asset is recognized at the net fair value of plan assets and the present value of the defined benefit liability, adjusted for any asset constraints. Unless otherwise specified, all amounts are in millions of Swedish kronor (SEK) or other currency specified and are based on the twelve-month period January 1 to December 31 for items related to comprehensive income and cash flows, and as of December 31 for items related to financial position. Rounding differences occur.

New and revised IFRS applied from January 1, 2021

There are no new or revised standards and interpretations adopted as of January 1, 2021 that have had a material impact on the Tele2's financial statements.

Consolidation

Subsidiaries

The consolidated financial statements include the parent company and companies in which the parent company has control. All intercompany balances and transactions have been eliminated. Control is achieved when Tele2 is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

The consolidated financial statements are prepared in accordance with the acquisition method. This means that consolidated equity only includes the subsidiary's equity that has arisen after the acquisition and the consolidated income statements only include earnings from the date of acquisition until the date of divestment, if the subsidiary is sold. The Group's acquisition value of the shares in subsidiaries, transferred consideration, consists of the total of the fair value at the time of the acquisition of what was paid in cash, incurred liabilities to former owners, fair value of emitted shares, the value of the non-controlling interests in the acquired subsidiary and the fair value of the previously owned share. Contingent consideration is included in the transferred consideration and is reported at fair value at the time of the acquisition. Subsequent effects from the revaluation of contingent consideration are reported in the income statement. Acquired identifiable assets and assumed liabilities are reported initially at fair value at the time of the acquisition. Exemptions from this principle are made for acquired tax assets/liabilities, employee benefits, share-based payment awards and assets held for sale which are measured according to the principles described below for each item. Exemptions are also made for indemnity assets, reacquired rights and leasing arrangements. Indemnity rights are valued according to the same principle as the indemnified item. Reacquired rights are valued based on the remaining contractual period even if other market participants would consider the possibilities for contract renewal when doing the valuation. Lease liabilities are measured at the present value of the remaining lease payments as if the acquired leases were new leases at the acquisition date. The right-of-use assets are measured at the same amount as the lease liabilities, adjusted to reflect favorable or unfavorable terms of the leases when compared with market terms. Reported goodwill is measured as the difference between 1) the transferred consideration for the shares in the subsidiary, the value of the non-controlling interests in the acquired subsidiary and the fair value of the previously owned share compared to 2) the fair value of acquired assets and assumed liabilities. Acquisition related expenses (transaction expenses) are recognized as cost in the period in which they arise.

When the Group loses control of a subsidiary, a gain or loss is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interests and
- the previous carrying amount of the assets (including goodwill), and liabilities and any non-controlling interests.

Any gain or loss is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to that subsidiary are, proportionally in relation to the divested share, reclassified to profit or loss.

Joint arrangements

Joint arrangements are arrangements of which two or more parties have a joint control. Joint arrangements are classified either as joint operation or joint venture. Joint operations, usually structured through separate vehicles, are joint arrangements in which Tele2 and one or more parties have rights to substantially all of the economic benefits from the assets of the arrangement. In addition, the liabilities incurred by the arrangement are satisfied by the cash flows received from the parties through their purchases of the output or capital contributions. Joint operations are reported according to the proportional method at which Tele2 reports its part of assets, liabilities, revenues and expenses and its share of joint assets, liabilities, revenues and expenses line by line in the consolidated financial statements. Sales and other transactions with joint operations are eliminated in the consolidated financial statements. For Tele2, joint operations consist of jointly owned companies, please refer to section Estimates and judgements.

Note 1 cont.

Joint ventures are arrangements where Tele2 has right to the net assets of the other entity and are accounted for under the equity method. This means that the Group's carrying amount of the shares in the joint venture corresponds to the Group's share of equity after application of the Group's accounting principles as well as any residual value of consolidated surplus values. The Group's share of the joint venture's profit or loss after tax is reported under "Operating profit", along with depreciation of the acquired surplus value.

At the acquisition of a share in a joint arrangement, a purchase price allocation is prepared at the acquisition date. The acquisition date is the date when the Group becomes a part to and jointly shares the control of the joint arrangement. The starting-point for the purchase price allocation consists of the acquisition value of the share in the joint arrangement. The acquisition value is allocated on the Group's share of the acquisition date fair values of acquired assets and assumed liabilities including related deferred taxes and any implied goodwill.

Associated companies

Associated companies are companies in which Tele2 has a voting power of between 20 percent and 50 percent or has significant influence in some other way.

Associated companies are accounted for in accordance with the equity method. This means that the Group's carrying amount of the shares in the company corresponds to the Group's share of equity after application of the Group's accounting principles as well as any residual value of consolidated surplus values. The share of the company's profit or loss after tax is reported under "Operating profit", along with depreciation of the Group surplus values.

Unrealized gains arising from transactions with associates and joint ventures are eliminated to the extent that corresponds to the Group's interest in the company. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no need for impairment.

Foreign currency

The accounts of all foreign group companies, joint arrangements and associated companies are prepared in the currency used in the primary economic environment of each company, i.e. the functional currency which for all group companies, joint arrangements and associated companies is the local currency.

The assets and liabilities of foreign group companies, joint arrangements and associated companies are translated into Tele2's reporting currency (SEK) at the closing exchange rates, while revenues and expenses are translated at the period's average exchange rates. Exchange rate differences arising from translation are reported in other comprehensive income. When foreign group companies, joint arrangements and associated companies are divested, the accumulated exchange rate difference attributable to the sold operation is recognized in the income statement.

Goodwill and adjustments at fair value that are made in connection with the acquisition of a foreign operation are treated as assets and liabilities in the functional currency of the acquired operation.

Discontinued operations

A discontinued operation is a component of the Group which either has been disposed of or is classified as held for sale and represents a separate line of business or geographical area of operation. A discontinued operation is reported separately from continuing operations in the income statement, and comparable information for prior periods is re-presented.

Assets classified as held for sale and associated liabilities are presented separately on the face of the balance sheet. Prior periods are not affected. Assets classified as held for sale are valued at the lower of carrying value and fair value less costs to sell (Note 33).

Revenue recognition

Revenues include sale of services to consumers, business to business (B2B), landlords and other operators from mobile and fixed telephony, broadband, and TV. This includes subscription and periodic charges, call charges, interconnect revenue from other operators, sale of prepaid cards, sale of equipment such as mobile phones and modems, connection and installation charges, data and information services and service revenues. Revenues are valued and recognized on the basis of the compensation specified in the contract with the customer, i.e. net of VAT, discounts and returns.

For subscription and periodic charges for mobile and fixed telephony services, TV, ADSL, leased capacity and internet connection for direct access customers, Tele2 transfer the control of the service over time and the revenue is recognized on a straight-line basis over the period. The fees are invoiced in advance or monthly after the service has been transferred to the customer, the payment term is typically up to 30 days. Periodic charges for basic television services to landlords are invoiced largely quarterly. When the fees are invoiced in advance and Tele2 has received the consideration or has and unconditional right to the consideration, Tele2 account for a contract liability which is recognized as revenue as the customer obtains the control of the service.

Call charges and interconnect revenue are recognized in the period during which the service is provided.

Revenue from the sale of prepaid cards and similar prepayments are recognized based on the actual use of the card up until the expiry date. The timing of revenue recognition related to the portion expected not to be exercised by the customer will be recognized as revenue in proportion to the customer use pattern. The timing difference between the payment and the revenue recognized is accounted for as a contract liability.

Revenue from sale of equipment is recognized when control of the equipment has been transferred to the customer and the group has the right to payment. The payment is made through monthly instalments or at the time of delivery. When there is a significant difference in timing between the payment

Note 1 cont.

and the revenue recognized for the equipment, the group adjust the transaction prices allocated to the equipment, for the time value of money.

Connection and installation charges and other upfront fees are recognized at the time of the sale to the extent that Tele2 delivered goods or service according to the same principles as for customer contracts containing multiple performance obligations as described above.

Revenues from data and information services such as data buckets, text messages and third-party services are recognized when the service is provided.

Services to B2B customers, including functional based solutions for complete telecom and network services that may include switchboard services, fixed and mobile telephony, data communication and other customized services as well as system installations, are recognized over time using the percentage of completion method. The revenues are recognized gradually during the contract as the services are performed as the customer simultaneously receives and consumes the benefits provided. The stage of completion is determined by services performed to date as a percentage of total services to be performed, based on cost incurred in relation to estimated total cost.

For customer agreements containing multiple deliverables or parts, the contracted revenue is allocated to each part, based on its relative fair value. Services invoiced based on usage are not included in the allocation. Revenues for each part are recognized in the period when control of the goods or service is transferred to the customer. When re-allocating revenue between equipment and services is made it can result in revenue recognition taking place at different time (earlier or later) than the goods or service is paid for. The time difference between the payment and the revenue recognized for the performance obligation is recognized as a contract asset or contract liability, for further information refer to Note 16, 20 and 26.

When Tele2 acts as an agent for another supplier, such as handset sales through third party resellers and content services, the revenue is reported net, i.e. only the part of the revenue that is allocated to Tele2 is reported as revenue when control of the goods is transferred to the customer or in the period during which the service is provided.

Most goods or subscriptions are sold with a right of return. Right to return vary normally from 14 days up to 30 days. If the right to return is expected to be utilized the revenue is recognized when the right has expired. Right to return does not apply for Tele2 when the good or subscription is sold through a third party.

Contract modifications occur due to changes in the price plan or when adding value added services. A change in the price plan will result in a new recognized revenue going forward. The value added services are distinct and priced at fair value and recognized as a new contract.

Operating expenses

Operating expenses are classified according to function, as described below. Depreciation and amortization and personnel costs are stated by function. Total costs for depreciation and amortization are presented in Note 5 and total personnel costs are presented in Note 31.

Cost of services provided and equipment sold

Cost of services provided, and equipment sold consists of broadcaster costs, costs for networks and capacity, interconnect charges as well as costs for equipment sold (e.g. handsets) to the extent the costs are covered by recognized revenues. The cost of services provided, and equipment sold also includes the part of the cost for personnel, premises, purchased services and depreciation and amortization of non-current assets, including right-of-use assets, attributable to the production of sold services.

Selling expenses

Selling expenses include costs for the internal sales organization, purchased services, personnel costs, cost for right-of-use assets, bad debt losses as well as depreciation and amortization of non-current assets attributable to sales activities. Advertising and other marketing activities are also included and are expensed as incurred. Selling expenses also include the portion of Tele2's cost for handsets and other equipment for which Tele2 does not get full cost coverage.

Administrative expenses

Administrative expenses consist of the part of the personnel costs, purchased services as well as depreciation and amortization of non-current assets, including right-of-use assets, attributable to the other joint functions. Costs associated with the Board of Directors, executive management and corporate functions are included in administrative expenses.

Other operating income and other operating expenses

Other operating income and other operating expenses include secondary activities, exchange rate differences in operating activities and gain/loss on the sale of tangible and intangible assets.

Employee benefits

Share-based payments

Tele2 grants share-based payments to certain employees. Share-based payments are mainly settled with the company's own shares, so called equity-settled payments. Certain share-based payments are settled in cash, so called cash-settled payments.

The costs for equity-settled payments are based on the fair value of the share rights calculated by an independent party at the date of grant. These payments are reported as employee costs during the vesting period with a corresponding increase in equity. To the extent the vesting conditions in the

Note 1 cont.

program are linked to market conditions (TSR), these factors are taken into consideration when determining the fair value of the share rights and is not adjusted for performance. Non-market performance conditions (e.g. operating cashflow) and service conditions (employment period) are taken into account in employee cost during the vesting period by the change in the number of shares that are expected to finally vest.

Cash-settled share-based incentive programs are measured in the same way as equity-settled share-based payments with the difference that the share-based payment is remeasured at the end of each reporting period to fair value. Instead of recognizing an increase in equity the vested fair value is recognized as a liability in the balance sheet up until settlement.

Tele2 records a liability for social security expenses, at each reporting period, for all outstanding share-based payments. Social security expenses attributable to equity-based instruments to employees as compensation for purchased services are expensed in the periods during which the services are performed. The provision for social security expenses is based on the fair value of the share rights at each reporting period.

Post-employment benefits

The Group has a number of pension schemes. The main part of Tele2's pension plans consist of defined-contribution plans (Note 31) for which the Group make payments to public and private pension institutions. Amounts paid or payable to defined-contribution pension plans are reported as an expense during the period in which the employees perform the services to which the contribution relates. The defined-contribution plans ensure a certain predefined payment of premiums and negative changes in the value of investments are not compensated by Tele2. Therefore Tele2 does not bear the risk at the time of pension payment. Only a small part of the Group's pension commitments relate to defined benefit plans. The net present value of the obligation for these are calculated separately for each defined benefit plan on the basis of assumptions of the future benefits earned during previous and current periods. The obligation is reported in the balance sheet as the net present value of the obligation less the fair value of any plan assets. The defined-benefit pension plans may be funded (partly or wholly) and non-funded. In the funded plans, assets have been separated in a pension trust. These plan assets may only be used to pay benefits under pension agreements.

The cost for the defined-benefit plans are calculated by application of the Projected Unit Credit Method, which means that the cost is distributed over the employee's period of service. The calculation is performed annually by an independent actuary. The obligation is valued at the net present value of the expected future payments, taking into account assumptions such as expected future increases in salaries, inflation, health expenses and life span. Expected future payments are discounted with an interest rate that is effective on the closing day for first class corporate bonds, if available, considering the estimated remaining tenor for each obligation. In Sweden, in line with prior years, mortgage bonds are used for determining the discount rate. The effects from revaluation are reported in other comprehensive income. For a number of the Group's employees in Sweden, the retirement pension and family pension are secured by a pension plan in Alecta. According to an announcement from the Swedish Financial Reporting Board, UFR 10, this is a defined-benefit multi-employer plan. In situations when Alecta cannot provide sufficient information to determine an individual company's share of the total obligation and its plan assets, these pensions plans are being reported as defined-contribution plans. The plans are financed by pension insurances.

Termination benefits

An expense for employee redundancy benefits is recognized at the earliest time when the entity is no longer able to withdraw the offer to employees or when the entity recognizes restructuring costs. The benefits that are expected to be settled after twelve months are reported at its present value. Benefits that are not expected to be fully settled within twelve months are recognized as long-term benefits.

Income tax

Income taxes consist of current and deferred tax. Income tax is reported in the income statement except when the underlying transaction is reported in other comprehensive income or in equity. In those cases the related tax effect is also reported in other comprehensive income or in equity.

Current tax is tax that is to be paid or received in respect of the taxable profit (tax loss) for the year including any adjustment of current tax related to previous periods and tax on dividends from subsidiaries.

When accounting for deferred taxes, the balance sheet method is applied. The method implies that deferred tax liabilities and assets are recognized for all temporary differences between the carrying amount of an asset or liability and its tax base, as well as other tax-related deductions or deficits. Such assets and liabilities are however not recognized if the temporary difference arises at the initial recognition of goodwill or the initial recognition of assets and liabilities that are not part of a business combination and at the time of the transaction affect neither accounting nor taxable profit/loss. An item which alters the time when an item is taxable or deductible is considered a temporary difference. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

The recognition of deferred tax assets takes into account tax loss carry-forwards and temporary differences where it is probable that losses and temporary differences will be utilized against future taxable profits. In cases where a company reports losses, an assessment is made of whether there is any convincing evidence that there will be sufficient future profits.

Valuation and accounting of deferred taxes in connection with business combinations is made as part of the measurement of assets and liabilities at the time of acquisition. In these circumstances, the deferred tax assets are assessed at a value corresponding to what the Group expects to utilize. Temporary

Note 1 cont.

differences are not taken into account for group goodwill or for any difference arising from the initial recognition of non-business combination assets and liabilities which at the time of the transaction do not affect neither recognized or taxable profit or loss. Furthermore, temporary differences attributable to shares in subsidiaries and associates that are not expected to be reversed in the foreseeable future are also not taken into account. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realized or settled.

If a deferred tax liability exists and tax loss carryforwards exist for which a deferred tax asset previously hasn't been recognized, a deferred tax asset is recognized for at least the extent it can be netted against the deferred tax liability.

Current and deferred tax assets and liabilities are netted only among group companies within the same tax jurisdiction. This form of reporting is only applied when Tele2 intends to offset tax assets and liabilities.

Non-current assets

Intangible assets (Note 11) and tangible assets (Note 12) owned by Tele2 with a finite useful life are reported at acquisition value with deductions for accumulated depreciation and amortization. Depreciation and amortization are based on the acquisition value of the assets less estimated residual value at the end of the useful life and are recognized on a straight-line basis throughout the asset's estimated useful life. Generally, the estimated residual value for intangible asset is nil. Useful lives and residual values are subject to annual assessments. Useful lives for intangible and tangible assets are presented below.

Intangible assets	
Licenses, utilization rights and software	3–25 years
Trademarks	5–10 years
Customer agreements	5–15 years
Tangible assets	
Buildings	7–20 years
Modems	2–5 years
Machinery and technical plant	2–30 years
Equipment and installations	2–10 years

At the end of each reporting period, an assessment is made of whether there is any indication of impairment of any of the Group's assets. If there is any indication that a non-current asset has declined in value, a calculation of its recoverable amount is made.

The recoverable amount is the higher of the asset's value in use and its fair value less costs to sell. The value in use consists of the present value of all cash flows from the asset during the utilization period as well as the addition of the present value of the fair value less costs to sell at the end of the utilization period. If the estimated recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount.

Impairments are reported in the income statement. Impairments that have been recorded are reversed if changes are made in the assumptions that led to the original impairment. The impairment reversal is limited to the carrying amount, net of depreciation according to plan, had the original impairment not occurred. A reversal of impairment is reported in the income statement. Impairment of goodwill is not reversed.

Intangible assets

Tele2 holds a number of licenses entitling it to conduct telecom operations. The expenses related to the acquisition of these licenses are recognized as an asset and amortized on a straight-line basis through the duration of the license agreements.

Goodwill is measured as the difference between the transferred consideration for the shares in the subsidiary alternatively the acquired assets and liabilities, the value of the non-controlling interest in the acquired subsidiary and the fair value of the previously owned share, and the Group's reported value of acquired assets and assumed liabilities less any write-downs.

Goodwill is allocated to the cash generating units that are expected to obtain benefits as a result of the acquisition and is, along with the intangible assets with indefinite lives and intangible assets that are not yet ready to use, subject to at least an annual impairment testing even if there is no indication of a decline in value. Impairment testing of goodwill is at the lowest level at which goodwill is monitored for internal management purposes and for which there are separately identifiable cash flows (cash generating units). The recoverable value of the respective cash generating unit is based on the higher of estimated value in use and fair value less costs to sell. The most important factors that have influenced this year's impairment testing are presented in Note 11.

In the case of reorganization or divestment involving a change in the composition of cash generating units to which goodwill has been allocated, the goodwill is allocated to the relevant units. The allocation is based on the relative value of the part of the cash generating unit to which the reorganization or divestment relates, and the part that remains after the reorganization or the divestment.

Customer agreements are valued at fair value in conjunction with business combinations. Tele2 applies a model where the average historical customer acquisition cost or, alternatively, the present value of expected future cash flows, is applied to value customer agreements.

Tele2 capitalizes direct development expenses for software which are specific to its operations if the recognition criteria are fulfilled. The capitalized development expenses that are not yet finalized are subject to at least annually impairment testing. The expenses are amortized over the utilization period,

Note 1 cont.

which begins when the asset is ready for use. Expenses relating to the planning phase of the projects as well as expenses of maintenance and training are expensed as incurred. Other expenses relating to development work are expensed as they arise, since they do not meet the criteria for being reported as an asset. Tele2 doesn't conduct own research activities.

Tangible assets

Buildings relate to assets intended for use in operations. The acquisition value includes the direct costs attributable to the building.

Machinery and technical plant include equipment and machinery intended for use in operations, such as network installations. The acquisition value includes the direct costs attributable to the construction and installation of networks.

Additional costs for extension and value-increasing improvements are reported as an asset, while additional expenses are added to cost only if it is likely that the future economic benefits associated with the asset will come to Tele2 and the cost can be reliably calculated. All other additional costs are recognized as a expense in the period in which they incur, e.g. repair and maintenance.

Equipment and installations comprise assets used in administration, sales and operations.

Costs for equipment that are rented to or used for free by customers are capitalized.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of an asset which requires considerable time to complete for its intended use are included in the acquisition value of the asset. Other borrowing costs are expensed in the period in which they arise.

Leases

The assessment whether a contract is or contains a lease, is made at the inception of a contract. A lease is a contract (or part of a contract) that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To be a lease, a contract must convey the right to control the use of an identified asset.

Tele2 as lessee

For all lease agreements in which the Tele2 is the lessee, a right-of-use asset (Note 13) and a corresponding lease liability (Note 29) is recognized, except for short-term leases (defined as leases with a lease term of 12 months or less at commencement date) and leases for which the underlying asset is of low value (with a value as new below EUR 5,000). All lease agreements are reported from the date the leased assets is available for use of the Group. For short-term leases and low value leases, the lease payments are recognized as current operating expenses in the income statement. In addition, the practical expedient in IFRS 16 to not separate lease and non-lease components in a lease contract is applied for the lease categories Sites and base stations (typically non-lease component is electricity) and Leased lines (typically non-lease component is repair and maintenance). For all other lease categories, the Group separate the lease components and exclude the service component at calculation of the lease liability. The lease term corresponds to the non-cancellable duration of the signed contracts except in cases where Tele2 is reasonably certain of exercising either an extension option or an early termination option that is included in the contract. IFRS 16 is not applied for intangible assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. When determining the incremental borrowing rate considerations take into account the currency where the asset is leased, the tenor of the contract and the underlying cashflows which the lease generates. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an operating expense in the period in which the event or condition that triggers those payments occurs. The lease liability subsequently increases with the interest on the lease liability (using the effective interest method) and reduces as the lease payments are made. The lease liability is remeasured (with a corresponding adjustment to the related right-of-use asset) whenever the previously determined lease term has changed, the lease payments change due to changes in an index or rate, there is a change in the assessment of exercise of a purchase option, a change in expected payment under a guaranteed residual value, or a lease contract is modified and the lease modification is not accounted for as a separate lease.

The right-of-use asset comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs and are subsequently measured at cost less accumulated depreciation and any impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is measured and recognized. The costs are included in the related right-of-use asset, unless those costs are already included in a tangible asset. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

In the cash flow statement the amortization of the lease liability is presented in the financing activities while the interest component is presented in the operating cash flow. Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability is presented within operating cash flow.

Tele2 lessor

Leases for which Tele2 is a lessor are classified as finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the economic risks and rewards of ownership of an asset to the lessee. All other leases are classified as operating leases. When Tele2 act as finance lessor the assets

Note 1 cont.

in a financial lease contract are reported in the balance sheet as a financial receivable to an amount equal to the net investment in the lease contract corresponding to the discounted net present value applying a market based discount rate and a sales revenue in accordance with the principles for customary sales. The financial income arising from a finance lease is accounted for in accordance with a constant remuneration (fixed interest rate) applying the effective interest method.

Rental revenues from operating leases are recognized on a straight-line basis over the term of the relevant lease, including the effect of provided benefits, which normally are accrued over the term. The leased asset is kept on the balance sheet and depreciated over its estimated useful life.

Dismantling costs

When there is a legal or constructive obligation to a third party, the estimated cost of dismantling and removing the asset and restoring the site/area is included in the acquisition value of owned and leased assets. Any change to the estimated cost of dismantling and removing an asset and restoring the site is added to or subtracted from the carrying amount of the particular asset.

Inventories

Inventories of materials and supplies are valued in accordance with the first-in, first-out principle at the lower of acquisition value and net realizable value. Tele2's inventories essentially consist of mobile phones, fixed broadband routers, digital TV boxes and IT & Network hardware.

Contract assets and contract liabilities

A contract asset is Tele2's right to payment for goods and services already transferred to the customer if that right to payment is conditional on something other than the passage of time. For example, in bundled contracts that include both equipment such as handset and telecom services, Tele2 will recognize a contract asset when it has fulfilled the contract obligation to deliver the handset but must perform the telecom service obligations before being entitled to payment. This is in contrast to a receivable, which is the right to payment that is unconditional, except for the passage of time. A contract liability is Tele2's obligation to transfer goods or services to a customer at the earlier of when the customer prepays consideration or the time that the customer's consideration is due for goods and services Tele2 will yet provide. Contract assets are included in the balance sheet items Receivable from sold equipment Note 16 and Note 20 and accrued income Note 21. Contract liabilities are included in the balance sheet item Deferred income Note 26.

Financial assets and liabilities

liabilities due for payment more than one year after the end of the reporting period are reported as non-current. Other financial assets and liabilities are reported as current.

Acquisitions and sales of financial assets are recognized on the trade date, which is the date that the Group has an undertaking to acquire or sell the asset. Financial liabilities are recognized in the balance sheet when Tele2 becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the rights to receive benefits have been realized, expired or the company loses control over the asset. The same applies to components of a financial asset. In instances where Tele2 retains the contractual rights to the cash flows from a financial asset but assumes a contractual obligation to pass on those cash flows to a third party (a pass through obligation), the financial asset is only derecognized when substantially all risks and rewards of ownership of the financial asset has been transferred and the following conditions exist:

- Tele2 has no obligation to pay amounts to the third party unless Tele2 collects equivalent amounts from the original asset,
- Tele2 is prohibited by the terms of the transfer arrangement from selling or pledging the original asset other than as security to the third party for the obligation to pay it cash flows, and
- Tele2 has an obligation to pass on or remit the cash flows that it has collected on behalf of the third party without material delay.

A financial liability is derecognized when the contractual obligation is discharged or extinguished in some other way. The same applies to components of a financial liability.

Financial instruments are initially recognized at the acquisition date fair value and subsequently to either fair value or amortized cost based on the initial categorization. The categorization reflects both the Group's business model for managing the assets and the contractual cash flow characteristics of the financial assets and is determined on initial recognition.

Measurement of the fair value of financial instruments

Various measurement methods are used to estimate the fair value of financial instruments not traded on an active market. When determining the fair value of interest swaps and currency derivatives official market listings are used as input in calculations of discounted cash flows. The fair value of loan liabilities is measured using generally accepted methods, such as discounting expected future cash flows at prevailing interest rates.

Calculation of amortized cost of financial instruments

Amortized cost is calculated by using the effective interest method, which means that any premiums or discounts and directly attributable costs or income are recognized on an accrual basis over the life of the contract using the calculated effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

Note 1 cont.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is presented in the balance sheet when a legal right to set-off exists and the Group intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets

Tele2's other non-current securities mainly consist of holdings of unlisted shares, and these are classified as "Assets at fair value through profit or loss". Assets in this category are initially reported at acquisition value, i.e. fair value at the time of acquisition, and valued thereafter on a continuous basis at fair value. Transaction costs are recognized in the income statement. The fair value change is reported in the income statement among other financial items.

Tele2's accounts receivables and other receivables are categorized as "Assets at amortized cost" initially reported at fair value and subsequently at amortized cost. An allowance for expected credit losses has to be calculated according to IFRS 9, no matter if a loss event has occurred or not, please refer to Note 19. Tele2 applies the simplified approach to recognize expected credit losses for trade receivables and contract assets that result from transactions within the scope of IFRS 15 (Revenues from contracts with customers) and for finance lease receivables. For finance lease receivables this is a policy choice. The simplified approach applies a matrix model and is always based on lifetime expected credit losses considering information about historical data adjusted for current conditions and forecasts of future events and economic conditions.

To measure the expected credit losses, accounts receivable and receivable from sold equipment have been grouped by credit risk characteristics and past due status. Tele2 has chosen to report the expected credit losses based on customer type since the risk is considered to be diverse. Business customers are defined as customer that uses Tele2's services primarily for business purposes, including public sector and non-profit organizations. A consumer is a customer which is not defined as a business customer. The expected credit losses are based on customers' payment history during a period of between 6 to 24 months together with the historical credit losses during the same period. The historical losses are adjusted to reflect macroeconomic and forward-looking information that can affect the customers' ability to pay, such as changed market expectations and the ability to sell outstanding account receivables. Tele2 has identified and made specific reservations for customers whose ability to pay are considered to be differentiated from other receivables. Account receivables and receivable from sold equipment are written off when a payment no longer is considered to be likely. An indication is that the payment is more than 90 days overdue. Any impairment loss is reported as an operating expense.

Cash and cash equivalents are categorized as "Assets at amortized cost" initially reported at fair value and subsequently at amortized cost. Cash and cash equivalents consist of cash and bank balances as well as current investments with a maturity of less than three months from the time of acquisition. The general impairment model in IFRS 9 is applied to cash and cash equivalents and the identified impairment loss was immaterial.

Restricted cash and cash equivalents are reported as current investments if they may be released within 12 months and as non-current financial assets if they are to be restricted for more than 12 months.

Financial liabilities

Financial liabilities are categorized as "Financial liabilities at amortized cost". These are initially measured at fair value and then at amortized cost using the effective interest method. Direct costs related to the origination of loans are included in the acquisition value. For accounts payables and other financial debts, with a short maturity, the subsequent valuation is done at the nominal amount.

Derivatives and hedge accounting

The Group designates certain derivatives as hedging instruments in respect of cash flow hedges, interest rate risk in fair value hedges, and hedges of net investments in foreign operations.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows or fair values of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss. Note 2 describes the details of the fair values of the derivative instruments used for hedging purposes as well as the changes in the hedging reserve in equity.

Exchange rate fluctuations on loans in foreign currency and changes in value of other financial instruments (currency derivatives) that meet the hedge accounting requirements of net investment in foreign

Note 1 cont.

operations are reported on a continuous basis in other comprehensive income. The Group designates only the intrinsic value of currency swap contracts, designated for hedging of net investments in foreign operations, as a hedged item, i.e. excluding the time value of the swap. The changes in the fair value of the aligned time value of the swap are recognized in the income statement. The ineffective portion of the exchange rate fluctuation and the change in value are reported in the income statement under other financial items. When divesting foreign operations, the previously recognized accumulated exchange rate difference attributable to the divested operation is recycled to the income statement.

Cash flow hedges are reported in the same way as hedges of net investments in foreign operations. This means that the effective portion of the gain or loss on an interest swap which meets the criteria for cash-flow hedge accounting is recognized in other comprehensive income and the ineffective portion is recognized in profit or loss within financial items. When cash flows relating to the hedged item are reported in profit or loss, amounts are transferred from equity to offset them. For more information regarding cash flow hedges, please refer to Note 2 and Note 24.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable).When a hedging instrument related to future cash flows is due, sold, divested or settled or the Group discontinues the hedge relation before the hedged transaction has occurred and the forecasted transaction is still expected to occur, the accumulated reported gain or loss remains in the hedge reserve in equity and is reported in the income statement when the transaction occurs. If the hedged transaction is no longer expected to occur, the hedging instrument's accumulated gain or loss is immediately reported in the income statement.

For fair value hedges, the effective and ineffective portions of the change in fair value of the derivative, along with the gain or loss on the hedged item attributable to the risk being hedged, are recognized in the income statement in the same line.

Other derivatives, for which hedge accounting is not applied, are measured at their fair value through profit or loss.

Receivables and liabilities in foreign currency

Receivables and liabilities of the Group denominated in foreign currencies are translated into Swedish crowns by applying the period-end rates.

Gains or losses on foreign exchanges relating to regular operations are included in the income statement under Other operating income/expenses. Gains or losses on foreign exchanges in financial assets and liabilities are reported within profit/loss from financial items.

When long-term lending to/borrowing from Tele2's foreign operations is regarded as a permanent part of the parent company's financing of/borrowing from foreign operations, and thus as an expansion/reduction of the parent company's investment in the foreign operations, the exchange rate changes of these intra-group balances are reported in Other comprehensive income.

A summary of the exchange rate differences reported in other comprehensive income is presented in the statement of comprehensive income and the differences which affected profit or loss for the year are presented in Note 2.

Capitalized contract costs

Costs to obtain a contract are capitalized as contract costs assets. These costs are incremental costs incurred when obtaining a contract with a customer and are typically internal and external sales provisions. When businesses are acquired, customer agreements acquired as part of the acquisition are fair valued and capitalized as intangible assets.

The asset is amortized on a straight-line basis over the average customer life period if the cost is assessed as recoverable at portfolio level. Amortization is recognized as an operating cost, in order for this cost to be reflected in the operational business.

Amortization periods:	
Consumer contracts	3–24 months
Business contracts	3–36 months

The asset is impaired in accordance with IFRS 15. An impairment exists if the carrying amount exceeds the amount of consideration Tele2 expects to receive in exchange for providing the associated goods and services, less the remaining costs that relate directly to providing those good and services.

Equity

Equity consists of registered share capital, other paid-in capital, hedge reserve, translation reserve, retained earnings, profit/loss for the year and non-controlling interests.

Other paid-in capital relates to share premiums from the issues of new shares. Additional direct costs attributable to the issue of new shares are reported directly against equity as a reduction, net after taxes, of proceeds from the share issue.

The hedge reserve includes translation differences on external loans in foreign currencies and changes in values of financial instruments (currency derivatives) which are used to hedge net investments in foreign operations and the effective portion of gains or losses on interest swaps used to hedge future interest payments.

Translation reserve includes translation differences attributable to the translation of foreign operations into Tele2's reporting currency as well as translation differences on intra-group balances which are considered an expansion/reduction of the parent company's net investment in foreign operations.

Non-controlling interests represent the value of minority shares in subsidiaries included in the consolidated accounts. The accounting policies relating to non-controlling interests are described in the section regarding consolidation above.

Note 1 cont.

Number of shares and earnings per share

Basic earnings per share are calculated by dividing the profit or loss of the year attributable to the parent company's owners by the weighted average number of outstanding shares during the period. To calculate diluted earnings per share the weighted average numbers of outstanding shares are adjusted for the dilutive effect of the total potential number of shares consisting of share-based instruments settled with shares. In calculating diluted earnings per share, earnings and the average number of shares are adjusted to take into account the effects of dilutive potential ordinary shares, which in reported periods derive from share rights issued to employees. Furthermore are included, the number of share rights, and hence shares, that would be vested if the level of fulfilment of the vesting conditions at the end of the current period would also exist at the end of the vesting period (Note 23).

Provisions

Provisions are reported when a company within the Group has a legal or constructive obligation as a result of past events, and it is probable that payments, which can be reliably estimated, will be required in order to settle the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense, or as interest income when appropriate.

Contingent liabilities

A contingent liability exists if there is a possible obligation related to a past event and whose existence is confirmed only by one or several uncertain future events, and when there is an obligation that is not reported as a liability or a provision because it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be calculated with sufficient reliability. Disclosure is presented unless the probability of an outflow of resources is remote.

Segment reporting

Segment

Since the risks in Tele2's operations are mainly linked to the various markets in which the company operates, Tele2 follows up and analyses its business on country level. Hence each country represents Tele2's operating segments. Tele2 has chosen Underlying EBITDAaL as the profit or loss measure for the reportable segments, please refer to the section Non-IFRS measures for the definition. The segment reporting is in line with the internal reporting to the chief operating decision maker, which is Tele2's Group Leadership Team.

Tele2 AB and other minor operations are included in segment for Sweden. Segment information is presented in Note 4. The same accounting principles are applied to the segments and the Group.

Internal pricing

The sales of services in the Tele2 Group are made on market terms. Group-wide costs are invoiced to operations that have used the services.

Services

Services that are offered within the segments are mobile telephony, digital-TV, fixed broadband, fixed telephony and DSL, business solutions and other operations.

The mobile service comprises various types of subscriptions for residential and business customers as well as prepaid cards. Mobile also includes mobile broadband, fixed telephony via mobile network (FVM), IoT (internet-of-things), and mobile carrier. Tele2 either owns the networks or rents them from other operators a set-up called MVNO.

Digital TV includes digital TV delivered via fixed infrastructure, digital terrestrial television and OTT services.

Fixed broadband includes any fixed Internet service for end-customer that is not xDSL-based (copper telephone cables) for the "last mile" connection. For Tele2 this mostly means either Vertical Fibre Coax, Fibre-to-the-Home (FTTH), or Fibre-to-the-Building (FTTB). Connection to customer can be direct access, local-loop unbundling (if not xDSL), or Open network (where Tele2 is Communication service provider).

Landlord as well as communication provider services are also offered as an integrated part of the fixed consumer operation.

Fixed telephony and DSL include resold products within fixed telephony and xDSL-based subscriber services via copper telephone cables and internet via dial-up modem.

Business solutions consists of services to business customers that are complex, and custom made, such as managed hardware, hosting, PBX services, consultancy and business LAN networks.

Estimates and judgement of accounting principles

As part of preparing the consolidated financial statements management is required to make certain estimates and judgments. The estimates and judgments are based on historical experience and a number of other assumptions aimed at providing a decision regarding the value of the assets or liabilities which cannot be determined in any other way. The actual outcome may vary from these estimates and judgments.

The most crucial assessments and estimates used in preparing the Group's consolidated financial statements see below.

Note 1 cont.

Climate related - risks and opportunities

Tele2 works proactively to mitigate the risks associated with climate change. For now, the company assesses that there are no material effects on the company´s balance sheet. For more information see S11 in sustainability report.

Goodwill – level for goodwill impairment testing

Goodwill arising from business combinations is allocated to the cash-generating units which are expected to receive future economic benefits, in the form of synergies, for example, from the acquired operation. If separate cash-generating units cannot be identified, goodwill is allocated to the lowest level at which the operation and its assets are monitored for internal management purposes, which is the operating segment.

Joint arrangements

Tele2 is part of two joint arrangements in Sweden. The arrangements concern mobile networks that are classified as joint operations and consists of Svenska UMTS-nät AB (together with Telia Company) and Net4Mobility HB (together with Telenor) in Sweden. Tele2 has chosen to classify these joint arrangements as joint operations as Tele2 considered that, through the agreements between the parties, they have the rights to the assets and obligations for the liabilities as well as corresponding revenues and expenses related to each arrangement. As basis for the classification, additional decisive factors are that the parties in each arrangement have the rights to substantially all of the economic benefits from the assets in each operation and that the jointly owned companies are dependent on its owners for settling its liabilities on a continuous basis.

Revenue recognition

Revenue recognition in Tele2 requires management to make judgments and estimates in a number of cases, mainly to determine fair values and the period in which the revenue should be recognized. Many agreements bundle products and services into one customer offering which for accounting purposes requires allocating revenue to each part based on its relative fair value using accounting estimates. Determining whether revenues should be recognized immediately or be deferred require management to make judgments as to when the services and equipment have been provided, the fair value of each part as well as estimates regarding the remaining contract period. Please refer to Note 16 and 20 concerning receivables for sold equipment and Note 21 for other accrued revenues.

Valuation of acquired intangible assets

When acquiring businesses, intangible assets are measured at fair value. If there is an active market for the acquired assets, the fair value is measured based on the prices on this market. Since there are often no active markets for these assets, valuation models have been developed to estimate the fair value. Examples of valuation models are discounted cash flows models and estimates of Tele2's historical costs of acquiring equivalent assets. Please refer to Note 14 for acquisitions.

Impairment test goodwill

When estimating the recoverable amount of cash generating units for goodwill impairment purposes, the Group makes assumptions regarding future events and key parameters. The assumptions made and sensitivity analyses are disclosed in Note 11. These kinds of assessments, by nature, include some uncertainty related to projected growth rates, profit margins, investment levels and discount rates. Should the actual outcome for a specific period differ from the expected outcome, the expected future cash flows may need to be reconsidered, which could lead to a write-down.

Valuation of non-current assets with a finite useful life

If the recoverable amount falls below the book value, an impairment loss is recognized. At each balance sheet date, a number of factors are analyzed in order to assess whether there is any indication of impairment. If such indication exists, an impairment test is prepared based on management's estimate of future cash flows including the applied discount rate. Please refer to Note 11 and Note 12.

Useful lives of non-current assets

When determining the useful life of groups of assets, historical experience and assumptions about future technical development are taken into account. Depreciation rates are based on the acquisition value of the non-current assets and the estimated utilization period less the estimated residual value at the end of the utilization period. If technology develops faster than expected or competition, regulatory or market conditions develop differently than expected, the Group's evaluation of utilization periods and residual values will be influenced.

Leases

The main judgements for leases concerns determination of whether a contract (or part of a contract) contains a lease, the lease terms and the discount rate. Regarding the lease terms, a majority of the lease contracts in Tele2 includes options either to extend or to terminate the contract. When determining the lease term, Tele2 considers all relevant facts and circumstances that creates an economic incentive to exercise an extension option, or not to exercise a termination option. Economic incentive includes for example strategic plans, assessment of future technology changes, original capital invested and consideration of cost of finding and moving to a new location, any consideration of penalties Tele2 may be charged to terminate the contract and past practice regarding the period over which Tele2 has typically used particular types of assets (whether leased or owned), and economic reasons for doing so.

Note 1 cont.

The discount rate is determined on the basis of an estimate of the incremental borrowing rate for the current lease period and the currency. Please refer to Note 29.

Valuation of deferred income tax receivables and uncertain tax positions

Recognition of deferred income tax takes into consideration temporary differences and unutilized loss carryforwards. Deferred tax assets are reported for deductible temporary differences and loss carryforwards only to the extent that it is considered probable that they can be utilized to offset future taxable profits. Management updates its assessments on items related to deferred income taxes and uncertain tax positions at regular intervals. The valuation of deferred tax assets is based on expectations of future results and market conditions, which are naturally subjective. The actual outcome may differ from the assessments, partly as a result of future changes in business circumstances, which were not known at the time of the assessments, changes in tax laws or interpretations or the result of the taxation authorities' or courts' final examination of submitted tax returns. Please refer to Note 10.

Provisions for disputes and damages

Tele2 is party to a number of disputes. For each separate dispute, an assessment of the most likely outcome is made, and reported in the consolidated financial statements, accordingly, see Note 25 and Note 28.

Valuation of accounts receivable

Accounts receivables are valued on a current basis and reported at amortized cost. Reserves for doubtful accounts are based on lifetime expected credit losses considering information about historical data adjusted for current conditions and forecasts of future events and economic conditions, see Note 19. When the receivable from sold equipment is invoiced, it is reclassified to accounts receivable.

Other information

Tele2 AB (publ), company registration nr 556410-8917, is a limited company, with its registered office in Stockholm, Sweden. The company's registered office (phone +46 8 5620 0060) is at Skeppsbron 18, Box 2094, 103 13 Stockholm, Sweden. The annual report was approved by the board of directors for issuance on March 25, 2022. The balance sheet and income statement are subject to adoption by the Annual General Meeting on April 28, 2022.

NOTE 2 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Tele2's financing and financial risks are managed under the control and supervision of the Board of Directors. Financial risk management is centralized within the Corporate Affair function. This function is responsible for the various financial risks that the Group is exposed to such as currency risk, interest risk, liquidity risk and credit risk. The aim is to analyze and control the risks as set out under the current policy and guidelines as well as manage the cost of financial risk management. The risks are monitored, managed and reported on a continuous basis.

Tele2's financial assets consist mainly of receivables from end customers, other operators and resellers and cash and cash equivalents. Tele2's financial liabilities consist mainly of loans, bonds, lease liabilities and accounts payables. Classification of financial assets and liabilities including their fair value is presented below.

SEK million	Dec 31, 2021					
	Assets and liabilities at fair value through profit/loss					
	Derviate instruments designated for hedge accounting	Other instruments (level 3)	Assets at amortized cost	Financial liabilities at amortized cost	Total reported value	Fair value
Other financial assets	—	9[1)]	643	—	652	652
Accounts receivable	—	—	1,796	—	1,796	1,796
Other current receivables	275[3)]	—	1,357	—	1,631	1,631
Cash and cash equivalents	—	—	880	—	880	880
Assets classified as held for sale	—	92[2)]	—	—	92	92
Total financial assets	**275**	**101**	**4,675**	**—**	**5,051**	**5,051**
Liabilities to financial institutions and similar liabilities	—	—	—	25,173	25,173	25,752
Other interest-bearing liabilities	21[3)]	—	—	5,643	5,664	5,667
Accounts payable	—	—	—	2,007	2,007	2,007
Other current liabilities	—	—	—	616	616	616
Liabilities directly associated with assets classified as held for sale	—	16	—	—	16	16
Total financial liabilities	**21**	**16**	**—**	**33,438**	**33,476**	**34,058**

SEK million	Dec 31, 2020					
	Assets and liabilities at fair value through profit/loss					
	Derviate instruments designated for hedge accounting	Other instruments (level 3)	Assets at amortized cost	Financial liabilities at amortized cost	Total reported value	Fair value
Other financial assets	—	9[1)]	720	—	729	729
Accounts receivable	—	—	1,766	—	1,766	1,766
Other current receivables	217[3)]	—	1,515	—	1,731	1,731
Cash and cash equivalents	—	—	970	—	970	970
Assets classified as held for sale	—	140	—	—	140	140
Total financial assets	**217**	**149**	**4,971**	**—**	**5,336**	**5,336**
Liabilities to financial institutions and similar liabilities	—	—	—	24,669	24,669	25,537
Other interest-bearing liabilities	222[3)]	—	—	5,565	5,787	5,792
Accounts payable	—	—	—	1,739	1,739	1,739
Other current liabilities	—	—	—	346	346	346
Total financial liabilities	**222**	**—**	**—**	**32,318**	**32,540**	**33,413**

For the determination of fair values on financial assets and liabilities the following levels, according to IFRS 13, and inputs have been used:

1) Level 3: measured at fair value through profit/loss, which on initial recognition were designated for this type of measurement. Discounted future cash flow models are used to estimate the fair value.
2) Level 3: earn out related to the divestment of Tele2 Germany. The fair value was based on discounted future cash flows on the assumptions further described in Note 33.
3) Level 2: observable market data of interest- and foreign exchange rates are used in discounted cash flow models based on contractual cash flows to estimate the fair value of interest-, fair value- and foreign exchange rate derivatives, loans with fixed interest rate and other non-current interest bearing liabilities valued at fair value at initial recognition with subsequent measurement at amortized cost.

Note 2 cont.

Changes in financial assets and liabilities valued at fair value through profit/loss in level 3 is presented below.

SEK million	Dec 31, 2021		Dec 31, 2020	
	Assets	Liabilities	Assets	Liabilities
As of January 1	149	—	7	—
Earn-out Tele2 Germany[1)]	-48	—	140	—
Other changes	0	-16[1)]	2	—
As of December 31	101	-16	149	—

1) Reported as discontinued operations, please refer to Note 33.

Since accounts receivables, accounts payables and other current liabilities are short-term, discounting of cash flows does not cause any material differences between the fair value and carrying value.

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

Net gains/losses on financial instruments, including assets and liabilities directly associated with assets classified as held for sale, amounted to SEK -138 (–479) million, of which loan and trade receivables amounted to SEK -161 (–160) million, derivatives to SEK 23 (–319) million.

The Group has derivative contracts which are covered by master netting agreements, with the right to set off assets and liabilities with the same party. This is not reflected in the accounting where gross accounting is applied. The value of reported derivatives on December 31, 2021 amounted on the asset side to SEK 275 (217) million and on the liability side to SEK 21 (222) million.

Capital structure management

The Tele2 Group's view on capital structure management (equity and net debt) incorporates several inputs, of which the main items are listed below.

The Board of Directors of Tele2 have set the following policies for financial leverage and shareholder remuneration:

- 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

On a continuous basis, Tele2 will diversify its financing both in terms of maturities and funding sources. A stable financial position is important in order to minimize refinancing risk. The Board of Directors reviews the capital structure annually and as needed.

Currency risk

Currency risk is the risk of changes in exchange rates having a negative impact on the Group's result and equity. Currency exposure is associated with payment flows in foreign currency (transaction exposure) and the translation of foreign subsidiaries' balance sheets and income statements to SEK (translation exposure).

The Group does not generally hedge transaction exposure. Tele2 announced the sale of its 25% stake in T-Mobile Netherlands in September 2021. As the transaction awaited final approval from Dutch authorities, and in order to safe guard the initial commitment to distribute at least SEK 11 per share, the transactional exposure was hedged. Translation exposure related to certain investments in foreign operations is hedged by issuing debt or entering into derivative transactions in the currencies involved if assessed as needed. The hedges of net investments in foreign operations were 100 percentage effective in 2020 and 2021 and hence no ineffectiveness was recognized in the income statement. In the hedge reserve in equity the total amount related to net investment hedges amounts to SEK –326 (-203) million. On December 31, 2021 the Group had outstanding currency derivatives as economic hedges of loans in EUR amounting to EUR 1197 (871) million. The derivatives hedge monetary items thus hedge accounting is not applied. The reported fair value on the derivatives amounted to SEK 85 (–219) million net.

After taking into account currency derivatives, the borrowings in SEK million are carried in the following currencies (equivalent SEK amounts).

SEK million	Dec 31, 2021	Dec 31, 2020
SEK[1)]	22,803	21,972
EUR[1)]	2,370	2,697
Total loans	25,173	24,669

1) Including adjustment for currency derivatives designated to minimize the exposure EUR to SEK of SEK 12,242 (8,743) million.

Note 2 cont.

The consolidated balance sheet and income statement are affected by fluctuations in subsidiaries' currencies against the Swedish krona. Revenues and operating profit are distributed among the following currencies.

SEK million	Revenue			
	2021		2020	
SEK	21,513	80%	21,595	81%
EUR	5,277	20%	4,959	19%
Total	**26,789**	**100%**	**26,554**	**100%**

SEK million	Operating profit			
	2021		2020	
SEK	3,480	73%	6,176	84%
EUR	1,307	27%	1,195	16%
Total	**4,787**	**100%**	**7,371**	**100%**

A five percent currency movement of all currencies against the Swedish krona would affect the Group's revenues and operating profit/loss on an annual basis by SEK 264 (248) million and SEK 65 (60) million, respectively.

Exchange rate differences which arise in operations are reported in the income statement and totals to the following amounts.

SEK million	2021	2020
Other operating income	31	81
Other operating expenses	-34	-56
Other financial items	-34	-44
Total exchange rate difference in income statement	**-37**	**-19**

The Group's total net assets on December 31, 2021 of SEK 31,142 (32,751) million were distributed by currency in SEK million as follows (including loan and currency derivatives).

SEK million	Dec 31, 2021	Dec 31, 2020
SEK	18,726	24,023
EUR[1)]	12,416	8,729
Total	**31,142**	**32,751**

1) Loans denominated in EUR designated for net investment hedging are included by SEK 3,324 (3,262) million.

A five percent currency fluctuation against the Swedish krona would affect the Group's total net assets by SEK 621 (436) million. A strengthening of the SEK towards other currencies would impact net assets negatively.

Interest rate risk

Tele2 is exposed to interest rate risk because the Group borrows at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix of fixed and floating rate borrowings and by the use of interest rate swaps. The risk is monitored and evaluated regularly to align with the interest duration strategy, ensuring the most cost-effective strategy is applied.

Tele2 is exposed to the following interest rate benchmarks within its hedge accounting relationships, which are subject to interest rate benchmark reform: EURIBOR and STIBOR (collectively 'IBORs'). As listed below, the hedged items include issued EUR fixed rate debt and issued SEK floating rate debt. Tele2 closely monitors the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. In response to the announcements, the Group has set up an IBOR transition initiative. The aim of the initiative is to understand where IBOR exposures are within the business and prepare and deliver on an action plan to enable a smooth transition to alternative benchmark rates. The Group aims to finalize its transition and fall back plans by the end of first half of 2022. None of the Group's current EURIBOR and STIBOR linked contracts include adequate and robust fall back provisions for a cessation of the referenced benchmark interest rate. Different working groups in the industry are working on fall back language for different instruments and different IBORs, which Tele2 is monitoring closely and will look to implement when appropriate. For Tele2's derivatives, the International Swaps and Derivatives Association's (ISDA) fall back protocol were made available on October 23, 2020. Tele2 has started discussions with its banks with the aim to implement this language into its ISDA agreements.

Interest bearing financial liabilities exposed to changes in interest rates over the next 12 months (i.e. short fixed interest rates) amounted to SEK 8,819 (12,175) million, carrying value, corresponding to 29 (40) percent of outstanding debt balance at the end of the year. Calculated at variable interest-bearing liabilities on December 31, 2021 and assuming that loans carrying short fixed interest rates were traded per January 1, 2021 to 1 percent higher interest rate and this rate was constant for 12 months, this would result in an additional interest expense for 2021 of SEK 84 (122) million, and affect profit/loss after tax by SEK 66 (96) million and other comprehensive income positively by SEK42 (55) million in 2021. For additional information please refer to Note 24.

The capital amount of outstanding interest rate derivatives on December 31, 2021 amounts to SEK 1.0 (3.9) billion converting variable interest rate to fixed interest rate and EUR 250 million, equivalent to SEK 2.6 billion, converting fixed rate to floating. The cash flows related to outstanding interest rate derivatives are expected to affect the income statement during the remaining duration of the interest rate swaps. The Group will settle the difference between the fixed and floating interest rate on a net basis.

Outstanding interest rate derivatives for cash flow and fair value hedging are presented below.

Note 2 cont.

Hedging instruments

	Average contracted fixed interest rate %		Notional principal value currency million		Change in fair value for recognising hedge ineffectiveness SEK million		Fair value assets (liabilities) SEK million	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	2021	2020	Dec 31, 2021	Dec 31, 2020
Cash flow hedges (SEK)								
Outstanding interest rate swaps Tele2 receives floating and pays fixed interest								
Within 1 year	–	1.71	–	2,900	-2	-39	–	-4
Within 1 to 2 years	–	–	–	–	–	–	–	–
Within 2 to 3 years	0.21	0.21	1,000	1,000	0	–	32	1
Summary of cash flow hedges			**1,000**	**3,900**	**-3**	**-39**	**32**	**-3**
Fair value hedges (EUR)								
Outstanding interest rate swaps Tele2 receives fixed and pays floating interest								
After 5 years	2.13	2.13	250	250	1	1	111	216
Summary of fair value hedges			**250**	**250**	**1**	**1**	**111**	**216**
Total outstanding interest rate derivatives					**-2**	**-38**	**143**	**213**

Hedging item

SEK million	Change in value used for calculating hedge ineffectiveness		Balance in cash flow hedge reserve for continuing hedges	
	2021	2020	Dec 31, 2021	Dec 31, 2020
Variable rate borrowings				
Cash flow hedges (SEK)	34	45	32	1
Fixed rate borrowings				
Fair value hedges (EUR)	4	62	–	–

Liquidity risk

The Group's excess liquidity is invested on a short-term basis or used for loan repayments. Liquidity reserves consist of available cash, undrawn committed credit facilities and committed overdraft facilities. At the end of 2021, the Group had available liquidity reserves of SEK 9.5 (9.5) billion. For additional information please refer to Note 22.

Tele2 transfers the right for payment of certain operating receivables to financial institutions. During 2021 the right of payment transferred to third parties without recourse or remaining credit exposure for Tele2 corresponded to SEK 2,586 (2,244) million and resulted in a positive effect on cash flow.

At present, Tele2 has a credit facility with a syndicate of ten banks maturing in January 2024. The facility amounts to EUR 760 million and was unutilized on December 31, 2021.

Tele2 AB's EUR 5 billion Euro Medium-Term Note (EMTN) Program forms the basis for Tele2's medium- and long-term debt issuance in both international and domestic bond markets. On December 31, 2021 issued bonds under the Program amounted to SEK 21,326 (21,175) million. For additional information please refer to Note 24.

Undiscounted contractual commitments are presented below. The contractual maturity is based on the earliest date on which the Group may be required to pay.

SEK million	Note	Dec 31, 2021				
		Within 1 year	1–3 years	3–5 years	After 5 years	Total
Financial liabilities[1]	24, 29	6,994	11,292	5,863	10,977	35,127
Commitments, other	28	1,268	978	90	78	2,414
Total contractual commitments		**8,262**	**12,270**	**5,954**	**11,055**	**37,541**

SEK million	Note	Dec 31, 2020				
		Within 1 year	1–3 years	3–5 years	After 5 years	Total
Financial liabilities[1]	24, 29	7,127	6,488	11,010	9,538	34,162
Commitments, other	28	2,457	363	72	60	2,952
Total contractual commitments		**9,584**	**6,852**	**11,081**	**9,598**	**37,114**

[1] Including future interest payments. Within 1 year includes derivatives of SEK 22 (222) million.

Note 2 cont.

Credit risk

Tele2's credit risk is mainly associated with accounts receivables, receivables related to sold equipment (handsets), cash and cash equivalents and financial derivatives with a positive mark-to-mark value not included under CSA agreements. The Group regularly assesses its credit risk arising from accounts receivables and receivables related to sold equipment. As the customer base is highly diversified and includes individuals and companies, the exposure and associated overall credit risk is limited. Companies within the Group are entitled to sell overdue receivables to debt collection agencies either as a one-time occasion or on ongoing basis if favourable. The Group makes provisions for expected credit losses, please refer to Note 19.

Maximum credit exposure for accounts receivables amounts to SEK1,796 (1,766) million and receivables related to sold equipment to SEK 1.502 (1,715) million.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparty are banks with high credit-ratings assigned by credible international credit-rating agencies. The Group has entered into ISDA agreements for derivative contracts with all counterpart banks that have derivatives with the Group. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As Tele2 presently does not have legally enforceable right to set off, these amounts have not been offset in the balance sheet. A Credit Support Annex (CSA) has in some cases also been entered into with counterparts. Under CSA agreements the parties agree to exchange collateral corresponding to the market value of outstanding derivatives. Liabilities to financial institutions in the form of cash pledged as collateral to reduce credit risk amounted on December 31, 2021 to SEK 183 (246) million. Maximum credit exposure for liquid funds amounted to SEK 880 (970) million and derivatives to SEK 1 (–) million.

NOTE 3 REVENUE

Revenue per segment

SEK million	2021	2020
Sweden	21,522	21,601
Lithuania	3,028	2,812
Latvia	1,508	1,424
Estonia	850	819
Including internal sales	**26,908**	**26,656**
Internal sales, elimination	-119	-102
Total	**26,789**	**26,554**

Internal sales

SEK million	2021	2020
Sweden	10	6
Lithuania	60	50
Latvia	39	38
Estonia	10	8
Total	**119**	**102**

Revenue by currency is presented in Note 2.

Note 3 cont.

Revenue split per category

Tele2 divides revenue in the following key categories.

SEK million	2021	2020
Sweden Consumer		
End-user service revenue	12,229	12,260
Operator revenue	733	676
Equipment revenue	1,901	1,989
Internal sales	1	0
Total	**14,864**	**14,926**
Sweden Business		
End-user service revenue	3,836	3,889
Operator revenue	97	119
Equipment revenue	1,664	1,684
Internal sales	3	0
Total	**5,600**	**5,692**
Sweden Wholesale		
Operator revenue	1,052	978
Internal sales	6	5
Total	**1,058**	**984**
Lithuania		
End-user service revenue	1,779	1,631
Operator revenue	220	262
Equipment revenue	968	869
Internal sales	60	50
Total	**3,028**	**2,812**
Latvia		
End-user service revenue	958	901
Operator revenue	166	177
Equipment revenue	344	309
Internal sales	39	38
Total	**1,508**	**1,424**
Estonia		
End-user service revenue	546	503
Operator revenue	99	130
Equipment revenue	194	178
Internal sales	10	8
Total	**850**	**819**
Internal sales, elimination	-119	-102
CONTINUING OPERATIONS		
End-user service revenue	**19,349**	**19,184**
Operator revenue	**2,368**	**2,341**
Equipment revenue	**5,072**	**5,029**
TOTAL	**26,789**	**26,554**

Unsatisfied long-term outstanding customer contracts

SEK million	Dec 31, 2021	Dec 31, 2020
Outstanding amount of non-cancellable customer contracts that are (partly) unsatisfied	4,226	4,237

As of December 31, 2021, Tele2 had non-cancellable customer contracts with a duration up to 120 (120) months, which resulted in partly unsatisfied performance obligations at year end. Management expect that 50 (51) percent of the transaction price allocated to the partly unsatisfied contracts as of December 31, 2021 will be recognized as revenue during the year 2022 (2021). 34 (32) percent is expected to be recognized during 2023 (2022) and 16 (17) percent during 2024–2032 (2023–2031).

All usage-based revenue is excluded from this disclosure as that revenue is not fixed in a contract. Tele2 does not include binding revenue with an outstanding contract period of 12 months or less. Since Tele2 does not include all contracts and has primarily cancellable subscriptions, the amount of outstanding unsatisfied performance obligation does not amount to expected revenue for future periods.

NOTE 4 SEGMENT REPORTING

Since the risks in Tele2's operations are mainly linked to the various markets in which the company operates, Tele2 follows up and analyses its business on country level. The segment reporting is in line with the internal reporting to the chief operating decision maker, which is Tele2's Group Leadership Team. For additional information please refer to section Segment reporting in Note 1.

SEK million	2021					
	Sweden	Lithuania	Latvia	Estonia	Internal elimination	Total
Income statement						
External	21,513	2,968	1,469	840	—	26,789
Internal	10	60	39	10	-119	
Revenue	21,522	3,028	1,508	850	-119	26,789
Underlying EBITDAaL	7,756	1,112	592	179	—	9,639
Reversal lease depreciation and interest	1,083	69	45	63	—	1,260
Underlying EBITDA	8,839	1,181	637	242	—	10,900
Acquisition costs						-11
Restructuring cost						-251
Disposal of non-current assets						-40
Other items affecting comparability						-80
Items affecting comparability						-382
EBITDA						10,517
Depreciation/amortization						-5,952
Impairment						0
Result from shares in associated companies and joint ventures						221
Operating profit						4,787
Interest income						18
Interest expense						-458
Other financial items						-40
Income tax						-347
Net profit, continuing operations						3,960
Other information						
Additions to intangible and tangible assets	3,106	175	127	105	—	3,513
Additions to right-of-use assets	1,073	134	49	50	—	1,306

SEK million	2020					
	Sweden	Lithuania	Latvia	Estonia	Internal elimination	Total
Income statement						
External	21,595	2,762	1,387	811	—	26,554
Internal	6	50	38	8	-102	
Revenue	21,601	2,812	1,424	819	-102	26,554
Underlying EBITDAaL	7,468	1,043	556	173	—	9,239
Reversal lease depreciation and interest	1,069	68	43	65	—	1,245
Underlying EBITDA	8,538	1,111	599	237	—	10,484
Acquisition costs						-6
Restructuring cost						-261
Disposal of non-current assets						2,002
Other items affecting comparability						109
Items affecting comparability						1,844
EBITDA						12,329
Depreciation/amortization						-5,259
Impairment						-10
Result from shares in associated companies and joint ventures						311
Operating profit						7,371
Interest income						23
Interest expense						-491
Other financial items						-49
Income tax						378
Net profit, continuing operations						7,233
Other information						
Additions to intangible and tangible assets	2,399	120	104	93		2,717
Additions to right-of-use assets	987	57	72	66		1,182

Note 4 cont.

Acquisition costs

Continuing operations SEK million	2021	2020
Com Hem, Sweden	—	3
Network JO's, Baltics	-11	-6
Other	-0	-2
Acquisition costs[1)]	**-11**	**-6**

1) Reported as other operating expenses.

Restructuring costs

Continuing operations SEK million	2021	2020
Redundancy costs	-114	-120
Other employee and consultancy costs	-81	-69
Exit of contracts and other costs	-57	-73
Restructuring costs	**-251**	**-261**
Reported as:		
- Cost of services provided	-46	-52
- Selling expenses	-105	-130
- Administrative expenses	-100	-79

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

Disposal of non-current assets

Continuing operations SEK million	2021	2020
Closure of projects and systems	-42	—
Recycled translation differences	—	2,033
Other	1	-31
Disposal of non-current assets[2)]	**-40**	**2,002**

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

For further information on the recycled translation differences, please refer to Note 6.

Other items affecting comparability

Continuing operations SEK million	2021	2020
Contract termination fees, Sweden	-20	—
Provision for legal disputes and settlments, Sweden	-20	109
Inventory adjustment, Sweden	-32	—
Other	-8	—
Total	**-80**	**109**
Reported as:		
- Costs of services provided	-20	109
- Selling expenses	-40	—
- Administrative expenses	-20	—

In 2021, other items affecting comparability refer primarily to three one-off items in Sweden affecting the income statement negatively; a one-off fee for contract termination related to the network restructuring, a provision related to a legal dispute referring to transactions with a former business partner to Tele2, and finally a reassessment of legacy inventory values.

In 2020, a provision was released related to a legal dispute in Sweden where we now have reached an agreement.

Non-current assets

SEK million	Dec 31, 2021	Dec 31, 2020
Sweden	54,923	63,149
Lithuania	2,011	1,929
Latvia	2,131	2,112
Estonia	1,101	1,113
Total non-current assets	**60,167**	**68,303**

Non-current assets are based on the geographical location of the assets. These assets include non-current assets other than financial instruments, deferred tax assets, and postemployment benefit assets.

NOTE 5 DEPRECIATION/AMORTIZATION AND IMPAIRMENT

SEK million	2021	2020
By function		
Cost of services provided and equipment sold	-4,696	-4,074
Selling expenses	-313	-317
Administrative expenses	-942	-869
Total depreciation/amortization	**-5,952**	**-5,259**
Cost of services provided and equipment sold	—	-10
Total impairment	**—**	**-10**
Total depreciation/amortization and impairment	**-5,952**	**-5,269**

SEK million	2021	2020
By type of asset		
Amortization of surplus from acquisitions	-1,561	-1,203
Depreciation/amortization of other assets	-3,194	-2,873
Impairment	—	—
Total depreciation/amortization and impairment, intangible and tangible assets	**-4,755**	**-4,076**
Depreciation right-of-use-assets (leases)	-1,197	-1,182
Impairment right-of-use-assets (leases)	—	-10
Total depreciation and impairment, right-of-use-assets (leases)	**-1,197**	**-1,192**
Total depreciation/amortization and impairment	**-5,952**	**-5,269**

NOTE 6 OTHER OPERATING INCOME

SEK million	2021	2020
Sale to joint operations	70	49
Recycled translation differences	—	2,033
Exchange rate gains from operations	31	81
Sale of non-current assets	—	0
Service level agreements, for sold operations	115	198
Other income	5	-11
Total other operating income	**221**	**2,350**

The translation reserve includes all exchange differences arising from the translation of financial statements from foreign operations that have their financial statements in a currency other than the currency in which the Group's financial statements are presented (SEK). As of December 31, 2019 accumulated translation reserves related to the operations in Luxembourg amounted to SEK 3,308 million. Tele2 has gradually reduced its operations in Luxembourg and has completed the shut down of operational activities in its entirety as of Q4 2020. There are no longer any operations or staff left in Luxembourg, and the companies concerned are dormant and Tele2 has divested or otherwise terminated the business carried out through Luxembourg. Furthermore, Tele2 will begin a winding-up process. Against this background, the Luxembourg business was considered to be disposed in Q4 2020 and thus the accumulated translation differences of SEK 3,313 million relating to those activities were recycled to the income statement of which SEK 2,033 million is included in Other operating income and SEK 1,280 million in Income tax.

NOTE 7 OTHER OPERATING EXPENSES

SEK million	2021	2020
Exchange rate loss from operations	-34	-56
Acquisition costs (Note 4)	-11	-6
Sale/scrapping of non-current assets	-41	-31
Service level agreements, for sold operations	-43	-100
Other expenses	-0	-0
Total other operating expenses	**-130**	**-193**

NOTE 8 INTEREST INCOME

SEK million	2021	2020
Interest, penalty interest	10	9
Interest, other receivables	8	14
Total interest income	**18**	**23**

All interest income is for financial assets reported at amortized cost. Interest income related to impaired financial assets, such as accounts receivable, are not significant.

NOTE 9 INTEREST EXPENSES

SEK million	2021	2020
Interest, financial institutions and similar liabilities	-400	-382
Interest, leases (Note 29)	-63	-63
Interest, other interest-bearing liabilities	-1	-31
Interest, penalty interest	6	-14
Total interest costs	**-458**	**-491**

All interest costs refer to financial instruments not valued at fair value through the income statement, except for interest costs related to derivatives amounting to SEK 30 (21) million.

NOTE 10 TAXES

Tax expense/income

SEK million	2021	2020
Current tax expense, on profit/loss current year	-910	-932
Current tax expense/income, on profit prior periods	425	22
Current tax expense	**-485**	**-911**
Deferred tax expense/income	138	1,289
Total tax on profit for the year	**-347**	**378**

Theoretical tax expense

The difference between recorded tax expense for the Group and the tax expense based on prevailing tax rates in each country consists of the below listed components.

SEK million	2021		2020	
Profit before tax	4,307		6,855	
Theoretical tax expense/income				
Theoretic tax according to prevailing tax rate in each country	-838	-19.5%	-1,441	-21.0%
Tax effect of				
Result from associated companies	56	1.3%	78	1.1%
Write down of Goodwill	-0	0.0%	-0	0.0%
Recycled translation differences Luxembourg	—	—	1,715	25.0%
Effect from changes in not recognized tax on loss-carry forwards and temporary differences	—	—	22	0.3%
Interest costs	0	0.0%	-18	-0.3%
Adjustment due to changed tax rate	—	—	-14	-0.2%
Adjustment of tax liabilities from previous years	425	9.9%	22	0.3%
Other items	10	0.2%	14	0.2%
Tax expense/income and effective tax rate for the year	**-347**	**-8.1%**	**378**	**5.5%**

Note 10 cont.

The theoretical tax rate was 19.5 (21.0) percent. In 2020, the effective tax rate was positively affected with SEK 1 715 million by recycled translation differences related to the closure of the Luxembourg business. Please refer to Note 6 for more information.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items.

SEK million	Dec 31, 2021	Dec 31, 2020
Unutilized loss carry-forwards	29	38
Tangible and intangible assets	49	54
Receivables	20	62
Liabilities	43	53
Pensions	70	84
Total deferred tax assets	**210**	**292**
Netted against deferred liabilities	-47	-47
Total deferred tax assets according to the balance sheet	**164**	**245**
Intangible assets	-2,418	-2,709
Tangible assets	-567	-668
Tax allocation reserve	-916	-708
Liabilities	-266	-272
Total deferred tax liabilities	**-4,167**	**-4,358**
Netted against deferred assets	47	47
Total deferred tax liabilities according to the balance sheet	**-4,120**	**-4,311**
Net of deferred tax assets and tax liabilities	**-3,957**	**-4,066**

SEK -2,578 (–2,904) million of the deferred tax liabilities are related to fair value adjustments from acquisitions. The movement in deferred income tax assets and liabilities during the year is as follows.

SEK million	2021			
	Loss carry forwards	Temporary differences DTA	Temporary differences DTL	Total
Deferred tax assets/-liabilities as of January 1	**38**	**207**	**-4,311**	**-4,066**
Netted against deferred liabilities, opening balance	—	47	-47	—
Reported in income statement	-9	-49	196	138
Reported in other comprehensive income	—	-30	—	-30
Reported in equity	—	7	—	7
Exchange rate differences	—	0	-6	-6
Netted against deferred liabilities	—	-47	47	—
Deferred tax assets/-liabilities as of December 31	**29**	**135**	**-4,120**	**-3,957**

SEK million	2020			
	Loss carry forwards	Temporary differences DTA	Temporary differences DTL	Total
Deferred tax assets/-liabilities as of January 1	**74**	**256**	**-4,360**	**-4,030**
Netted against deferred liabilities, opening balance	—	47	-47	—
Assets classified as held for sale	-28	-11	—	-40
Reported in income statement	-9	1,253	45	1,289
Reported in other comprehensive income	—	-1,296	-5	-1,301
Reported in equity	—	5	—	5
Acquired companies	—	—	-1	-1
Exchange rate differences	0	2	10	12
Netted against deferred liabilities	—	-47	47	—
Deferred tax assets/-liabilities as of December 31	**37**	**208**	**-4,311**	**-4,066**

Note 10 cont.

Tax loss carry-forwards

The Group's total tax loss carry-forwards as of December 31, 2021 were SEK 4,285 (9,344) million, for which deferred tax assets of SEK 139 (177) million were recognized and the remaining part, SEK 4,146 (9,167) million, were not recognized. The not recognized part is mainly related to the now closed down operation in Luxembourg. Total tax loss carry-forwards expires according to below.

SEK million	Recognized		Not recognized		Total	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Expires in five years	—	—	—	—	—	—
With expiration date	**—**	**—**	**—**	**—**	**—**	**—**
No expiration date	139	177	4,146	9,167	4,285	9,344
Total tax loss carry forwards	**139**	**177**	**4,146**	**9,167**	**4,285**	**9,344**

SEK million	Dec 31, 2021	Dec 31, 2020
Companies reported a profit this year and previous year	164	245
Companies reported a profit this year but a loss the previous year	—	—
Total deferred tax assets	**164**	**245**

Deferred tax assets were reported for deductible temporary differences and tax loss carry-forwards to the extent convincing evidence showed that these can be utilized against future taxable profits.

Tax disputes

The Swedish Tax Agency has previously denied Tele2 deductions for interest expenses on intercompany loans for the years 2013-2018. While Tele2 has appealed the decisions, a provision has historically been made for the full amount. Following rulings by the Supreme Administrative Court and the Administrative Court of Appeal in Stockholm, the Swedish Tax Agency has endorsed Tele2's claims for interest deductions for the years 2013-2018. Tele2 decided to release the total provision of SEK 371 million in 2021.

Accordingly, Tele2s position is that interest expenses on intercompany loans for the year 2019 are also deductible. Tele2 has now hence requested the 2019 tax returns to be reconsidered, with a positive tax impact of SEK 53 million reported in the income statement 2021.

Tele2 has an ongoing tax dispute regarding costs related to the establishment of Tele2's previously jointly owned company in Kazakhstan. Please refer to Note 33 for more details.

NOTE 11 INTANGIBLE ASSETS

SEK million	Dec 31, 2021						
	Utilization rights, trademarks and software	Licenses including frequencies	Customer agreements	Construction in progress	Total other intangible assets	Goodwill	Total
Cost at January 1	**12,421**	**3,069**	**10,164**	**684**	**26,338**	**30,304**	**56,641**
Additions	5	333	—	989	1,327	—	**1,327**
Disposals	-136	-22	—	-20	-177	—	**-177**
Reclassification	874	52	—	-895	31	—	**31**
Exchange rate differences	3	10	1	0	14	56	**71**
Total cost	**13,167**	**3,442**	**10,166**	**758**	**27,533**	**30,360**	**57,893**
Accumulated amortization at January 1	**-4,572**	**-1,596**	**-2,630**	**—**	**-8,799**	-0	**-8,799**
Amortization	-1,558	-238	-988	—	-2,784	-0	**-2,784**
Disposals	114	20	—	—	134	—	**134**
Exchange rate differences	-2	-6	-1	—	-9	—	**-9**
Total accumulated amortization	**-6,018**	**-1,820**	**-3,619**	**—**	**-11,457**	-0	**-11,458**
Accumulated impairment at January 1	**-269**	**—**	**-1**	**—**	**-270**	**-652**	**-922**
Exchange rate differences	—	—	—	—	—	-12	**-12**
Total accumulated impairment	**-269**	**—**	**-1**	**—**	**-270**	**-664**	**-934**
Total intangible assets	**6,880**	**1,622**	**6,546**	**758**	**15,806**	**29,695**	**45,501**

Of the total 2021 additions in intangible assets, SEK 602 (491) million consist of internally generated intangibles. Internally generated intangible assets and construction in progress mainly consists of internal IT development and software projects.

Note 11 cont.

SEK million	Note	Dec 31, 2020						
		Utilization rights, trademarks and software	Licenses including frequencies	Customer agreements	Construction in progress	Total other intangible assets	Goodwill	Total
Cost at January 1		12,005	2,947	10,167	548	25,666	32,002	57,669
Cost for assets classified as held for sale	33	-316	—	—	—	-316	-1,581	**-1,897**
Acquisitions through business combinations		—	6	—	—	6	—	**6**
Additions		7	0	—	1,074	1,082	—	**1,082**
Disposals		-144	-5	—	-17	-166	—	**-166**
Reclassification		875	141	—	-921	95	—	**95**
Exchange rate differences		-6	-20	-3	-0	-30	-118	**-147**
Total cost		12,421	3,069	10,164	684	26,338	30,304	56,641
Accumulated amortization at January 1		-3,962	-1,390	-1,645	—	-6,996	-0	-6,996
Accumulated amortization for assets classified as held for sale	33	312	—	—	—	312	—	**312**
Amortization		-1,048	-224	-988	—	-2,260	-0	**-2,260**
Disposals		123	5	—	—	128	—	**128**
Exchange rate differences		3	12	3	—	18	—	**18**
Total accumulated amortization		-4,572	-1,596	-2,630	—	-8,799	-0	-8,799
Accumulated impairment at January 1		-273	—	-1	—	-274	-2,259	-2,532
Accumulated impairment for assets classified as held for sale	33	4	—	—	—	4	1,581	**1,585**
Exchange rate differences		—	—	—	—	—	25	**25**
Total accumulated impairment		-269	—	-1	—	-270	-652	-922
Total intangible assets		7,579	1,472	7,534	684	17,269	29,651	46,921

Goodwill and other intangible assets with indefinite useful life

In connection with the acquisition of operations, goodwill is allocated to the cash generating units that are expected to receive future financial benefits, such as synergies, as a result of the acquired operations. In the event that separate cash generating units cannot be identified, goodwill is allocated to the lowest level at which the operation and its assets are controlled and monitored internally, which is on operating segment level.

In addition to goodwill, the Com Hem brand was previously assessed to have an indefinite useful life. This asset originates from the merger with Com Hem in 2018. However, 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 facts 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 2021, the initiated amortization had a negative impact on operating profit and net result of SEK 359 million and SEK 285 million respectively.

Cash generating units and operating segments SEK million	Goodwill		Com Hem Trademark	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Sweden	27,315	27,315	5,024	5,383
Lithuania	864	848	—	—
Latvia	1,238	1,215	—	—
Estonia	278	273	—	—
Total	29,695	29,651	5,024	5,383

In 2021, the useful life of Com Hem trademark was reassessed from indefinite to definite.

Goodwill impairment test

Tele2 tests goodwill and other intangible assets with indefinite useful lives for impairment annually, by comparing the carrying amount with the recoverable value for the cash generating units to which these assets are allocated. The recoverable value of the respective cash generating unit is based on the higher of estimated value in use and fair value less costs of disposal. For all cash generating units the recoverable values have been determined based on value in use. The Com Hem trademark is tested for impairment as an integrated part of this process, since cashflows derived from the trademark cannot be separated from other cashflows in the cash generating unit. The key assumptions used in the calculations of values in use are growth rates, profit margins, investment levels and discount rates. The expected revenue growth rates, profit margins and investment levels are based on sector data as well as management's assessment of market-specific risks and opportunities, including expected changes in competition, the business model used by Tele2 and the regulatory environment. The discount rate takes into account the prevailing interest rates and specific risk factors in a particular cash generating unit. The discount rate post tax (WACC) varies between 7 and 9 (7 and 10) percent. Tele2 calculates future cash flows based on the most recent three-year plan. For the period after this, annual growth of 0 to 2 (0 to 2) percent is assumed. These rates do not exceed the average long-term growth for the sector as a whole nor do they exceed the expected long term GDP growth rates in the markets. In 2021, no goodwill impairment was recognized.

Note 11 cont.

Changes to assumptions

In 2020 and 2021 we have considered the pandemic impact in the valuation of our operations. Even if the pandemic added some short term uncertainty, we see that our business model is highly resilient, and the importance of the services we provide is greater than ever before. Accordingly, we concluded that the pandemic did not trigger any impairment.

The value in use calculations are based on the following assumptions per operating segment:

Assumptions SEK million	WACC post tax		Forecast period, in years		Growth rate after the forecast period	
	2021	2020	2021	2020	2021	2020
Sweden	7%	7%	3	3	0%	0%
Lithuania	9%	9%	3	3	2%	2%
Latvia	9%	9%	3	3	2%	2%
Estonia	9%	10%	3	5	2%	2%

Management judges that no changes within reason to important parameters will trigger an impairment.

NOTE 12 TANGIBLE ASSETS

SEK million	Dec 31, 2021					
	Buildings	Equipment and installations	Construction in progress	Total other tangible assets	Machinery and technical plant	Total
Cost at January 1	232	1,207	957	2,396	19,162	21,557
Additions	4	13	1,420	1,437	749	2,186
Dismantling cost	—	—	—	—	67	67
Disposals	-1	-12	-0	-13	-543	-556
Reclassification	0	60	-794	-734	702	-31
Exchange rate differences	4	7	3	14	74	88
Total cost	240	1,274	1,586	3,100	20,211	23,311
Accumulated depreciation at January 1	-182	-963	-2	-1,147	-12,530	-13,676
Depreciation	-9	-122	-5	-136	-1,834	-1,971
Disposals	1	11	—	12	550	561
Exchange rate differences	-3	-5	-0	-9	-49	-58
Total accumulated depreciation	-194	-1,079	-7	-1,279	-13,864	-15,144
Accumulated impairment at January 1	—	—	-2	-2	-339	-341
Exchange rate differences	—	—	-0	-0	-2	-2
Total accumulated impairment	—	—	-2	-2	-341	-343
Total tangible assets	46	195	1,578	1,819	6,006	7,825

SEK million	Note	Dec 31, 2020					
		Buildings	Equipment and installations	Construction in progress	Total other tangible assets	Machinery and technical plant	Total
Cost at January 1		232	1,361	753	2,346	21,001	23,347
Cost for assets classified as held for sale	33	-0	-197	-1	-199	-184	-382
Additions		10	18	1,129	1,157	478	1,635
Dismantling cost		—	—	—	—	-18	-18
Disposals		-1	-28	-0	-29	-2,721	-2,750
Reclassification		0	67	-921	-853	758	-95
Exchange rate differences		-9	-13	-5	-27	-152	-179
Total cost		232	1,207	957	2,396	19,162	21,557
Accumulated depreciation at January 1		-180	-1,054	-1	-1,235	-13,868	-15,103
Accumulated depreciation for assets classified as held for sale	33	0	197	—	198	184	381
Depreciation		-10	-144	-1	-155	-1,662	-1,816
Disposals		1	27	—	28	2,716	2,744
Exchange rate differences		7	11	-0	18	100	118
Total accumulated depreciation		-181	-963	-2	-11,467	-12,530	-13,676
Accumulated impairment at January 1		—	—	-2	-2	-342	-344
Exchange rate differences		—	—	0	0	3	3
Total accumulated impairment		—	—	-2	-2	-339	-341
Total tangible assets		50	244	953	1,247	6,292	7,540

NOTE 13 RIGHT-OF-USE ASSETS

Tele2's leases consist mainly of lease of sites and base stations (including land), leased lines, premises, vehicles and other equipment, please refer to Note 29 for more information on leases.

SEK million	Note	Dec 31, 2021				
		Rent of space	Sites and base stations	Leased lines	Equipment	Total
Cost at January 1		**1,016**	**2,742**	**4,008**	**123**	**7,889**
Additions		201	434	646	25	1,306
Other adjustments		-32	-59	-183	-27	-300
Exchange rate differences		4	14	6	0	24
Total cost		**1,189**	**3,130**	**4,477**	**122**	**8,917**
Accumulated depreciation at January 1		**-269**	**-784**	**-1,423**	**-54**	**-2,530**
Depreciation		-139	-393	-627	-39	-1,197
Other adjustments		19	46	143	23	231
Exchange rate differences		-2	-4	-2	-0	-8
Total accumulated depreciation		**-390**	**-1,135**	**-1,909**	**-70**	**-3,504**
Accumulated impairment at January 1		-2	-7	—	—	-9
Other adjustments		1	—	2	—	3
Total accumulated impairment		**-0**	**-7**	**2**	**—**	**-5**
Total right-of-use assets	29	**799**	**1,987**	**2,570**	**52**	**5,408**

SEK million	Note	Dec 31, 2020				
		Rent of space	Sites and base stations	Leased lines	Equipment	Total
Cost at January 1		**1,012**	**2,472**	**3,672**	**85**	**7,240**
Cost for assets classified as held for sale	33	-6	—	—	—	-6
Additions		75	384	665	58	1,182
Other adjustments		-58	-87	-317	-19	-481
Exchange rate differences		-7	-27	-12	-1	-47
Total cost		**1,016**	**2,742**	**4,008**	**123**	**7,889**
Accumulated depreciation at January 1		**-163**	**-401**	**-933**	**-30**	**-1,528**
Accumulated depreciation for assets classified as held for sale		1	—	—	0	1
Depreciation		-155	-408	-580	-40	-1,182
Other adjustments		45	18	86	15	164
Exchange rate differences		3	7	4	0	15
Total accumulated depreciation		**-269**	**-784**	**-1,423**	**-54**	**-2,530**
Impairment		-3	-7	—	—	-10
Other adjustments		1	—	—	—	1
Total accumulated impairment		**-2**	**-7**	**—**	**—**	**-9**
Total right-of-use assets	29	**745**	**1,950**	**2,585**	**69**	**5,349**

NOTE 14 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

Total operations SEK million	2021	2020
Acquisitions		
Other minor acquisitions	—	-6
Total acquisition of shares and participations	**—**	**-6**
Divestments		
Tele2 Switzerland	209	—
Tele2 Croatia	—	2,039
Tele2 Germany	93	-39
Earn out settlement Tele2 Austria	—	99
Other minor divestments	—	6
Total sale of shares and participations	**302**	**2,104**
Total cash flow effect	**302**	**2,098**

Acquisitions

No acquisitions were made during 2021.

Divestments

Proceeds from Tele2 Germany in 2021 refer to the earnout arrangement, which was part of the divestment in 2020. In 2021, a payment was also received from Swisscom, related to a settled dispute, attached to Tele2s former operation in Switzerland. For further information, see Note 33 Discontinued operations.

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. Cash proceeds from the transaction of approximately EUR 860 million are expected.

NOTE 15 ASSOCIATED COMPANIES AND JOINT VENTURES

SEK million	Holding		Book value of shares		Result from shares	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	2021	2020
T-Mobile Netherlands Holding B.V., the Netherlands	25%	25%	7,366	7,011	221	313
Other associated companies and joint ventures	—	—	7	7	-0	-2
Reclassified to assets held for sale	—	—	-7,366	7	—	-2
Total associated companies and joint ventures	**—**	**—**	**7**	**7,018**	**221**	**311**

Tele2 has one material associated company, T-Mobile Netherlands Holding B.V., in which Tele2's ownership, voting power as well as consolidated share is 25 (25) percent. The shares were acquired as part of the divestment of Tele2 Netherlands in 2019. 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 Assets held for sale. Cash proceeds from the transaction of approximately EUR 860 million are expected.

Shares in associated companies and joint ventures

SEK million	Dec 31, 2021	Dec 31, 2020
Cost at January 1	7,018	6,983
Investments	—	2
Share of profit for the year	221	313
Impairment of investments	—	-2
Reclassified to assets held for sale	-7,366	—
Exchange rate differences	134	-278
Total shares in associated companies and joint ventures	**7**	**7,018**

Extracts from the income statements of associated companies and joint ventures

SEK million	T-Mobile, Netherlands		Other	
	2021	2020	2021	2020
Revenue	21,011	20,406	51	71
Net profit	1,769	2,166	0	-1
Reconciliation of the above summarised financial information the Group's share recognised in the consolidated income statement:				
Net profit of associated companies and joint ventures	1,769	2,166	0	-1
Proportion of the Group's share	442	541	0	0
Amortization of acquisition fair value adjustments, net of tax	-221	-229	—	—
Impairment of investments	—	—	-2	-2
Group's share of total income from associated companies and joint ventures	**221**	**313**	**-2**	**-2**

Extracts from the balance sheet of associated companies and joint ventures

SEK million	T-Mobile, Netherlands		Other	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Intangible assets	13,808	15,013	—	—
Tangible assets	7,182	6,983	0	0
Right-of-use assets	7,627	2,570	—	—
Financial assets	9	148	—	—
Deferred tax assets	4,294	4,141	—	—
Current assets	8,428	7,891	24	46
Total assets	**41,349**	**36,746**	**24**	**46**
Equity	14,235	12,221	20	19
Non-current liabilities	20,575	16,462	1	1
Current liabilities	6,539	8,063	4	27
Total equity and liabilities	**41,349**	**36,746**	**24**	**46**
Reconciliation of the above summarised financial information to the carrying amount of the interest recognised in the consolidated balance sheet:				
Net assets of associated companies and joint ventures	14,235	12,221	20	19
Proportion of the Group's ownership	3,559	3,055	7	7
Goodwill	2,274	2,232	—	—
Other surplus values net of tax	1,533	1,723	—	—
Accumulated impairment	—	—	—	—
Carrying amount of the Group's interest in associated companies and joint ventures	**7,366**	**7,011**	**7**	**7**

NOTE 16 OTHER FINANCIAL ASSETS

SEK million	Dec 31, 2021	Dec 31, 2020
Receivable from sold equipment	564	596
Pension funds	182	132
Non-current holdings of securities	9	9
Other long-term receivables	2	—
Total other financial assets	**758**	**737**

Receivable from sold equipment consists of instalment which is referring to equipment sold, such as handsets and other equipment. The equipment has been supplied to the customer and revenue has been recognized. None of these receivables were due on the closing date. When the invoicing occurs, the amount invoiced is transferred from receivable from sold equipment to accounts receivable. The item also consists of effects of the time difference between when the performance obligation is satisfied and revenue recognized for the goods or service and the payments to be received. The contract asset arises due to sales of bundles. For information regarding loss allowance please refer to Note 19.

TELE2

Note 16 cont.

SEK million	Holding (capital/votes)	Dec 31, 2021	Dec 31, 2020
Estonian Broadband Development Foundation, Estonia	12.5%	1	1
TMPL Solutions AB, Sweden	10.5%	8	8
Total non-current securities		**9**	**9**

NOTE 17 CAPITALIZED CONTRACT COSTS

SEK million	Dec 31, 2021	Dec 31, 2020
Cost at January 1	**493**	**374**
Additions	592	598
Expensed contract costs	-580	-479
Total capitalized contract costs December 31	**505**	**493**

Expensed contract costs consist of amortized capitalized contract costs. Amortization is recognized as an operating cost, in order for this cost to be reflected in the operational business.

NOTE 18 INVENTORIES

SEK million	Dec 31, 2021	Dec 31, 2020
Finished products and goods for resale	727	802
Other	42	22
Total inventories	**769**	**824**

Tele2's inventories mainly consist of mobile phones , fixed broadband routers, digital TV boxes and IT & Network hardware. In 2021 inventories were expensed by SEK 4,868 (5,040) million.

NOTE 19 ACCOUNTS RECEIVABLE

SEK million	Dec 31, 2021	Dec 31, 2020
Gross carrying amount	1,934	1,900
Loss allowance	-138	-133
Total accounts receivable, net	**1,796**	**1,766**

SEK million	Dec 31, 2021	Dec 31, 2020
Loss allowance at January 1	**133**	**153**
Assets classified as held for sale	–	-2
Companies acquired during the year	–	-1
Net change in loss allowance	2	-12
Exchange rate differences	2	-5
Total reserve for loss allowance	**138**	**133**

Receivable from sold equipment

SEK million	Note	Dec 31, 2021	Dec 31, 2020
Gross carrying amount		1,544	1,755
Loss allowance		-42	-40
Total receivable from sold equipment, net		**1,502**	**1,715**
of which non-current	16	564	596
of which current	20	938	1,119

SEK million	Dec 31, 2021	Dec 31, 2020
Loss allowance at January 1	**40**	**39**
Net change in loss allowance	2	0
Total reserve for loss allowance	**42**	**40**

Loss allowance

SEK million	Dec 31, 2021					
		Past due				
	Not due	1–30 days	31–60 days	61–90 days	> 90 days	Total
Accounts receivable						
Consumer						
Expected credit loss rate	0.86%	1.70%	7.31%	11.92%	55.50%	**10.81%**
Gross carrying amount	480	189	24	13	147	**853**
Loss allowance	-4	-3	-2	-2	-82	**-92**
Business						
Expected credit loss rate	0.32%	1.54%	5.74%	22.06%	71.82%	**4.21%**
Gross carrying amount	959	53	11	2	56	**1,081**
Loss allowance	-3	-1	-1	-1	-41	**-46**
Total loss allowance accounts receivable	**-7**	**-4**	**-2**	**-2**	**-122**	**-138**
Receivable from sold equipment						
Consumer						
Expected credit loss rate	2.93%	–	–	–	–	**2.93%**
Gross carrying amount	1,104	–	–	–	–	**1,104**
Loss allowance	-32	–	–	–	–	**-32**
Business						
Expected credit loss rate	2.13%	–	–	–	–	**2.13%**
Gross carrying amount	440	–	–	–	–	**440**
Loss allowance	-9	–	–	–	–	**-9**
Total loss allowance receivables from sold equipment	**-42**	**–**	**–**	**–**	**–**	**-42**

When the receivable from sold equipment is invoiced, it is reclassified to accounts receivable.

Note 19 cont.

SEK million	Dec 31, 2020					
		Past due				
	Not due	1–30 days	31–60 days	61–90 days	>90 days	Total
Accounts receivable						
Consumer						
Expected credit loss rate	0.93%	1.81%	3.91%	5.27%	42.85%	**9.93%**
Gross carrying amount	482	138	29	22	174	**845**
Loss allowance	-5	-2	-1	-1	-75	**-84**
Business						
Expected credit loss rate	0.82%	1.70%	4.57%	17.27%	56.21%	**4.70%**
Gross carrying amount	874	61	42	9	67	**1,054**
Loss allowance	-7	-1	-2	-2	-38	**-50**
Total loss allowance accounts receivable	**-12**	**-4**	**-3**	**-3**	**-112**	**-133**
Receivable from sold equipment						
Consumer						
Expected credit loss rate	2.24%	—	—	—	—	**2.24%**
Gross carrying amount	1,366	—	—	—	—	**1,366**
Loss allowance	-31	—	—	—	—	**-31**
Business						
Expected credit loss rate	2.30%	—	—	—	—	**2.30%**
Gross carrying amount	389	—	—	—	—	**389**
Loss allowance	-9	—	—	—	—	**-9**
Total loss allowance receivables from sold equipment	**-40**	**—**	**—**	**—**	**—**	**-40**

NOTE 20 OTHER CURRENT RECEIVABLES

SEK million	Dec 31, 2021	Dec 31, 2020
Receivable from sold equipment	938	1,119
Receivable on Net4Mobility, joint operation in Sweden	305	214
Receivable on Svenska UMTS-nät, joint operation in Sweden	16	6
Receivable on suppliers	—	54
Derivatives	275	217
VAT receivable	32	76
Current tax receivables	3	141
Other	51	29
Total other current receivables	**1,620**	**1,856**

For information regarding receivable from sold equipment, please refer to Note 16. For information regarding loss allowance, please refer to Note 19. For further information on derivatives, please refer to Note 2.

NOTE 21 PREPAID EXPENSES AND ACCRUED INCOME

SEK million	Dec 31, 2021	Dec 31, 2020
Rental costs	414	376
Frequency usage	3	3
Other prepaid expenses	190	172
Total prepaid expenses	**607**	**551**
Customers	593	606
Other telecom operators	307	322
Other accrued income	55	73
Total accrued income	**955**	**1,001**
Total prepaid expenses and accrued income	**1,562**	**1,552**

SEK 33 (30) million of accrued income is estimated to be paid more than 12 months after the closing date.

NOTE 22 CASH AND CASH EQUIVALENTS AND UNUTILIZED OVERDRAFT FACILITIES

SEK million	Dec 31, 2021	Dec 31, 2020
Cash and cash equivalents	880	970
Unutilized overdraft facilities and credit lines	8,590	8,560
Total available liquidity	**9,470**	**9,530**

SEK million	Dec 31, 2021	Dec 31, 2020
Overdraft facilities granted	817	948
Overdraft facilities utilized	—	-16
Total unutilized overdraft facilities	**817**	**932**
Unutilized credit lines	7,772	7,629
Total unutilized overdraft facilities and credit lines	**8,590**	**8,560**

Tele2's share of liquid funds in joint operations, for which Tele2 has limited disposal rights, amounted at December 31, 2021 to SEK 43 (36) million and was included in the Group's cash and cash equivalents.

No specific collateral is provided for overdraft facilities or unutilized credit lines.

Exchange rate difference in cash and cash equivalents

SEK million	Dec 31, 2021	Dec 31, 2020
Exchange rate differences in cash and cash equivalents at January 1	1	-7
Exchange rate differences in cash flow for the year	-103	-1
Total exchange rate differences in cash and cash equivalents for the year	**-102**	**-7**

NOTE 23 SHARES, EQUITY AND APPROPRIATION OF PROFIT

Number of shares

	A shares	B shares	C shares	Total
As of January 1, 2020	**22,597,645**	**665,844,952**	**1,899,000**	**690,341,597**
Reclassification of A shares to B shares	-39,305	39,305	—	—
Reclassification of C shares to B shares	—	1,899,000	-1,899,000	—
As of December 31, 2020	**22,558,340**	**667,783,257**	**—**	**690,341,597**
New share issue	—	—	2,480,000	2,480,000
Reclassification of A shares to B shares	-6,177	6,177	—	—
Total number of shares as of December 31, 2021	**22,552,163**	**667,789,434**	**2,480,000**	**692,821,597**

	Dec 31, 2021	Dec 31, 2020
Total number of shares	692,821,597	690,341,597
Number of treasury shares	-2,912,106	-1,714,023
Number of outstanding shares	**689,909,491**	**688,627,574**
Number of shares, weighted average	689,463,621	688,392,123
Number of shares after dilution	693,458,249	692,609,831
Number of shares after dilution, weighted average	693,182,102	691,924,160

At December 31, 2021, Tele2 had 99,785 known shareholders. Kinnevik AB owned as of December 31, 2021, 27.1 percent of the capital and 41.9 percent of the voting rights. No other shareholder owned, directly or indirectly, more than 10 percent of the shares in Tele2. The 10 largest single shareholders represented 46.6 percent of the share capital and 57.0 percent of the votes.

In Q1 2021 6,177 of class A shares were reclassified into class B.

In Q1 and Q3 2020, 20,517 and 18,788 respectively of class A shares were reclassified into class B shares.

The share capital in Tele2 AB is divided into three classes of shares: Class A, B and C shares. All types of shares have a par value of SEK 1.25 per share and Class A and B shares have the same rights in the company's net assets and profits while Class C shares are not entitled to dividend. Shares of Class A entitle the holder to 10 voting rights per share and Class B and C shares to one voting right per share.

There are no limitations regarding how many votes each shareholder may vote for at general meetings of shareholders. The Articles of Association make no stipulation that limits the right to transfer the shares.

In the case of a bid for all shares or a controlling part of the shares in Tele2, the financing facilities may be accelerated and due for immediate repayment. In addition, some other agreements may be terminated.

Number of treasury shares

	B shares	C shares	Total
As of January 1, 2020	512,044	1,899,000	2,411,044
Reclassification of C shares to B shares	1,899,000	-1,899,000	—
Delivery of own shares under LTI program	-683,346	—	-683,346
Delivery of own shares under LTI program, early vesting	-13,675	—	-13,675
As of December 31, 2020	**1,714,023**	**—**	**1,714,023**
New share issue	—	2,480,000	2,480,000
Delivery of own shares under LTI program	-1,200,672	—	-1,200,672
Delivery of own shares under LTI program, early vesting	-81,245	—	-81,245
Total number of treasury shares as of December 31, 2021	**432,106**	**2,480,000**	**2,912,106**

Number of treasury shares amount to 0.4 (0.2) percent of the share capital. As a result of share rights in the LTI 2018 and LTI 2019 (2020: LTI 2017) being exercised on April 29, 2021. Tele2 delivered 1.200.672 (May 4, 2020 683.346) B-shares in treasury shares to the participants in the LTI 2018 program. In addition, as a result of early vesting of the LTI 2019 being exercised in 2021, Tele2 delivered 81.245 (13.675) B-shares in treasury shares to some of the participants in the program.

Outstanding share rights

	Dec 31, 2021	Dec 31, 2020
Incentive program 2021-2024 (LTI 2021)	1,414,817	—
Incentive program 2020-2023 (LTI 2020)	1,142,715	1,499,975
Incentive program 2019-2022 (LTI 2019)	991,226	1,313,475
Incentive program 2018-2021 (LTI 2018)	—	1,168,807
Total number of outstanding share rights	**3,548,758**	**3,982,257**

Further information regarding Incentive program is provided in Note 31.

Number of shares after dilution

	Dec 31, 2021	Dec 31, 2020
Total number of shares	692,821,597	690,341,597
Number of treasury shares	-2,912,106	-1,714,023
Number of outstanding shares, basic	**689,909,491**	**688,627,574**
Number of outstanding share rights	3,548,758	3,982,257
Total number of shares after dilution	**693,458,249**	**692,609,831**

Note 23 cont.

Earnings per share

Total operation	Earnings per share 2021	Earnings per share 2020	Earnings per share, after dilution 2021	Earnings per share, after dilution 2020
Net profit attributable to equity holders of the parent company (SEK million)	4,306	7,408	4,306	7,408
Weighted average number of outstanding shares	689,463,621	688,392,123	689,463,621	688,392,123
Incentive program 2021-2024	–	–	895,722	
Incentive program 2020-2023	–	–	1,304,582	875,065
Incentive program 2019-2022	–	–	1,131,605	1,308,458
Incentive program 2018-2021	–	–	386,572	1,111,453
Incentive program 2017-2020	–	–	–	237,061
Weighted average number of share rights	–	–	**3,718,481**	**3,532,037**
Weighted average number of outstanding shares after dilution	–	–	**693,182,102**	**691,924,160**
Earnings per share, SEK	6.25	10.76	6.21	10.71

Proposed appropriation of profit

The Board proposes that, from the SEK 39,176,667,841 at the disposal of the Annual General Meeting, an ordinary dividend of SEK 6,75 per share should be paid to shareholders in two tranches in May and October 2022, corresponding to SEK 4,656,889,064 on December 31, 2021. Tele2's Board of Directors also proposes an extraordinary dividend of SEK 13 per share, corresponding to SEK 8,968,823,383 on December 31, 2021, subject to timely closing i.e. receival of cash proceeds from the announced T-Mobile Netherlands divestment, to be paid in connection with the first tranche of the ordinary dividend in May, 2022. The remaining amount, SEK 25,550,955,394, should be carried forward.

Based on this annual report, the consolidated financial statements and other information which has become available, the Board has considered all aspects of the parent company's and the Group's financial position. This evaluation has led the Board to the conclusion that the dividend is justifiable in view of the requirements that the nature and scope of and risks involved in Tele2's operations have on the size of the company's and the Group's equity as well as on its consolidation needs, liquidity and financial position in general.

For information regarding dividend policy please refer to Note 2.

NOTE 24 FINANCIAL LIABILITIES

SEK million	Dec 31, 2021	Dec 31, 2020
Liabilities to financial institutions and similar liabilities	25,173	24,669
Lease liabilities	5,414	5,327
Other interest-bearing liabilities	250	460
Total interest-bearing financial liabilities	**30,837**	**30,455**
Accounts payable	2,007	1,739
Other non-interest-bearing liabilities	616	346
Total non-interest-bearing financial liabilities	**2,622**	**2,085**
Total financial liabilities	**33,459**	**32,540**

Financial risk management and financial instruments are presented in Note 2.

Financial liabilities fall due for payment according as follows:

SEK million	Dec 31, 2021 Nominal value	Dec 31, 2021 Recorded value	Dec 31, 2020 Nominal value	Dec 31, 2020 Recorded value
Within 3 months	3,069	3,065	2,820	2,813
Within 3–12 months	3,605	3,594	3,987	3,985
Within 1–2 years	2,822	2,765	3,323	3,267
Within 2–3 years	7,933	7,889	2,629	2,597
Within 3–4 years	3,176	3,146	6,366	6,342
Within 4–5 years	2,304	2,285	4,260	4,245
Within 5–10 years	10,505	10,606	9,062	9,188
Within 10–15 years	123	110	127	105
Total financial liabilities	**33,538**	**33,459**	**32,573**	**32,540**

Interest-bearing financial liabilities

Interest-bearing financial liabilities fall due for payments as follows:

SEK million	Within 1 year	Within 1–2 years	Within 2–3 years	Within 3–4 years	Within 4–5 years	Within 5–15 years	Total
Variable interest rates	2,905	531	-585	2,314	1,102	2,552	8,819
Fixed interest rates	1,132	2,290	8,473	775	1,183	8,163	22,017
Total interest-bearing liabilities	**4,037**	**2,821**	**7,888**	**3,089**	**2,285**	**10,715**	**30,837**

Note 24 cont.

Liabilities to financial institutions and similar liabilities

SEK million Funding type	Interest rate terms	Maturity date	Dec 31, 2021 Current liabilities	Dec 31, 2021 Non-current liabilities	Dec 31, 2020 Current liabilities	Dec 31, 2020 Non-current liabilities
Bonds EUR	fixed 1.125%	2024	—	5,113	—	5,019
Bonds EUR	fixed 2.125%	2028	—	5,159	—	5,167
Bonds EUR	fixed 0.750%	2031	—	3,061		
Bonds SEK	fixed 1.875%	2021	—	—	1,000	—
Bonds SEK	STIBOR 1.65%	2021	—	—	1,999	—
Bonds SEK	STIBOR 1.55%	2022	1,700	—	—	1,700
Bonds SEK	variable interest rates	2022	500	—	—	500
Bonds SEK	STIBOR +1.45%	2023	—	400	—	398
Bonds SEK	fixed 2%	2023	—	1,199	—	1,200
Bonds SEK	fixed 1.375%	2025	—	500	—	500
Bonds SEK	STIBOR +1.2%	2025	—	1,199	—	1,199
Bonds SEK	variable interest rates	2026	—	1,000	—	1,000
Bonds SEK	fixed 1.125%	2027	—	498	—	497
Bonds SEK	STIBOR +1.03%	2027	—	997	—	997
Total bonds			**2,200**	**19,126**	**2,999**	**18,176**
Commercial paper	fixed interest rates	2022	400	—	—	—
European Investment Bank (EIB)	fixed interest rates	2024	—	1,278	—	1,254
Nordic Investment Bank (NIB)	variable interest rates	2023-2026	—	1,990	—	1,987
Syndicated loan facilities	variable interest rates	2024	—	-4	—	-11
Short-term loan, collateral for outstanding interest rate derivatives	variable interest rate	2021	183	—	246	—
Utilized bank overdraft facility	variable interest rates		—	—	16	—
Total liabilities to financial institutions and similar liabilities			**2,783**	**22,390**	**3,262**	**21,406**
Current & non-current				**25,173**		**24,669**

As of the date of this report, Tele2 has a credit facility with a syndicate of ten banks maturing in 2024. The loans can be drawn in several currencies and the interest base is the relevant IBOR for that currency. The facility amounts to EUR 760 million and was unutilized on December 31, 2021 and prepaid upfront fees to be recognized in profit/loss over the remaining contract period amounted to SEK -4 (–11) million. The facility is conditioned by covenant requirements which Tele2 expects to fulfil.

Tele2 AB's Euro Medium-Term Note (EMTN) Program forms the basis for Tele2's medium and long term debt issuance in both international and domestic bond markets. The program enables Tele2 to issue bonds and notes up to a total aggregate amount of EUR 5 billion. On December 31, 2021 issued bonds under the program amounted to SEK 21.3 (21.2) billion.

Tele2 AB's established Swedish commercial paper program enables Tele2 to issue commercial papers up to a total amount of SEK 8 billion. Commercial papers can be issued with a tenor up to 12 months under the program. The commercial paper program is a complement to Tele2's core funding. On December 31, 2021 Tele2 had SEK 400 (0) million outstanding commercial papers.

As a further step towards the diversification of Tele2's funding sources, Tele2 AB has a loan agreement with Nordic Investment Bank (NIB) of SEK 2.0 (2.0) billion and a loan agreement with the European Investment Bank (EIB) of EUR 125 (125) million.

The average interest rate on loans during the year was 1.2 (1.5) percent.

Other interest-bearing liabilities

SEK million	Dec 31, 2021 Current liabilities	Dec 31, 2021 Non-current liabilities	Dec 31, 2020 Current liabilities	Dec 31, 2020 Non-current liabilities
Derivatives	22	—	222	—
Supplier financing, Lithuania license	7	63	7	70
Equipment financing	100	57	103	58
	129	**121**	**332**	**128**
Total other interest-bearing liabilities		**250**		**460**

Derivatives consist of interest swaps and currency swaps, valued at fair value. The effective part of the swaps was reported in the hedge reserve in other comprehensive income and the ineffective part was reported as interest costs and other financial items, respectively, in the income statement. The Group has derivative contracts which are covered by master netting agreements. That means a right exists to set off assets and liabilities with the same party, which is not reflected in the accounting where gross accounting is applied. To minimize counterparty risk, Tele2 has also entered into CSA agreements where collateral equal to the market value of the derivatives are exchanged from time to time. For additional information please refer to Note 2.

For information on leases please refer to Note 29.

Note 24 cont.

Liabilities attributable to financing activities

SEK million	Liabilities Dec 31, 2020	Cash flow from financing activities	Non-cash changes: New and modified leases (Note 29)	Non-cash changes: Exchange rate	Non-cash changes: Fair value	Non-cash changes: Accrued interest and fees	Liabilities Dec 31, 2021
Bonds	21,175	45	—	212	-103	-4	**21,326**
Commercial paper	—	400	—	—	—	-0	**400**
Nordic Investment Bank (NIB)	1,987	—	—	—	—	3	**1,990**
European Investment Bank (EIB)	1,254	-0	—	24	—	0	**1,278**
Syndicated loan facilities	-11	—	—	—	—	7	**-4**
Short-term loan	246	-63	—	—	—	—	**183**
Utilized bank overdraft facility	16	-16	—	—	—	—	**—**
Total liabilities to financial institutions and similar liabilities	**24,669**	**365**	**—**	**236**	**-103**	**5**	**25,173**
Leases	5,327	-1,236	1,244	15	—	63	**5,414**
Derivatives	222	-368	—	—	168	—	**22**
Equipment financing	161	-4				—	**157**
Supplier financing, Lithuania license	78	-8	—	1	168	0	**71**
Total other interest-bearing liabilities	**460**	**-380**	**—**	**1**	**168**	**0**	**250**
Total interest-bearing financial liabilities	**30,455**	**-1,250**	**1,244**	**253**	**65**	**68**	**30,837**

SEK million	Liabilities Dec 31, 2019	Cash flow from financing activities	Non-cash changes: Reclassification for assets held for sale (Note 33)	Non-cash changes: New and modified leases (Note 29)	Non-cash changes: Exchange rate	Non-cash changes: Fair value	Non-cash changes: Accrued interest and fees	Liabilities Dec 31, 2020
Bonds	20,305	1 193	—	—	-395	61	11	**21,175**
Commercial paper	1,100	-1 100	—	—	—	—	-0	**—**
Nordic Investment Bank (NIB)	1,985	—	—	—	—	—	3	**1,987**
European Investment Bank (EIB)	1,303	-0	—	—	-50	—	0	**1,254**
Syndicated loan facilities	-18	—	—	—	—	—	7	**-11**
Short-term loan	199	47	—	—	—	—	—	**246**
Utilized bank overdraft facility	23	-7	—	—	—	—	—	**16**
Total liabilities to financial institutions and similar liabilities	**24,899**	**133**	**—**	**—**	**-445**	**61**	**21**	**24,669**
Leases	5,642	-1 232	-5	891	-33	—	63	**5,327**
Derivatives	277	-368	—	—	—	313	—	**222**
Deferred consideration for acquisitions			—	—				**—**
Equipment financing	139	22	—	—	—	—	—	**161**
Supplier financing, Lithuania license	88	-8	—	—	-3	—	0	**78**
Total other interest-bearing liabilities	**504**	**-354**	**—**		**-3**	**313**	**0**	**460**
Total interest-bearing financial liabilities	**31,044**	**-1 453**	**-5**	**891**	**-481**	**375**	**84**	**30,455**

Note 24 cont.

Other current liabilities

SEK million	Dec 31, 2021	Dec 31, 2020
VAT liability	347	74
Liability to Net4Mobility, joint operation in Sweden	139	132
Liability to Svenska UMTS-nät, joint operation in Sweden	36	47
Employee withholding tax	52	55
Debt to customers	16	15
Debt to other operators	9	20
Other	17	3
Total other current liabilities	**616**	**346**

NOTE 25 PROVISIONS

SEK million	2021					
	Dismantling costs	Rented buildings, fiber and cables	Disputes	Other provisions	Pension and similar commitments	Total
Provisions as of January 1	**784**	**4**	**—**	**407**	**465**	**1,660**
Additional provisions	37	—	20	128	41	**226**
Utilized/paid provisions	-4	-1	—	-200	-9	**-213**
Reversed unused provisions	-13	—	—	-21	—	**-34**
Inflation, discount rates, actuarial and exchange rate effects	49	0	—	—	-78	**-29**
Provisions as of December 31	**853**	**4**	**20**	**314**	**419**	**1,610**

SEK million	2020					
	Dismantling costs	Rented buildings, fiber and cables	Disputes	Other provisions	Pension and similar commitments	Total
Provisions as of January 1	**807**	**6**	**2**	**458**	**501**	**1,774**
Reclassification	—	—	—	142	8	**150**
Additional provisions	81	13	—	127	3	**224**
Utilized/paid provisions	-0	-14	—	-204	-8	**-226**
Reversed unused provisions	-2	—	-2	-116	—	**-120**
Inflation, discount rates, actuarial and exchange rate effects	-102	-0	-0	—	-40	**-142**
Provisions as of December 31	**784**	**4**	**—**	**407**	**465**	**1,660**

SEK million	Dec 31, 2021	Dec 31, 2020
Provisions, current	80	169
Provisions, non-current	1,531	1,491
Total provisions	**1,610**	**1,660**

Provisions are expected to fall due for payment according to below:

SEK million	Dec 31, 2021	Dec 31, 2020
Within 1 year	80	169
Within 1–3 years	192	46
Within 3–5 years	203	297
More than 5 years	1,136	1,148
Total provision	**1,610**	**1,660**

Dismantling costs refer to dismantling and restoration of mobile and fixed network sites. Remaining provision as of December 31, 2021 is expected to be fully utilized during the coming 30 years.

Other provisions include a provision made in connection with the Com Hem merger, related to an unfavorable fixed-price contract for supply of transmission. It amounted to SEK 224 (226) million as of December 31, 2021, and will be released over the contract period ending December 31, 2024. Other significant provisions included are restructuring provisions of 60 (58) million. In 2021, a provision of SEK 85 million related to a legal dispute in Sweden was settled, following an agreement reached in 2020. For pension and similar commitments please see Note 31.

NOTE 26 ACCRUED EXPENSES AND DEFERRED INCOME

SEK million	Dec 31, 2021	Dec 31, 2020
Personnel related expenses	508	528
External service expenses	238	236
Investments in non-current assets	384	127
Other telecom operators	162	157
Dealer commissions	99	101
Leasing and rental expenses	105	110
Interest costs	129	136
Other accrued expenses	243	198
Total accrued expenses	**1,868**	**1,593**
Contracts	436	445
Prepaid cards	172	182
Subscription fees	808	814
Total deferred income	**1,416**	**1,441**
Total accrued expenses and deferred income	**3,284**	**3,034**

When Tele2 receives a payment but are still to deliver the agreed goods and services, a contract liability (deferred income) arises. The line item 'Contracts' refers to revenue from contract services, B2B projects and pre-received capacity and IRU revenue.

Revenue recognized included in the opening contract liability amounts to SEK 1,191 (1,096) million.

NOTE 27 PLEDGED ASSETS

Liabilities to financial institutions in the form of cash pledged as collateral to reduce credit risk amounted on December 31, 2021 to SEK 183 (246) million, please refer to Note 2. Tele2 has no other significant pledged items.

NOTE 28 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Contingent liabilities

In 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 33.

Other contractual commitments

SEK million	Dec 31, 2021	Dec 31, 2020
Commitments, investments	244	157
Commitments, other	2,170	2,795
Total future fees for other contractual commitments	**2,414**	**2,952**

Other commitments mainly relate to commitments for ordered and contracted goods and services that can not be cancelled without economic effects.

NOTE 29 LEASES

Tele2 as the lessee

Tele2's leases consist mainly of lease of sites and base stations (including land), leased lines, premises, vehicles and other equipment. The additions consisting of new and modified leases amounted to SEK 1,306 (1,182) million. The carrying value of the lease assets are stated in Note 13. Many of the leases across the Group are open ended contracts, that run until either party terminate, or contain extension and termination options. These terms are reflected in measuring the lease liabilities especially for the lease categories sites and base stations and leased lines, as the options are reasonably certain to be exercised based on Tele2's strategic plans, including assessment of future technology changes, and the importance of the underlying assets for the Group as well as costs associated with not extending the lease. The lease contracts contain no residual value guarantees.

Amounts recognised in income statement

SEK million	Note	Dec 31, 2021	Dec 31, 2020
Depreciation expense on right-of-use assets	13	-1,197	-1,182
Interest expense on lease liabilities	9	-63	-63
Expense relating to short-term leases		-5	-8
Expense relating to leases of low value assets		-6	-6
Expense relating to variable lease payments not included in the measurement of the lease liability		-1	-1
Total leasing expenses for leases		**-1,272**	**-1,261**

Continuing operations total cash outflow for leases amounted to SEK 1,248 (1,247) million.

Lease liabilities

The undiscounted lease liabilities are due for payment according to below. Approximately 40 to 50 percentage of the total liabilities are legally uncommitted but are per the definition of IFRS 16 determined to be enforceable and consequently included in the calculation of the lease liability.

SEK million	Dec 31, 2021	Dec 31, 2020
Within 1 year	1,140	1,128
Within 1–2 years	1,062	1,058
Within 2–3 years	919	870
Within 3–4 years	797	735
Within 4–5 years	695	685
Within 5–10 years	904	910
More than 10 years	120	119
Total undiscounted lease liabilities	**5,637**	**5,505**

Tele2 as lessor

Leasing income during the year amount to SEK 101 (114) million and relates mainly to rent from other operators placing equipment on Tele2 sites as well as leased equipment to customers. Contract periods range from 3 to 25 years and generally have no option to purchase the asset at the expiry of the lease period. Contractual future lease income is stated below:

Operating leases

SEK million	Dec 31, 2021	Dec 31, 2020
Within 1 year	104	100
Within 1–2 years	22	24
Within 2–3 years	21	24
Within 3–4 years	21	23
Within 4–5 years	20	22
Within 5–10 years	70	83
Within 10–15 years	64	71
More than 15 years	70	80
Total future leases income for operating leases	**392**	**428**

NOTE 30 SUPPLEMENTARY CASH FLOW INFORMATION

SEK million	Dec 31, 2021	Dec 31, 2020
Interest received	18	23
Interest paid	-395	-491
Finance items paid	-2	-1
Dividend received	0	0
Taxes paid	-704	-931

NOTE 31 NUMBER OF EMPLOYEES AND PERSONNEL COSTS

EMPLOYEES

Average number of employees

The average number of employees and related gender distribution presented in the table below is calculated on the basis of full time equivalents.

	Dec 31, 2021			Dec 31, 2020		
	Total	*of whom women*	*of whom men*	Total	*of whom women*	*of whom men*
Sweden	2,765	*32%*	*68%*	2,750	*31%*	*69%*
Lithuania	623	*67%*	*33%*	606	*69%*	*31%*
Latvia	419	*41%*	*59%*	515	*49%*	*51%*
Estonia	335	*64%*	*36%*	322	*61%*	*39%*
Netherlands	2	—	*100%*	2	—	*100%*
Luxembourg	—	—	—	2	—	*100%*
Continuing operations	**4,144**	*41%*	*59%*	**4,197**	*41%*	*59%*
Discontinued operations (Note 33)	—	—	—	98	*43%*	*57%*
Total average number of employees	**4,144**	*41%*	*59%*	**4,295**	*41%*	*59%*

Number of employees

On December 31, 2021 the number of employees in Tele2 was 4,435 (4,528) excluding discontinued operations, of which 45 (44) percent women and 55 (56) percent men. A breakdown by market and gender distribution is presented below.

Continuing operations	Dec 31, 2021			Dec 31, 2020		
	Total	*of whom women*	*of whom men*	Total	*of whom women*	*of whom men*
Sweden	2,885	*33%*	*67%*	2,928	*33%*	*67%*
Lithuania	748	*71%*	*29%*	729	*70%*	*30%*
Latvia	434	*54%*	*46%*	513	*53%*	*47%*
Estonia	366	*69%*	*31%*	354	*65%*	*35%*
Netherlands	2	—	*100%*	2	—	*100%*
Luxembourg	—	—	—	2	—	*100%*
Total numbers of employees	**4,435**	*45%*	*55%*	**4,528**	*44%*	*56%*

The Tele2 AB board consists of 57 (43) percent women and 43 (57) percent men, while the gender distribution in the Group Leadership Team is 33 (33) percent women and 67 (67) percent men on December 31, 2021. In January 2022 the Group Leadership gender distribution changed to 44 percent women and 56 percent men.

The gender distribution between board of directors and management in all active group companies is presented in the table below. Management refers to managing directors and persons reporting directly to the managing directors.

For all active group companies (excluding discontinued operations)	Dec 31, 2021			Dec 31, 2020		
	Total	*of whom women*	*of whom men*	Total	*of whom women*	*of whom men*
Board members	20	*20%*	*80%*	26	*15%*	*85%*
Management	33	*39%*	*61%*	28	*39%*	*61%*
Total	**53**	*32%*	*68%*	**54**	*28%*	*72%*

Personnel costs

SEK million	2021					2020				
	Salaries and remunera-tions	*of which bonus*	Social security expenses	*of which pension expenses*	Personnel costs	Salaries and remunera-tions	*of which bonus*	Social security expenses	*of which pension expenses*	Personnel costs
Board of Directors and CEO	53	*15*	20	*5*	**73**	50	*3*	17	*4*	**67**
Other employees	2,311	—	1,039	*291*	**3,350**	2,259	—	1,024	*289*	**3,283**
Continuing operations	**2,364**	*15*	**1,059**	*296*	**3,423**	**2,309**	*3*	**1,040**	*293*	**3,350**
Board of Directors and CEO	—	—	—	—	**—**	3	*2*	0	*0*	**3**
Other employees	—	—	—	—	**—**	43	—	11	*4*	**55**
Discontinued operations (Note 33)	**—**	—	**—**	—	**—**	**47**	*2*	**11**	*4*	**58**
Total	**2,364**	*15*	**1,059**	*296*	**3,423**	**2,356**	*4*	**1,052**	*297*	**3,408**

Pensions

SEK million	2021	2020
Defined-benefit plans, retirement pension	-32	-32
Defined-contribution plans	-264	-261
Total pension expenses	**-296**	**-293**

The defined benefit plans relate essentially to Sweden, where companies included in the Group are affiliated to PRI Pensionsgaranti or Skandia. For companies affiliated to PRI Pensionsgaranti, the companies' obligation under the ITP-plan (ITP2) retirement pension are recognized as a liability in the balance sheet. A part of the liability for retirement pension is closed for new entries and instead premiums are paid to Collectum and Alecta for the employees. Additional information regarding the defined-benefit retirement plans is shown in the following tables.

Note 31 cont.

SEK million	2021	2020
Income statement		
Current service costs	-24	-30
Net interest cost	-6	-8
Curtailments/settlements	-1	6
Defined-benefit plans, retirement pension	**-32**	**-32**
Special employer's contribution	-3	-3
Net cost recognized in the income statement	**-36**	**-35**

SEK million	Dec 31, 2021	Dec 31, 2020
Balance sheet		
Present value of funded obligations	-786	-811
Present value of non-funded obligations	-3	-3
Fair value of plan assets	590	516
Net	**-199**	**-298**
Special employer's contribution	-38	-34
Net asset (+) / obligation (–) in balance sheet	**-237**	**-333**
of which assets	182	132
of which liabilities	-419	-465
Movements		
Net asset (+) / obligation (–) at beginning of year	-333	-385
Net cost	-36	-35
Payments	15	29
Actuarial gains/losses in other comprehensive income	116	58
Net asset (+) / obligation (–) in balance sheet at end of year	**-237**	**-333**

The defined-benefit pension plans under ITP2 are partly funded, where Tele2's assets have been invested in Skandia and by securing in Tele2 Joint Pension Fund. At December 31, 2021 the market value of Tele2's asset amounted to SEK 590 (516) million. Two smaller defined benefit plans of SEK 3 (3) million for management pension and conditional early retirement pension are non-funded.

The defined benefit pension obligation in Sweden is calculated using a discount rate based on interest on mortgage bonds. The Swedish covered mortgage bonds are considered high-quality bonds, the market is considered deep and the bonds are issued by large banks, thereby meeting IAS 19 requirements. The following key actuarial assumptions have been applied to calculate the commitments.

	Dec 31, 2021	Dec 31, 2020
Important actuarial assumptions		
Discount rate	2.0%	1.3%
Annual salary increases	3.1%	2.5%
Annual pension increases	3.1%	2.5%
Long-term inflation assumption	2.1%	1.5%
Average expected remaining years of employment	10 years	10 years

REMUNERATION FOR SENIOR EXECUTIVES

SEK million	2021						
	Annual fixed based salary	Variable short-term remuneration[1]	Variable long-term incentives	Pension benefits	Other benefits	Termination benefits	Total remuneration
CEO and President							
Kjell Johnsen	8.5	6.7	4.8	2.8	0.2	–	23.0
Other senior executives	22.0	13.0	9.0	4.7	2.2	2.8	53.7
Total salaries and remuneration to senior executives	**30.5**	**19.7**	**13.8**	**7.5**	**2.5**	**2.8**	**76.7**

[1] The variable short-term remuneration 2021 for Senior Executives (and other Managers in Sweden) are weighted 80% on financial criterias and 20% on non-financial criterias of which 5% are weighted on Sustainability goals. Sustainability goals for 2021 are measuring number of female employees and CO_2 emission reductions.

At the end of the year, the group other senior executives comprise of 8 (5) persons. Kjell Johnsen replaced Anders Nilsson as President and CEO of Tele2 Group on September 15, 2020. The increase in remuneration for other senior executives compared with previous year is a result of an increase of other senior executives from five persons to eight.

SEK million	2020						
	Annual fixed based salary	Variable short-term remuneration	Variable long-term incentives	Pension benefits	Other benefits	Termination benefits	Total remuneration
CEO and President							
Kjell Johnsen	2.5	1.6	0.6	0.8	0.2	–	5.7
Anders Nilsson	5.3	3.3	5.1	1.9	0.7	10	26.6
Other senior executives	16.7	8.6	11.9	5.3	1.0	–	43.5
Total salaries and remuneration to senior executives	**24.5**	**13.5**	**17.6**	**8.0**	**1.9**	**10.3**	**75.8**

Guidelines for remuneration to senior executives 2021

Applicability

Senior executives covered by the provisions of these guidelines include the CEO and members of the Group Leadership Team ("senior executives"). For the purpose of these guidelines, senior executives also include Board Members, elected at General Meetings, to the extent such Board Members perform services within their respective areas of expertise outside of their Board duties. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2021. These guidelines do not impose restrictions to any remuneration decided or approved by General Meetings. Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Note 31 cont.

Our approach to the remuneration guidelines

The remuneration policy provides a structure that aligns remuneration with the successful delivery of our long-term business strategy, interests and sustainability.

In short, the company's business strategy is the following.

Tele2's vision is to be the smartest telco in the world, creating a world of unlimited possibilities. We enable the transformation of businesses and the creation of tomorrow's infrastructure. Connecting people and technology far and wide, as well as right here around us. Simple. Sustainable. Smart. Tele2's values are Fearless, Open, Cost Efficient, Reliable and Flexible. These values together constitute "The Tele2 Way" – our way of relating to each other internally, and to the world around us. Tele2's culture and strong values, "The Tele2 Way", make the foundation for attracting and retaining driven and engaged talent.

For more information regarding the company's business strategy, please see www.tele2.com.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests and its sustainability, is that the company is able to attract and retain driven and engaged talent. To this end, it is necessary that the company offers competitive remuneration packages to attract, motivate and retain key employees within the context of an international peer group. The aim is to create incentives for the management to execute strategic plans and deliver excellent operating results, and to align management's incentives with the interests of the shareholders.

General Meetings in Tele2 have separately resolved on long-term share and share-price related incentive plans. Going forward, any new long-term share and share-price related incentive plans will be resolved upon separately by the General Meetings and are therefore not covered by these guidelines since these guidelines do not impose restrictions to any remuneration decided or approved by General Meetings. The performance criteria used to assess the outcome of these long-term share and share-price related incentive plans are distinctly linked to the business strategy and thereby to the company's long-term value creation, including its sustainability. At present, these performance criteria comprise i.a. Tele2's absolute TSR and Tele2's TSR vs a defined Peer Group. However, such criteria may change in future long-term share and share-price related incentive plans. Current plans are also conditional upon the participant's own investment and certain holding periods of several years. For more information regarding these long-term share-related incentive plans, including the performance criteria which the outcome depends on, please see www.tele2.com/governance/remuneration.

Remuneration elements

Remuneration to the senior executives should comprise annual fixed base salary, variable short-term remuneration, variable long-term incentives, pension benefits and other benefits.

Annual fixed base salary

For defining the annual fixed base salary for the senior executives, the Remuneration Committee uses a similar methodology as for benchmarking other employees' fixed annual remuneration, utilizing external benchmark and reviewing peers. The Board considers the remuneration of employees and the average annual increases an important element in determining the annual salary increase for senior executives.

Variable short-term remuneration, including criteria for awarding

The variable short-term remuneration ("STI") shall be linked to predetermined and measurable criteria, measured over a period of maximum one year, which can be financial, such as EBITDA or revenue, or non-financial, such as sustainability. In addition, they may be individualized, quantitative or qualitative objectives. For senior executives, the financial criteria are weighted 80 percent and the non-financial criteria are weighted 20 percent. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy, "The Tele2 Way" or promote the senior executive's long-term development.

The variable short-term remuneration can amount to a maximum of 100 percent of the annual fixed base salary.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated and/or determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable cash remuneration to the senior executives. The evaluation for financial objectives shall be based on the latest financial information made public by the company.

Variable long-term incentives, including criteria for awarding

The structure of any variable long-term incentives shall ensure a long-term commitment for Tele2's development and value creation and may be both share and share-price related as well as cash based. Going forward, any long-term share and share-price related incentive plans will be resolved upon separately by the General Meetings and are therefore not covered by these guidelines.

Pension benefits

The senior executives are offered defined contribution pension plans, including health insurance. Defined contributions for pensions to the CEO and the other senior executives can amount to a maximum of 20 percent premium based on the annual fixed base salary and the STI, which could maximum lead to 40 percent of the annual fixed base salary.

Note 31 cont.

Other benefits
Other benefits may include e.g. company cars, health care insurance and for expatriated senior executives e.g. housing benefits for a limited period of time. Such benefits may amount to not more than five percent of the annual fixed base salary.

Termination of employment
The maximum period of notice of termination of employment shall be twelve months in the event of termination by the CEO and six months in the event of termination by any of the other senior executives.

In the event of termination by the company, the maximum notice period during which compensation is payable is eighteen months for the CEO and twelve months for any of the other senior executives.

Additionally, remuneration may be paid for non-compete undertakings and such remuneration shall compensate loss of income. The remuneration shall be paid during the time the non-compete undertaking applies, however not for more than six months. With regard to the CEO, the remuneration shall amount to not more than 60 percent of the CEO's average monthly remuneration (both fixed and variable) paid by the company during the twelve months preceding the time of termination and with regard to other senior executives, the remuneration shall amount to not more than 80 percent of the senior executive's monthly base salary at the time of the termination.

Salary and employment conditions for employees
In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report.

The decision-making process to determine, review and implement the guidelines
The Board has established a remuneration committee. The committee's tasks include preparing the Board's decision to propose guidelines for remuneration to senior executives. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the senior executives, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other senior executives do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines
The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Deviations from guidelines for remuneration to senior executives

According to the remuneration guidelines, the Board may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. In 2021, the Board has resolved to deviate from the guidelines in two instances. First, the Board has awarded a new variable short term incentive, the One Time Transformation Award to the senior executives that is measured over two and a half financial years and not one year as stated in the guidelines. Further, in respect of the CEO, for 2022 and 2023, the variable short-term remuneration can amount to maximum 175 percent of the annual fixed base salary, due to the implementation of the One Time Transformation Award, whilst the maximum outcome in the guidelines is set to 100 percent. For three Group Executives the implementation of the One Time transformation award, can lead to a payout of maximum 115% of short-term variable remuneration in relation to the annual fixed base salary, during two years.

In view of the importance that the Company reaches the Business Transformation Program communicated to the market as well as attributes to Group Executives and selected key individual's continued service for the Company, the Board of Directors of Tele2 decided to introduce a One Time Transformation Award to senior executives and selected key individuals. The One time Transformation award has been implemented in 2021 and will be vesting until Q2 2023, with payment in 2023. Payment under the one Time Transformation award corresponds to 6-18 months base salary per participant, paid at completion of the Transformation project in 2023. The One time Transformation Award is conditional upon the participant being continuously employed during the vesting period and the defined goal for Transformation established is reached. The defined goal is to reach the cost savings in line with the externally communicated Business Transformation Program. The CEO has in addition one KPI, part of One Time Transformation Award, which is the delivery of the of Tele2 Group revenue target during the vesting period.

Note 31 cont.

Share rights

During 2021 the senior executives received 396,555 (401,000) share rights in the new incentive program for the year and 55,644 (57,795) share rights in previous years incentive programs as compensation for dividend. No premium was paid for the share rights.

Number of share rights	LTI 2021 CEO	LTI 2021 Other senior executives	LTI 2020 CEO (former)	LTI 2020 Other senior executives
Outstanding as of January 1, 2021	—	—	105,240	211,538
Allocated	200,000	196,555	—	—
Allocated, compensation for dividend	10,105	7,652	8,181	9,193
Forfeited	—	-27,701	—	-159,473
Total outstanding rights as of December 31, 2021	**210,105**	**176,506**	**113,421**	**61,258**

Number of share rights	LTI 2019 CEO	LTI 2019 Other senior executives	LTI 2018 CEO (former)	LTI 2018 Other senior executives
Outstanding as of January 1, 2021	—	229,114	116,031	221,654
Allocated, compensation for dividend	—	11,765	3,004	5,744
Adjustments for outcome of the performance conditions	—	-116,546	—	—
Exercised	—	-57,987	-119,035	-227,398
Total outstanding rights as of December 31, 2021	—	**66,346**	—	—

Board of directors

SEK	Fees to the board 2021	Fees to the board 2020	Fees to the board committees 2021	Fees to the board committees 2020	Total fees 2021	Total fees 2020
Carla Smits-Nusteling (chairman)	1,750,000	1,700,000	122,000	120,000	1,872,000	1,820,000
Andrew Barron	875,000	850,000	102,000	100,000	977,000	950,000
Anders Björkman	—	625,000	—	50,000	—	675,000
Georgi Ganev	640,000	625,000	—	—	640,000	625,000
Cynthia Gordon	—	625,000	—	120,000	—	745,000
Eva Lindqvist	640,000	625,000	244,000	240,000	884,000	865,000
Lars-Åke Norling	640,000	625,000	173,000	170,000	813,000	795,000
Sam Kini	640,000	—	122,000	—	762,000	—
Stina Bergfors	640,000	—	51,000	—	691,000	—
Total fee to board members	**5,825,000**	**5,675,000**	**814,000**	**800,000**	**6,639,000**	**6,475,000**

Long-term incentive program (LTI)

The objective of the long-term incentive programs (LTI) is to create conditions for retaining competent employees in the Tele2 Group. The program has been designed based on the view that it is desirable that senior executives and other key employees within the Group are shareholders in Tele2 AB. Participation in the Plan requires a personal investment in Tele2 shares, by shares already held or shares purchased on the market in connection with the application to participate in the Plan.

By offering an allotment of retention rights and performance rights which are based on profits and other retention and performance-based conditions, the participants are rewarded for increasing shareholder value. Furthermore, the program rewards employees' loyalty and long-term growth in the Group. In that context, the Board of Directors is of the opinion that the program will have a positive effect on the future development of the Tele2 Group and thus be beneficial to both the company and its shareholders.

The LTI programs are usually launched annually after approval from the Annual General Meeting, and run for around 3 years. In 2021, LTI 2018 was finalized and LTI 2021 was launched.

Outcome 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.

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

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 as per Dec 31, 2021 not yet used its mandate.

	LTI 2021 Series A	LTI 2021 Series B	LTI 2021 Series C
Expected annual turnover of personnel	10%	10%	10%
Weighted average share price	110.69 kr	110.69 kr	110.69 kr
Expected life (years)	2.95	2.95	2.95
Reduction parameter due to market related conditions	76%	43%	100%
Estimated fair value	84.50 kr	47.30 kr	110.70 kr

Note 31 cont.

Outstanding share rights LTI 2018–2021

	Average fair value/share rights at grant date (in SEK)	Number of participants at grant date	Measure period: TSR measurement	Measure period: Cash flow measurement period	Outstanding share rights: Dec 31, 2021	Outstanding share rights: Dec 31, 2020
LTI 2021	80	198	Apr 1, 2021 - Mar 31, 2024	Jan 1, 2021 - Dec 31, 2023	1,414,817	—
LTI 2020	84	218	Apr 1, 2020 - Mar 31, 2023	Jan 1, 2020 - Dec 31, 2022	1,142,715	1,499,975
LTI 2019	65	202	Apr 1, 2019 - Mar 31, 2022		991,226	1,313,475
LTI 2018	66 and 65	242	Apr 1, 2018 - Mar 31, 2021		—	1,168,807
Total					**3,548,758**	**3,982,257**

No share rights were exercisable at the end of the year.

Number of rights	LTI 2021: 2021	LTI 2021: Cumulative	LTI 2020: 2021	LTI 2020: Cumulative
Allocated at grant date	1,448,860	1,448,860	—	1,597,152
Outstanding as of January 1, 2020	—	—	1,499,975	—
Allocated, compensation for dividend	71,669	71,669	96,243	174,159
Forfeited	-105,712	-105,712	-453,503	-628,596
Total outstanding rights as of December 31, 2021	**1,414,817**	**1,414,817**	**1,142,715**	**1,142,715**

Number of rights	LTI 2019: 2021	LTI 2019: Cumulative	LTI 2018: 2021	LTI 2018: Cumulative
Allocated at grant date	—	1,365,908	—	1,765,100
Outstanding as of January 1, 2020	1,313,475	—	1,168,807	—
Allocated, compensation for dividend	83,071	274,851	30,813	209,767
Allocated, compensation for new issue	—	-220,279	—	—
Forfeited	-288,881	-288,881	1,052	-150,232
Adjustments for outcome of the performance conditions, Cash settled	—	—	—	-69,425
Adjustments for outcome of the performance conditions, Equity settled	-35,194	-55,319	—	-360,549
Exercised, Cash settled	—	—	—	-30,362
Exercised, Equity settled	-81,245	-85,054	-1,200,672	-1,364,299
Total outstanding rights as of December 31, 2021	**991,226**	**991,226**	**—**	**—**

As a result of early vesting of the LTI 2019 being exercised in 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 average share price of SEK 115,95 and SEK 127,93. The exercise of the share rights was conditional upon the fulfilment of certain retention and performance-based conditions. To determine the number of share rights allowed for early vesting the actual outcome of the conditions as of the early vesting date has been compared with the conditions in the programs. If the conditions were fulfilled the number of share rights have been reduced proportionally with the remaining vesting period to the initial vesting period of three years. If the conditions were partly met, the number of share rights have also been reduced in proportion to the fulfillment level.

Conditions and status LTI 2019–2021

The principles and structure described for LTI 2021 above also apply for LTI 2019 and LTI 2020. All programs include absolute and relative TSR conditions, while in LTI 2020 and LTI 2021 an accumulated operating cash flow condition (Series C) is also included.

	Maximum profit/right	Retention and performance based conditions (ranges): Series A TSR	Series B TSR peer group	Series C Operating cash flow
LTI 2019	SEK 463	>0%	0-20%	—
LTI 2020	SEK 562	>0%	0-20%	90-110%
LTI 2021	SEK 429	>0%	0-10%	90-110%

Status LTI 2019: Since April 1, 2019 (the start of the measurement period) until December 31, 2021, the Tele2 Group has reached a total shareholder return (TSR) of +28%. The TSR development relative to the assessed peer group was +32% for the same period. The measurement period ends at March 31, 2022.

Status LTI 2020: Since April 1, 2020 (the start of the TSR measurement period) until December 31, 2021, the Tele2 Group has reached a total shareholder return (TSR) of +15%. The TSR development relative to the assessed peer group was –3% for the same period. The TSR measurement period ends at March 31, 2023. Operating cashflow for 2020 and 2021 accumulated (two out of three years of the measurement period) reached 105% of the targeted level.

Status LTI 2021: Since April 1, 2021 (the start of the TSR measurement period) until December 31, 2021. the Tele2 Group has reached a total shareholder return (TSR) of +22%. The TSR development relative to the assessed peer group was +17% for the same period. The TSR measurement period ends at March 31, 2024. Operating cashflow for the full year 2021 (the first out of three years of the measurement period) reached 105% of the targeted level.

Note 31 cont.

Costs and liabilities

Total cost before tax for outstanding incentive programs and liability is stated below.

SEK million	Actual costs before tax		Expected cumulative cost during the vesting period		Liability	
	2021	2020	2021	2020	Dec 31, 2021	Dec 31, 2020
LTI 2021	23	–	109	–	7	–
LTI 2020	28	21	94	107	14	6
LTI 2019	29	33	92	105	30	20
LTI 2018	16	36	132	132	–	31
LTI 2017	–	5	–	114	–	–
Total	**96**	**95**	**427**	**458**	**51**	**56**
of which cash based programs	–	–	–	–	–	–

NOTE 32 FEES TO THE APPOINTED AUDITOR

SEK million	2021		2020	
	Deloitte	Other elected auditors	Deloitte	Other elected auditors
Audit fees	8	0	8	0
Audit-related fees	–	0	0	0
Consultation, all other fees	1	0	1	0
Total fees per appointed auditor	**8**	**1**	**9**	**0**
Total fees to the appointed auditors	**–**	**9**	**–**	**10**

NOTE 33 DISCONTINUED OPERATIONS

Discontinued operations includes Tele2s former operations in Germany, Croatia, Kazakhstan, Netherlands, Austria and Switzerland.

Tele2 Germany

In December 2020 Tele2 completed the divestment of 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. As per December 31, 2020, the related earnout amounted to SEK 140 million. During 2021, Tele2 has received earnout payments of SEK 93 million, reducing the remaining earnout accordingly. In 2021 Tele2 also revaluated the earnout by SEK 44 million, affecting the income statement positively, as the anticipated cumulative proceeds exceed previous expectations, driven by strong performance in 2021. On December 31, 2021 the estimated fair value of the future cash flows amounted to SEK 92 million.

Tele2 Croatia

In March 2020 Tele2 completed the divestment of its Croatian business to United Group. The net proceeds to Tele2 was SEK 2.0 billion. A capital gain of SEK 0.2 billion, or SEK 0.4 billion excluding exchange rate differences recycled from other comprehensive income, was reported.

Tele2 Kazakhstan

In April 2019 was notified 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 the Swedish Tax Agency. The remaining additional tax claim amounted at December 31, 2021 to SEK 241 million and a tax surcharge and interest of SEK 118 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, Tele2 holds a provision of SEK 359 million at December 31, 2021 (December 31, 2020: SEK 355 million).

Tele2 Netherlands

In January 2019 Tele2 and Deutsche Telekom completed the combination of Tele2 Netherlands and T-Mobile Netherlands. Tele2 Netherlands was sold for SEK 1.9 billion and 25 percent share in the combined company. In 2021 Tele2 reported a positive impact of SEK 130 million related to a dispute attached to the former Tele2 operation in the Netherlands, as the dispute is now resolved.

Tele2 Switzerland

In 2008 Tele2 sold its operations in Switzerland to TDC Sunrise. In 2021 Tele2 reported a positive effect in the income statement of SEK 193 million related to a settled dispute with Swisscom, attached to Tele2s former Swiss operation. In 2021, Tele2 also received the corresponding payment of SEK 209 million, of which SEK 16 million is subject to expected further distribution to a third party.

Note 33 cont.

Income statement

All discontinued operations are included in the income statement below, with a retrospective effect on previous periods.

SEK million	2021	2020
Revenue	—	690
Cost of services provided and equipment sold	—	-339
Gross profit/loss	**—**	**350**
Selling expenses	—	-74
Administrative expenses	-3	-99
Other operating income	—	2
Other operating expenses	—	-1
Operating profit	**-3**	**179**
Interest income	—	0
Interest expenses	-4	-19
Other financial items	—	—
Profit/loss after financial items	**-8**	**160**
Income tax from the operation	—	-51
Net profit/loss from the operation	**-8**	**110**
Profit/loss on disposal of operation including sales costs and cumulative exchange rate gain	**354**	**286**
of which Germany	46	-25
of which Croatia	-13	247
of which Netherlands	128	55
of which Switzerland	193	—
of which Austria	—	8
Income tax from capital gain	**—**	**-221**
of which Croatia	—	116
of which Kazakhstan	—	-337
Net profit/loss	**346**	**175**
Attributable to:		
Equity holders of the parent company	346	175
Net profit/loss	**346**	**175**
Earnings per share, SEK	0.51	0.25
Earnings per share, after dilution, SEK	0.50	0.25

Balance sheet

Assets and liabilities associated with assets held for sale as of December 31, 2021 refer to earnouts, provisions and other liabilities related to divested operations.

In addition, 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.

SEK million	Dec 31, 2021	Dec 31, 2020
ASSETS		
Shares in associated companies	7,366	—
Financial assets	78	123
Non-current assets	**7,444**	**123**
Other current receivables	14	16
Current assets	**14**	**16**
Asset classified as held for sale	**7,458**	**140**
LIABILITIES		
Interest-bearing	49	149
Non-current liabilities	**49**	**149**
Interest-bearing	54	63
Non-interest-bearing	358	341
Current liabilities	**413**	**405**
Liabilities directly associated with assets classified as held for sale	**462**	**554**

Cash flow statement

SEK million	2021	2020
Cash flow from operating activities	-2	143
Cash flow from investing activities	329	2,058
Cash flow from financing activities	—	-31
Net change in cash and cash equivalents	**327**	**2,170**

NOTE 34 JOINT OPERATIONS AND OTHER RELATED PARTIES

Business relations and pricing between Tele2 and all related parties are based on commercial terms and conditions. During 2021, Tele2 engaged in transactions with the following related companies/persons.

Joint operations

Svenska UMTS-nät AB, Sweden

Tele2 is one of two turnkey contractors which plan and operate the joint operation Svenska UMTS-nät AB's 3G network. Tele2 and Telia Company each own 50 percent and both companies have contributed capital to the 3G company. In addition to this, the build-out was financed by the owners. Based on an agreement from 2020 Tele2 and Telia Company have during 2021 started to gradually decommission the 3G network with the aim to have the network fully shut down by the end of 2023.

Net4Mobility HB, Sweden

Net4Mobility is an infrastructure joint operation between Tele2 Sweden and Telenor Sweden, where each party owns 50 percent. The company's mission is to build and operate the combined 2G, 4G and 5G network. The network enables Tele2 and Telenor to offer their customers mobile services for data communications and voice. The build-out has owner financing.

SIA Centuria, Latvia and Lithuania

In 2019 Tele2 and Bite partnered to investigate a shared mobile network and spectrum setup in Latvia and Lithuania. However, since the partnership only received partial regulatory approval, Tele2 and Bite agreed in 2021 to terminate the cooperation agreements.

Extracts from the income statements, balance sheets and cash flow statements

The tables below show summarized financial information for significant joint operations before inter-company eliminations.

Income statement SEK million	2021		2020	
	Sv UMTS-nät, Sweden	Net4Mobility, Sweden	Sv UMTS-nät, Sweden	Net4Mobility, Sweden
Revenue	1,035	1,428	875	1,320
Operating profit	100	109	71	105
Profit/loss before tax	96	-188	58	28
Net profit/loss	77	-188	46	28

Balance sheet SEK million	Dec 31, 2021		Dec 31, 2020	
	Sv UMTS-nät, Sweden	Net4Mobility, Sweden	Sv UMTS-nät, Sweden	Net4Mobility, Sweden
Intangible assets	—	3,027	—	2,663
Tangible assets	542	2,703	921	2,201
Right-of-use assets	232	1,749	381	1,685
Deferred tax assets	51	—	71	—
Current assets	537	629	328	559
Total assets	**1,362**	**8,108**	**1,701**	**7,109**
Equity	800	-464	723	-275
Untaxed reserves	—	2,953	—	2,714
Non-current liabilities	222	3,960	256	3,738
Current liabilities	340	1,658	722	933
Total equity and liabilities	**1,362**	**8,108**	**1,701**	**7,109**

Cash flow statement SEK million	2021		2020	
	Sv UMTS-nät, Sweden	Net4Mobility, Sweden	Sv UMTS-nät, Sweden	Net4Mobility, Sweden
Cash flow from operating activities	537	1,149	482	982
Cash flow from investing activities	-12	-1,052	6	-323
Cash flow from financing activities	-484	-136	-488	-671
Net change in cash and cash equivalents	**41**	**-38**	**—**	**-13**
Cash and cash equivalents at beginning of the year	0	49	0	62
Cash and cash equivalents at end of the year	**41**	**10**	**0**	**49**

Note 34 cont.

Other related parties

Senior executives and Board members

Information related to senior executives and Board members is presented in Note 31.

Kinnevik Group

Tele2 rents premises from Kinnevik.

Joint ventures and associated companies

Information about joint ventures and associated companies is presented in Note 15.

Transactions and balances

Transactions between Tele2 and joint operations are included to 100 percent below. In the consolidated financial statements the joint operations are however based on Tele2's share of assets, liabilities, revenues and expenses (50 percent).

SEK million	Revenue		Operating expenses		Interest revenue	
	2021	2020	2021	2020	2021	2020
Kinnevik	1	0	-1	-2	—	—
Other Related Companies	—	0	—	—	—	—
Joint ventures and associated companies	92	200	-12	-7	—	—
Joint operations	159	159	-1,177	-1,072	18	15
Total	**252**	**359**	**-1,189**	**-1,081**	**18**	**15**

SEK million	Other receivables		Interest-bearing receivables		Non-interest-bearing liabilities	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Joint ventures and associated companies	4	43	—	—	1	1
Joint operations	642	434	1,275	1,223	291	291
Total	**646**	**477**	**1,275**	**1,223**	**292**	**292**

NOTE 35 EVENTS AFTER THE END OF THE FINANCIAL YEAR

In March 2022, Tele2 signed a partnership agreement with Nent in Sweden to take the next step into the aggregator world within TV. The partnership means a strengthened relationship with Nent where Tele2 can fully utilize Nent's content library and integrate it in the product offers..

In March 2022, all necessary regulatory approvals on the divestment of Tele2's 25% share in T-Mobile Netherlands have been received. The transaction is expected to be completed shortly.

Financial statements – Parent company

Parent company's income statement

SEK million	Note	2021	2020
Revenue	2	46	34
Gross profit		**46**	**34**
Administrative expenses		-130	-165
Other operating expenses	3	-7	6
Operating loss		**-91**	**-124**
Profit/loss from financial investments			
Dividend from Group companies		7,325	22,000
Other interest revenue and similar income	4	166	146
Interest expense and similar costs	5	-549	-1,201
Profit/loss after financial items		**6,851**	**20,820**
Appropriations, untaxed reserves		-230	—
Appropriations, group contribution		1,430	1,290
Tax on profit/loss for the year	6	-144	-205
Net profit/loss		**7,907**	**21,906**

Parent company's comprehensive income

SEK million	2021	2020
NET PROFIT/LOSS	7,907	21,906
Components that may be reclassified to net profit		
Gain/loss arising on changes in fair value of hedging instruments	61	27
Reclassified cumulative loss to income statement	-30	−21
Tax effect on cash flow hedges	-6	−1
Components that may be reclassified to net profit	**25**	**5**
Other comprehensive income for the year, net of tax	**25**	**5**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	7,931	21,911

Parent company's balance sheet

SEK million	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Shares in group companies	7	60,894	60,894
Receivables from group companies	9	11,358	8,119
Deferred tax assets	6	16	25
Other financial assets	8	79	72
Non-current assets		**72,347**	**69,110**
Other receivables from group companies	9	3,385	1,324
Other current receivables	10	147	224
Prepaid expenses and accrued income		4	2
Current receivables		**3,536**	**1,551**
Cash and cash equivalents	11	0	0
Current assets		**3,536**	**1,551**
TOTAL ASSETS		75,884	70,661

SEK million	Note	Dec 31, 2021	Dec 31, 2020
EQUITY AND LIABILITIES			
Share capital		866	863
Restricted reserve		4,985	4,985
Restricted equity		**5,851**	**5,848**
Reserves		22,418	22,393
Retained earnings		8,852	-6,907
Net profit		7,907	21,906
Unrestricted equity		**39,177**	**37,392**
Equity		**45,028**	**43,240**
Untaxed reserves		**230**	**—**
Liabilities to financial institutions and similar liabilities	12	22,390	21,406
Pension and similar commitments		112	91
Other liabilities to group companies		5,000	-
Non-current liabilities		**27,502**	**21,497**
Liabilities to financial institutions and similar liabilities	12	2,783	3,246
Provisions	13	5	14
Other liabilities to group companies		5	2,267
Other interest-bearing liabilities	12	—	3
Interest-bearing liabilities		**2,793**	**5,530**
Accounts payable	12	1	8
Current tax liabilities		147	192
Other current liabilities	12	3	3
Other liabilities to group companies		0	0
Accrued expenses and deferred income	14	179	190
Non-interest-bearing liabilities		**330**	**393**
Current liabilities		**3,123**	**5,923**
TOTAL EQUITY AND LIABILITIES		75,884	70,661

Parent company's cash flow statement

SEK million	2021	2020
Operating activities		
Operating loss	-91	-124
Adjustments for non-cash items in operating loss		
- Incentive program	12	20
Interest paid	-343	-387
Finance items paid	-2	-2
Income tax paid	-185	-16
Changes in working capital		
- Operating receivables	2	-3
- Operating liabilities	-7	-3
Cash flow from operating activities	**-614**	**-516**
Investing activities		
Lending to group companies	6,450	6,580
Cash flow from investing activities	**6,450**	**6,580**
Cash flow after investing activities	**5,837**	**6,064**
Financing activities		
Proceeds from credit institutions and similar liabilities	5,202	3,247
Repayment of loans from credit institutions and similar liabilities	-4,834	-3,122
Dividends paid	-6,205	-6,198
Cash flow from financing activities	**-5,837**	**-6,072**
Net change in cash and cash equivalents	**-0**	**-8**
Cash and cash equivalents at beginning of year	0	8
Cash and cash equivalents at end of the year	**0**	**0**

Change in parent company's equity

SEK million	Restricted equity		Unrestricted equity			Total equity
	Share capital	Restricted reserve	Hedge reserve	Share premium reserve	Retained earnings	
Equity at January 1, 2021	863	4,985	1	22,393	14,999	43,240
Net profit	—	—	—	—	7,907	7,907
Other comprehensive income for the year, net of tax	—	—	25	—	—	25
Total comprehensive income for the year	**—**	**—**	**25**	**—**	**7,907**	**7,931**
Other changes in equity						
Share-based payments	—	—	—	—	60	60
Share-based payments, tax effect	—	—	—	—	2	2
Proceeds from issuances of shares	3	—	—	—	—	3
Repurchased shares					-3	-3
Dividends	—	—	—	—	-6,205	-6,205
Equity at December 31, 2021	**866**	**4,985**	**25**	**22,393**	**16,759**	**45,028**
Equity at January 1, 2020	**863**	**4,985**	**−5**	**22,393**	**−777**	**27,460**
Net profit	—	—	—	—	21,906	21,906
Other comprehensive income for the year, net of tax	—	—	5	—	—	5
Total comprehensive income for the year	**—**	**—**	**5**	**—**	**21,906**	**21,911**
Other changes in equity						
Share-based payments	—	—	—	—	65	65
Share-based payments, tax effect	—	—	—	—	2	2
Dividends	—	—	—	—	−6,198	−6,198
Equity at December 31, 2020	**863**	**4,985**	**1**	**22,393**	**14,999**	**43,240**

Notes

NOTE 1 ACCOUNTING PRINCIPLES AND OTHER INFORMATION

The parent company's financial statements have been prepared according to the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities and other statements issued by the Swedish Financial Reporting Board.

The parent company follows the same accounting policies as the Group (see Group Note 1) with the following exceptions.

Subsidiaries

Shares in subsidiaries are recognized at cost, including expenses directly related to the acquisition, less any impairment. Group contributions are reported as appropriations in the income statement.

Classification and measurement of financial instruments

IFRS 9 Financial Instruments is adopted, except regarding financial guarantees where the exception allowed in RFR 2 is chosen. Financial guarantees are included in contingent liabilities.

Internal loans are managed by the Group's Corporate Affairs function and all internal credit facilities are reviewed on regular basis. Internal loans are managed to collect contractual cash flows and is therefore designated as amortized cost. Impairment losses are calculated based on expected credit losses.

Other information

The annual report has been approved by the Board of Directors on March 25, 2022. The balance sheet and income statement are subject to adoption by the Annual General Meeting on April 28, 2022.

NOTE 2 REVENUE

Revenue relates to sales to other companies within the Group.

NOTE 3 OTHER OPERATING EXPENSES

SEK million	2021	2020
Acquisition cost, Com Hem	—	2
Restructuring costs	-7	4
Total other operating expenses	**-7**	**6**

NOTE 4 OTHER INTEREST REVENUE AND SIMILAR INCOME

SEK million	2021	2020
Interest, Group	166	145
Interest, Other	0	0
Total other interest revenue and similar income	**166**	**146**

NOTE 5 INTEREST EXPENSE AND SIMILAR COSTS

SEK million	2021	2020
Interest, credit institutions and similar liabilities	-359	-382
Interest, Group	-29	-942
Exchange rate difference on financial liabilities	-155	129
Other finance expenses	-6	-6
Total interest expenses and similar costs	**-549**	**-1,201**

Interest Group in 2020 refers to temporary debts to Group companies in connection with the internal company restructurings further described in Note 7.

NOTE 6 TAXES

SEK million	2021	2020
Current tax expense, on profit/loss current year	-145	-194
Current tax expense, on profit/loss prior periods	6	-2
Current tax expense	**-140**	**-196**
Deferred tax expense/income	-4	-9
Total tax on profit/loss for the year	**-144**	**-205**

The difference between recorded tax and the tax based on prevailing tax rate consists of the below listed components.

SEK million	2021		2020	
Profit/loss before tax	8,051		22,110	
Tax effect according to tax rate in Sweden	-1,658	-20.6%	-4,732	-21.4%
Tax effect of				
Non-taxable dividend from group company	1,509	18.7%	4,708	21.3%
Negative net interest	—		-179	-0.8%
Non-deductible expenses other	-0	0.0%	-0	0.0%
Adjustment of tax assets from previous years	6	0.1%	-2	0.0%
Tax expense and effective tax rate	**-144**	**-1.8%**	**-205**	**-0.9%**

With regards to the interest limitation rules, the negative net interest that cannot be deducted appears as a permanent item. The negative net interest will instead be deducted in Tele2 Treasury AB and netted against positive net interest.

Deferred tax asset of SEK 16 (25) million is attributable to temporary differences for liabilities of SEK -4 (6) million and pensions of SEK 20 (19) million.

NOTE 7 SHARES IN GROUP COMPANIES

Company, reg. No., reg'd office	Number of shares	Total par value	Holding (capital/votes)	Dec 31, 2021 mSEK	Dec 31, 2020 mSEK
Tele2 Sverige AB, 556267-5164, Stockholm, Sweden	1,500,000	SEK 100	100%	59,694	59,694
Tele2 Treasury AB, 556606-7764, Stockholm, Sweden	1,000	SEK 100	100%	1,200	1,200
Total shares in group companies				**60,894**	**60,894**

SEK million	Dec 31, 2021	Dec 31, 2020
Acquisition value		
Acquisition value at January 1	60,894	38,764
Mergers	—	22,130
Total shares in group companies	**60,894**	**60,894**

During 2020, Group internal company restructurings were carried out, with the subsidiary Com Hem AB merging with Tele2 Sverige AB and the subsidiaries Com Hem Sweden AB and Tele2 Holding AB merging with the parent company Tele2 AB. As a result of the restructuring, Tele2 AB's shares in subsidiaries increased by SEK 22 billion with a corresponding increase in net debt to Group companies. The transaction has had no effect on the Group's financial statements. Since then, Tele2 AB has received dividends from subsidiaries, which reduced the debt to Group companies.

A list of all subsidiaries, excluding dormant companies, is presented in Note 19.

NOTE 8 OTHER FINANCIAL ASSETS

Other financial assets consist of pension funds.

NOTE 9 RECEIVABLES FROM GROUP COMPANIES

SEK million	Dec 31, 2021	Dec 31, 2020
Acquisition value at January 1	9,443	13,668
Lending	13,957	26,537
Repayments	-11,039	-23,380
Other changes in cash pool	2,383	-7,383
Total receivables from group companies	**14,743**	**9,443**

NOTE 10 OTHER CURRENT RECEIVABLES

SEK million	Dec 31, 2021	Dec 31, 2020
Derivatives	143	217
Receivables on employees	—	0
Other	4	8
Total other current receivables	**147**	**224**

Derivatives consists of fair value interest swaps, valued at fair value. For fair value hedges, the effective and ineffective portions of the change in fair value of the derivative, along with the gain or loss on the hedged item attributable to the risk being hedged, are recognized in the income statement in the same line. For additional information please refer to Group Note 2.

NOTE 11 CASH AND CASH EQUIVALENTS AND UNUTILIZED OVERDRAFT FACILITIES

SEK million	Dec 31, 2021	Dec 31, 2020
Cash and cash equivalents	0	0
Unutilized overdraft facilities and credit lines	7,772	7,629
Total available liquidity	**7,773**	**7,629**

NOTE 12 FINANCIAL LIABILITIES

SEK million	Dec 31, 2021	Dec 31, 2020
Liabilities to financial institutions and similar liabilities	25,173	24,652
Other interest-bearing liabilities	—	3
Total interest-bearing financial liabilities	**25,173**	**24,655**
Accounts payable	1	8
Other current liabilities	3	3
Total financial liabilities	**25,178**	**24,666**

The parent company's financial liabilities consist mainly of liabilities to financial institutions and similar liabilities. Specification of them, including maturity, is presented in the Group's Note 24. Liabilities to financial institutions in the form of cash pledged as collateral to reduce credit risk amounted on December 31, 2021 to SEK 183 (246) million, please refer to the Group's Note 2.

NOTE 13 PROVISIONS

Provisions consist of reserves for employee termination benefits and amounted at December 31, 2021 to SEK 5 (14) million.

NOTE 14 ACCRUED EXPENSES AND DEFERRED INCOME

SEK million	Dec 31, 2021	Dec 31, 2020
Interest costs	129	136
Personnel related expenses	43	51
External services expenses	7	3
Total accrued expenses and deferred income	**179**	**190**

NOTE 15 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

At December 31, 2021, the parent company's provided guarantees for the benefit of group companies amounted to SEK 816 (1,647) million.

NOTE 16 NUMBER OF EMPLOYEES

The average number of employees in the parent company is 9 (11), of whom 2 (2) are women and 7 (9) men.

NOTE 17 PERSONNEL COSTS

SEK million	2021			2020		
	Salaries and remunerations	Social security expenses	*of which pension expenses*	Salaries and remunerations	Social security expenses	*of which pension expenses*
Board and President	33	16	*5*	27	13	*3*
Other employees	60	35	*9*	62	31	*7*
Total	**93**	**51**	*13*	**89**	**44**	*10*

Personnel expenses directly recharged to Tele2 Sweden for some employees of the parent company working are netted with the cost in the income statement. The parent company's pension expenses relate to defined-contribution plans. Salary and remuneration for the CEO are presented in Group Note 31.

NOTE 18 FEES TO THE APPOINTED AUDITOR

Audit fees to the appointed auditor are SEK 2 (2) million. All other fees amount to SEK 1 (0) million.

NOTE 19 LEGAL STRUCTURE

The table below lists all the subsidiaries, associated companies, joint ventures and other holdings that are not dormant companies.

Company, reg. No., reg'd office	Note Group	Holding (capital/votes)
TELE2 SVERIGE AB, 556267-5164, Stockholm, Sweden		100%
T-Mobile Netherlands Holding BV, 33301092, Hague, Netherlands	15	25%
SNPAC Swedish Nr Portability Adm.Centre AB, 556595-2925, Stockholm, Sweden	15	40%
Triangelbolaget D4 AB, 556007-9799, Stockholm, Sweden	15	25%
TMPL Solutions AB, 559079-9341, Uppsala, Sweden	16	10,5%
Svenska UMTS-nät Holding AB, 556606-7988, Stockholm, Sweden		100%
Svenska UMTS-nät AB, 556606-7996, Stockholm, Sweden	34	50%
Interloop AB, 556450-2606, Stockholm, Sweden		100%
Net4Mobility HB, 969739-0293, Stockholm, Sweden	34	50%
Celestine Hill Communication AB, 556736-4145, Stockholm Sweden	34	50%
iTUX Communication AB, 556699-4843, Stockholm, Sweden		100%
Kombridge AB, 556817-2059, Gothenburg, Sweden		100%
Tele2 IoT Latvia SIA, 40003681691, Riga, Latvia		100%
Tele2 IoT Netherlands, 72180137, Amsterdam, Netherlands		100%
UAB Tele2, 111471645, Vilnius, Lithuania		100%
UAB Tele2 prekyba, 302473332, Vilnius, Lithuania		100%
Viesoji istaiga Numerio perkelimas, 303386211, Vilnius, Lithuania	15	25%
UAB Tele2 Fiksuotas Rysys, 111793742, Vilnius, Lithuania		100%
SIA Tele2, 40003272854, Riga, Latvia		100%
SIA Baltic Shared Services Center, 40203242091, Riga, Latvia		100%
SIA Centuria, 40203227548, Riga, Latvia	34	50%
Tele2 Eesti AS, 10069046, Tallinn, Estonia		100%
Estonian Broadband Development Foundation, Estonia	16	12,5%
Tele2 Europe SA, R.C.B56944, Luxembourg		100%
Tele2 Finance Luxembourg SARL, RCB112873, Luxembourg		100%
Tele2 Luxembourg AB, 556304-7025, Stockholm, Sweden		100%
TELE2 TREASURY AB, 556606-7764, Stockholm, Sweden		100%

Board of Directors' and President's certification

The consolidated financial statements and Annual Report have been prepared in accordance with the international financial reporting standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002, on application of International Financial Reporting Standards and generally accepted accounting principles, and give a fair overview of the parent company's and Group's financial position and results of operations.

The administration report for the group and parent company gives a fair overview of the Group's and parent company's operations, financial position and results of operations, and describes significant risks and uncertainties that the parent company and companies included in the Group face.

Stockholm March 25, 2022

Carla Smits-Nusteling
Chairman

Andrew Barron
Deputy Chairman

Eva Lindqvist

Georgi Ganev

Lars-Åke Norling

Sam Kini

Stina Bergfors

Kjell Johnsen
President and CEO

Our auditors' report was submitted on March 25, 2022
Deloitte AB

Didrik Roos
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Tele2 AB (publ) corporate identity number 556410-8917

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Tele2 AB (publ) for the financial year 2021-01-01 - 2021-12-31 except for the corporate governance statement on pages 28-34. The annual accounts and consolidated accounts of the company are included on pages 12-34 and 83-140 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 28-34. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue recognition and IT

Tele2 reports revenue of SEK 26,789 million for the financial year 2021. Tele2 has multiple revenue streams from a large number of customers. Revenues are characterized by a large volume of low value transactions, but also instances of larger projects and bundled offerings requiring management estimates and judgment such as determining fair values and the period in which the revenue should be recognized. Appropriate billing and IT operations are key for service delivery and for accurate and complete financial reporting.

In Note 1 the Group's accounting principles for revenue recognition are described and in Note 3 revenue by segment and by category are presented.

Our audit procedures included, but were not limited to:

- evaluating whether the accounting principles applied by management for revenue are in accordance with IFRS,
- testing relevant internal controls in IT systems critical for financial reporting,
- testing relevant revenue process controls, and
- testing different revenue streams through analytical procedures and on a sample basis to ensure appropriate revenue recognition.
- audit of expected credit losses including allowance for expected credit losses, and
- evaluating the adequacy of disclosures related to the various revenue streams and allowances for expected credit losses.

Valuation of goodwill and other intangible assets

Tele2 reports goodwill and other intangible assets of SEK 45,501 million as of December 31, 2021. On an annual basis management impairment tests the carrying value of goodwill and other intangible assets. The impairment assessments are complex and require management's estimates and judgement in determining the Group's cash generating units, the method selected for determining the recoverable amount as well as assumptions used regarding future growth rates, profit margins, investment levels and discount rates.

In Note 1 the Group's accounting principles for impairment testing of goodwill and intangible assets are described, and Note 11 describes the key assumptions used by management when preparing the annual impairment assessments.

Our audit procedures included, but were not limited to:

- assessing Tele2's principles and procedures when preparing its impairment tests for compliance with IFRS,
- assessing the valuation methodology and valuation assumptions used by management with the support of our valuation specialists,
- assessing the reasonableness of the business and accounting assumptions used in the impairment assessment, such as management's projections and forecast data,
- testing the mathematical accuracy of the models used for impairment testing, and
- evaluating the appropriateness of disclosures made in the financial statements.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-10, 35-38 and 145-149. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account ourour knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Tele2 AB (publ) for the financial year 2021-01-01 - 2021-12-31 and the proposed appropriations of the company's profit or loss.
We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Tele2 AB (publ) for the financial year 2021-01-01 - 2021-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report 0193459525ebb6e97909c717a2affae876491d1ea30dea6eb9bf-ba0e502959c1 has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Tele2 AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 28-34 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of Tele2 AB (publ) by the general meeting of the shareholders on the 2021-04-22 and has been the company's auditor since 2004-05-12.

Stockholm, March 25, 2022
Deloitte AB

Didrik Roos
Authorized Public Accountant

Definitions

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 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 relevant measures 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 measure 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**	**2021**	**2020**
Operating profit	4,787	7,371
Reversal:		
Result from shares in associated companies and joint ventures	-221	-311
Depreciation and amortization	5,952	5,269
EBITDA	**10,517**	**12,329**
Reversal, items affecting comparability:		
Acquisition costs	11	6
Restructuring costs	251	261
Disposal of non-current assets	40	-2,002
Other items affecting comparability	80	-109
Total items affecting comparability	**382**	**-1,844**
Underlying EBITDA	**10,900**	**10,484**
Lease depreciation	-1,197	-1,182
Lease interest costs	-63	-63
Underlying EBITDAaL	**9,639**	**9,239**
Revenue	26,789	26,554
Revenue excluding items affecting comparability	**26,789**	**26,554**
Underlying EBITDAaL margin	**36%**	**35%**

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 which 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 (lease) that are capitalized on the balance sheet.

SEK million	2021	2020
TOTAL OPERATIONS		
Additions to intangible and tangible assets	-3,328	-2,750
Sale of intangible and tangible assets	1	1
Capex paid	**-3,327**	**-2,749**
This period's unpaid capex and reversal of paid capex from previous period	-185	16
Reversal received payment of sold intangible and tangible assets	-1	-1
Capex intangible and tangible assets	**-3,513**	**-2,734**
Additions to right-of-use assets	-1,306	-1,204
Capex	**-4,819**	**-3,938**
CONTINUING OPERATIONS		
Additions to intangible and tangible assets	-3,328	-2,705
Sale of intangible and tangible assets	1	1
Capex paid	**-3,327**	**-2,704**
This period's unpaid capex and reversal of paid capex from previous period	-185	-11
Reversal received payment of sold intangible and tangible assets	-1	-1
Capex intangible and tangible assets	**-3,513**	**-2,717**
Additions to right-of-use assets	-1,306	-1,182
Capex	**-4,819**	**-3,899**

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	2021	2020
Underlying EBITDAaL	9,639	9,239
Capex excluding spectrum and leases	-3,158	-2,717
Operating cash flow	**6,482**	**6,523**

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	2021	2020
TOTAL OPERATIONS		
Cash flow from operating activities	10,297	8,816
Capex paid	-3,327	-2,749
Amortization of lease liabilities	-1,185	-1,188
Equity free cash flow (eFCF)	**5,785**	**4,879**
eFCF per share (SEK)	8.39	7.09
eFCF per share after dilution (SEK)	8.34	7.04
CONTINUING OPERATIONS		
Cash flow from operating activities	10,272	8,672
Capex paid	-3,327	-2,704
Amortization of lease liabilities	-1,185	-1,168
Equity free cash flow	**5,760**	**4,799**
eFCF per share (SEK)	8.35	6.97
eFCF per share after dilution (SEK)	8.31	6.93
OUTSTANDING SHARES		
Number of shares	689,909,491	688,627,574
Number of shares after dilution	693,458,249	692,609,831

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	Dec 31 2021	Dec 31 2020
Interest-bearing non-current liabilities	28,331	27,234
Interest-bearing current liabilities	4,116	4,881
Reversal provisions	-1,610	-1,660
Cash & cash equivalents, current investments and restricted funds	-881	-970
Derivatives	-275	-217
Net debt for assets classified as held for sale	-0	0
Net debt	**29,681**	**29,269**
Reversal:		
Lease liabilities	-5,414	-5,327
Economic net debt	**24,268**	**23,942**

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 are presented in an excel document (Tele2-Q4-2021-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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