2021

Tele2 Interim Report Second Quarter

TELE2

UNLIMITED

Q2 2021 HIGHLIGHTS

- End-user service revenue of SEK 4.8 billion increased by 2% compared to Q2 2020 on an organic basis due to strong performance in the Baltics and stabilization in Sweden.
- Revenue of SEK 6.6 billion increased by 1% compared to Q2 2020 on an organic basis.
- Underlying EBITDAaL of SEK 2.4 billion increased by 8% organically compared to Q2 2020 driven by strong performance in the Baltics, cost savings, lower commercial spend and less headwinds related to the pandemic.
- Net profit from total operations of SEK 1.4 billion increased by SEK 0.5 billion compared to Q2 2020.
- Equity free cash flow from continuing operations of SEK 1.3 (0.9) billion. Over the last twelve months, SEK 4.7 billion was generated, equivalent to roughly SEK 6.8 per share.
- First tranche of ordinary dividend of SEK 3.00 distributed to shareholders.
- Extraordinary General Meeting approved an extraordinary dividend of SEK 3.00 per share which was paid out in July.
- Tele2 and Com Hem brands consolidated into one strong premium convergent brand.
- Financial guidance for 2021 updated to flat to low single-digit growth in end-user service revenue (previously flat), mid-single-digit growth in underlying EBITDAaL (previously 2-4% growth) and capex excluding spectrum and leasing assets of SEK 2.8–3.3 billion (unchanged).
- On July 12, 2021 Charlotte Hansson was appointed EVP Group CFO and Hendrik de Groot was appointed EVP CCO. Charlotte Hansson starts her position on January 10, 2022 and Hendrik de Groot starts his position on August 2, 2021.

Key financial data

SEK million	Apr-Jun 2021	Apr-Jun 2020	Organic %	Jan-Jun 2021	Jan-Jun 2020	Organic %
Continuing operations						
End-user service revenue	4,815	4,757	2%	9,544	9,582	0%
Revenue	6,572	6,546	1%	13,122	13,126	1%
Operating profit	1,062	1,132		2,264	2,279	
Profit after financial items	972	1,013		2,044	2,003	
Underlying EBITDAaL	2,372	2,227	8%	4,686	4,421	7%
Capex excluding spectrum and leases	730	667		1,432	1,184	
Operating cash flow	1,642	1,560		3,255	3,237	
Operating cash flow, rolling 12 months				6,541	6,741	
Equity free cashflow	1,269	929		2,089	2,214	
Equity free cash flow, rolling 12 months				4,674	5,145	
Total operations						
Net profit	1,367	895		2,232	2,075	
Earnings per share after dilution (SEK)	1.97	1.29		3.22	3.00	
Equity free cashflow	1,267	974		2,087	2,256	
Economic net debt to underlying EBITDAaL				2.5x	2.4x	

Revenue
Q2 2021
6,572
SEK million

Underlying EBITDAaL
Q2 2021
2,372
SEK million

Continuing and discontinued operations

Figures presented in this report refer to Q2 (April-June) 2021 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2020. Discontinued operations include the former operations, primarily in Germany, Croatia and Kazakhstan. See Note 11.

Non-IFRS measures

This report contains certain non-IFRS measures which are defined and reconciliated to the closest reconcilable line items in the section *Non-IFRS measures* on page 28. Note that organic growth rates exclude effects from currency movements. For further definitions of industry terms and acronyms, please refer to the Investor section at www.tele2.com.

CEO LETTER – Q2 2021

Tele2 delivers a good quarter that reflects our solid underlying momentum. We have successfully combined Tele2 and Com Hem into one premium brand and have started to execute on our new commercial strategies, already seeing some early positive signals as a result. Now that a post-pandemic society is on the horizon, we are recalibrating our business step by step towards a strong focus on growth.

It is a pleasure to once again present solid figures for Tele2 this quarter, but it is the strategies and plans that we have put in place that makes me proud of the first half of this year. We now have sound strategies in place for our commercial business as well as the crucial IT and technology transformation that enables it all. Our medium term ambition is clear: Tele2 will become the leading telco in the Nordic and Baltic region – by providing superior customer experience, superior shareholder return, having high employee engagement and lead in sustainability. Growth is at the core of our B2C strategy in both Sweden and the Baltics and we aim to become a recognized leader in Sweden B2B and IoT. For an in-depth presentation of our strategy and ambitions I recommend the recording from our Capital Markets Day which is available at tele2.com.

To boost our capabilities and ensure that we deliver on our new strategy, I have appointed Charlotte Hansson as new CFO and Hendrik de Groot as new CCO. Charlotte brings broad and valuable experiences from a number of industries while Hendrik is the commercial FMC expert we need to secure successful evolvement of our converged offerings. I strongly look forward to working with both of them and warmly welcome them to Tele2.

This quarter some of pandemic headwinds that impeded our growth over the last year started to abate. Roaming revenue is now roughly at the same level as last year and other areas that were particularly affected by the pandemic such as TV and mobile prepaid are stabilizing. This, combined with successful execution of our more-for-more pricing strategy led to growth in Sweden B2C. At the same time, society as a whole is still in a pandemic mode with few store visitors and most companies, including Tele2, still working remotely. While this market environment is good for our margin as it keeps commercial cost down, we look forward to a return to normalcy so that we can regain commercial momentum. As society gradually returns to normal during the second half of 2021, so will our commercial momentum. While we have had strong growth in underlying EBITDAaL during the first half of the year we do not expect to maintain the same run-rate for the second half as we want the flexibility to invest in sustainable growth so that we can hit the ground running in 2022. That being said, the outlook for both end-user service revenue and underlying EBITDAaL looks better for the full year than we anticipated back in February, leading us to raise our guidance for 2021 (see page 6 for details).

On April 27 we successfully combined two of the most iconic consumer brands in Sweden into one strong premium brand. This concluded the first phase of our FMC journey, which was all about building loyalty within the existing overlap among our fixed and mobile customers. In the next phase we aim bigger. For the first time we can offer a truly convergent customer experience under one single brand. The market potential is big as we can now actively cross sell to the 1.3 million non-FMC households within our fixed footprint that have only one of our services. This will support our growth for many years as we gradually increase the penetration with a value led FMC strategy. I am also very excited about our technological journey towards convergence where we, in parallel with the commercial FMC strategy, are combining our IT stacks and decreasing the number of systems to greatly increase both efficiency and enhance the customer experience. We

> "Tele2 delivers a good quarter that reflects our solid underlying momentum

now have a dual brand strategy in place where two of Sweden's strongest brands, Tele2 and Comviq, will be able to provide converged offers to the whole Swedish consumer market.

The initial results of our new Sweden Business strategy looks promising and we see that the new mobile portfolio for small businesses launched in Q1 is successfully driving volume without eroding overall ASPU levels. While it will take some time to turn back to growth, the trajectory we laid out at the Capital Markets Day, aiming for a trend shift in 2021 and stabilization in 2022, is on track. We will continue with our multi-segment approach, focusing on market share within SME, profitability within the Large Private Enterprise segment while having a more granular approach within the Large Public Enterprise segment. During the quarter we launched exciting 5G cases together with both Foodora and Nordic Choice Hotels, demonstrating potential for the future. We also see that sustainability is increasingly important for our B2B customers and I am very proud of the fact that we have launched industry-leading climate goals approved by the Science-Based Target initiative this quarter, in line with our ambition to lead in sustainability.

Our Baltic markets have performed well throughout the pandemic, despite lockdowns and restrictions. This quarter was no exception with strong growth in both service revenue and underlying EBITDAaL in all three operations as we leverage our strong market positions in Lithuania and Latvia and drive our challenger position in Estonia.

We have continued to successfully navigate through the pandemic, renewed our strategies and are prepared to shift into full focus on growth. Meanwhile, our business transformation program is progressing according to plan, now at a run rate of SEK 350 million, on track towards the target of an annualized run-rate of SEK 500 million at the end of this year and at least SEK 1 billion at the end of 2022. In line with our ambition to provide superior shareholder returns, we have distributed an extraordinary dividend of SEK 3.00. Going forward, execution will be the name of the game and although I want to wish both shareholders and employees a very nice summer, I cannot wait to get back to the office and execute on our plans in the coming quarters.

Kjell Johnsen
President and Group CEO

Financial overview

Analysis of revenue

Continuing operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Organic %	Jan-Jun 2021	Jan-Jun 2020	Organic %
Mobile	1,428	1,404	2%	2,841	2,821	1%
- Postpaid	1,186	1,163	2%	2,367	2,322	2%
- Prepaid	242	241	0%	473	499	-5%
Fixed	1,450	1,450	0%	2,887	2,938	-2%
- Fixed broadband	692	660	5%	1,370	1,306	5%
- Digital TV	698	712	-2%	1,393	1,467	-5%
- Cable & Fiber	424	413	3%	844	855	-1%
- DTT	274	299	-8%	550	613	-10%
- Fixed telephony & DSL	60	78	-23%	123	165	-25%
Landlord & Other	168	174	-4%	338	349	-3%
Sweden Consumer	**3,046**	**3,028**	**1%**	**6,066**	**6,109**	**-1%**
Sweden Business	962	980	-2%	1,909	1,980	-4%
Baltics	806	749	13%	1,570	1,493	11%
End-user service revenue	**4,815**	**4,757**	**2%**	**9,544**	**9,582**	**0%**
Operator revenue	590	576	4%	1,148	1,176	-1%
Equipment revenue	1,167	1,212	-3%	2,430	2,369	4%
Revenue	**6,572**	**6,546**	**1%**	**13,122**	**13,126**	**1%**

End-user service revenue increased by 2% organically, with Sweden roughly flat and continued strong growth in the Baltics. The headwind from lower international roaming revenue that affected growth in earlier quarters is now roughly neutral year-on-year.

- **Sweden Consumer** increased by 1% with continued growth in mobile postpaid and fixed broadband and stabilization in digital TV as the headwind from the pandemic turned around.
- **Sweden Business** decreased by 2% mainly driven by decline in legacy fixed services while mobile and solutions saw improvement compared to previous quarters.
- **Baltics** increased by 13% organically driven by both volume growth and strong ASPU (Average Spend Per User) growth from price adjustments and upselling.

Total revenue increased by 1% organically as growth in end-user service revenue and operator revenue offset decline in equipment revenue in Sweden consumer.

Analysis of income statement

Continuing operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Revenue	6,572	6,546	13,122	13,126
Underlying EBITDAaL	**2,372**	**2,227**	**4,686**	**4,421**
Reversal lease depreciation and interest	314	314	630	621
Underlying EBITDA	**2,686**	**2,541**	**5,316**	**5,042**
Items affecting comparability	-121	-120	-190	-159
EBITDA	**2,565**	**2,421**	**5,127**	**4,883**
Depreciation/amortization	-1,526	-1,322	-2,898	-2,636
- of which amortization of surplus from acquisitions	-390	-301	-691	-602
- of which lease depreciation	-299	-298	-600	-588
- of which other depreciation/amortization	-837	-722	-1,607	-1,447
Result from shares in associated companies and joint ventures	22	32	35	32
Operating profit	**1,062**	**1,132**	**2,264**	**2,279**
Net interest and other financial items	-90	-118	-219	-276
Income tax	173	-187	-32	-382
Net profit	**1,146**	**826**	**2,012**	**1,621**

Underlying EBITDAaL increased by 8% organically, driven by strong performance in the Baltics, transformational cost savings, lower commercial expenses in Sweden and less headwinds from the pandemic.

Items affecting comparability of SEK -121 (-120) million was mainly driven by restructuring costs related to the business transformation program in Sweden. Refer to Note 3 for more details.

Depreciation/amortization of SEK -1,526 (-1,322) million increased compared to Q2 2020 mainly due to depreciation of the Com Hem brand in connection with the brand merger with the Tele2, as well as impairment related to IT transformation. Refer to Note 3 for more details.

Net interest and other financial items of SEK -90 (-118) million includes a positive non-cash effect of SEK 21 million due to the release of a provision in connection with a favorable ruling in a dispute with the Swedish tax authority. Refer to Note 4 for more details.

Income tax of SEK 173 (-187) million includes a positive non-cash effect of SEK 350 million related to the favorable ruling mentioned above.

Analysis of cash flow statement

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020
Continuing operations				
Underlying EBITDA	2,686	2,541	5,316	5,042
Items affecting comparability	-121	-120	-190	-159
Amortization of lease liabilities	-270	-262	-651	-634
Capex paid	-652	-728	-1,738	-1,327
Changes in working capital	80	-95	54	-3
Net financial items paid	-175	-210	-279	-312
Taxes paid	-304	-216	-465	-425
Other cash items	25	17	42	32
Equity free cash flow	**1,269**	**929**	**2,089**	**2,214**
Equity free cash flow, rolling 12 months[1]			4,674	5,145
Total operations				
Equity free cash flow, continuing operations	1,269	929	2,089	2,214
Equity free cash flow, discontinued operations	-3	45	-3	42
Equity free cash flow	**1,267**	**974**	**2,087**	**2,256**

[1] Reconciliation of equity free cash flow rolling 12 months are presented in an excel document (Q2 2021-financials to the market) on Tele2's website www.tele2.com

Capex paid of SEK -652 (-728) million decreased compared to Q2 2020 due to timing of customer equipment capex in Q2 2020.

Changes in working capital of SEK 80 (-95) million was positively affected by external handset financing in the Baltics.

Taxes paid of SEK -304 (-216) million were affected by timing of withholding tax on intercompany dividend from the Baltics.

Equity free cash flow from continuing operations over the last twelve months amounted to SEK 4.7 billion, equivalent to roughly SEK 6.8 per share.

Analysis of financial position

Total operations SEK million	Jun 30 2021	Dec 31 2020
Bonds	21,231	21,175
Commercial papers	1,300	–
Financial institutions and other liabilities	3,716	3,954
Cash and cash equivalents	-2,141	-970
Other adjustments	-186	-217
Economic net debt	**23,921**	**23,942**
Lease liabilities	4,967	5,327
Net debt	**28,888**	**29,269**
Underlying EBITDAaL, rolling 12 months[1]	**9,505**	**9,239**
Economic net debt to Underlying EBITDAaL	**2.5x**	**2.6x**
Unutilized overdraft facilities and credit lines	8,545	8,560

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

Economic net debt of SEK 23.9 (23.9 at year-end 2020) billion remained at the same level as at year-end 2020 as the first half of the ordinary dividend of SEK 2.1bn paid out in April was covered by cash generation.

Economic net debt to underlying EBITDAaL (financial leverage) of 2.5x (2.6x year end 2020) was at the lower end of the leverage target range of 2.5–3.0x ahead of the distribution of the extraordinary dividend of SEK 3.00 per share in July.

Financial guidance

Financial guidance updated

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

Full-year 2021 (updated)

- Flat to low single-digit growth of end-user service revenue (raised from flat).
- Mid-single-digit growth of underlying EBITDAaL (raised from 2-4% growth).
- Capex excluding spectrum and leasing assets of SEK 2.8–3.3 billion (unchanged).

Mid-term (unchanged)

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

Dividend

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

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

Financial policy

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

Group summary

Continuing operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Organic %	Jan-Jun 2021	Jan-Jun 2020	Organic %
END-USER SERVICE REVENUE						
Sweden	4,009	4,008	0%	7,975	8,088	-1%
Lithuania	435	404	13%	844	798	11%
Latvia	237	222	12%	460	446	9%
Estonia	135	123	15%	265	250	12%
Total	**4,815**	**4,757**	**2%**	**9,544**	**9,582**	**0%**
REVENUE						
Sweden	5,286	5,356	-1%	10,621	10,787	-2%
Lithuania	747	679	16%	1,439	1,318	15%
Latvia	363	338	13%	716	677	11%
Estonia	203	195	10%	400	394	7%
Internal sales, elimination	-28	-23	24%	-55	-50	9%
Total	**6,572**	**6,546**	**1%**	**13,122**	**13,126**	**1%**
UNDERLYING EBITDAaL						
Sweden	1,907	1,782	7%	3,771	3,571	6%
Lithuania	279	272	8%	550	510	13%
Latvia	144	133	14%	279	258	14%
Estonia	42	39	14%	87	82	11%
Total	**2,372**	**2,227**	**8%**	**4,686**	**4,421**	**7%**
CAPEX						
Sweden	662	595	11%	1,308	1,059	24%
Lithuania	35	27	36%	58	45	35%
Latvia	16	27	-36%	29	40	-24%
Estonia	16	18	-5%	37	40	-4%
Capex excluding spectrum and leases	**730**	**667**	**10%**	**1,432**	**1,184**	**22%**
Spectrum	—	—		333	—	
Right-of-use assets (leases)	88	91		345	417	
Total	**817**	**758**		**2,110**	**1,601**	
of which:						
– Network	385	315		731	529	
– IT	235	176		464	336	
– Customer equipment	90	135		192	239	
– Other	20	42		45	80	
Capex excluding spectrum and leases	**730**	**667**		**1,432**	**1,184**	

Overview by segment

Sweden

Tele2 Sweden saw flat end-user service growth in the quarter as continued strong performance in the B2C mobile postpaid and fixed broadband was offset by decline in Sweden B2B. The negative effects from the pandemic started to abate in the quarter with roaming largely neutral for end-user service revenue growth compared to last year.

Optimization in the Digital Capabilities and Technology (DCT) organization and support functions were executed through the business transformation program which resulted in an annualized run-rate saving of SEK 350 million at the end of the quarter, resulting in an effect on underlying EBITDAaL of approximately SEK 80 million in the quarter giving a net effect in underlying EBITDAaL of SEK 70 million YoY (SEK 10 million realized in Q2 2020).
Underlying EBITDAaL increased by 7% driven by continued execution of the business transformation program, lower commercial spend, and less headwinds related to the pandemic.

Capex excluding spectrum and leases increased by SEK 67 million mainly due to 5G related network investments and IT investments related to the business transformation program.

Financials SEK million	Apr-Jun 2021	Apr-Jun 2020	Organic %	Jan-Jun 2021	Jan-Jun 2020	Organic %
End-user service revenue	**4,009**	**4,008**	**0%**	**7,975**	**8,088**	**-1%**
Revenue	5,286	5,356	-1%	10,621	10,787	-2%
Underlying EBITDA	2,176	2,053		4,313	4,104	
Underlying EBITDAaL	**1,907**	**1,782**	**7%**	**3,771**	**3,571**	**6%**
Underlying EBITDAaL margin	36%	33%		36%	33%	
Capex						
Network	339	265		647	444	
IT	225	163		446	312	
Customer equipment	88	133		188	235	
Other	9	34		27	67	
Capex excluding spectrum and leases	**662**	**595**		**1,308**	**1,059**	
Spectrum	—	—		333	—	
Right-of-use-assets (leases)	66	51		289	341	
Capex	**728**	**646**		**1,930**	**1,400**	
Capex excluding spectrum and leases / revenue	13%	11%		12%	10%	

Sweden Consumer

This quarter Tele2 entered the second phase of the FMC strategy through the consolidation of the Com Hem and Tele2 brands into one strong premium convergent brand. The FMC customer base increased from 285,000 customers in Q1 2021 to 310,000 customers, representing a 12% penetration of the total customer base. Price adjustments on the mobile postpaid and fixed broadband base which were implemented throughout the spring on the back of service upgrades started to have effect in the quarter, with the full effect on ASPU expected in Q3 2021.

Mobile net intake was positive in the quarter driven by prepaid as COVID-19 restrictions hampered postpaid sales in physical channels. Despite lackluster volume, end-user service revenue grew by 2% primarily driven by price adjustments in the postpaid base but also higher activity in prepaid.

Net intake in fixed broadband was positive with 4,000 RGUs despite a database adjustment of 1,800 non-active RGUs in the quarter. End-user service revenue growth of 5% was driven by both volume and ASPU growth on the back of price adjustments and increased demand for higher speeds.

Net intake in Digital TV was negative with 19,000 RGUs primarily driven by a database adjustment of 9,300 non-active RGUs in the quarter. Cable & fiber end-user service revenue grew by 3% due to easy comparables in Q2 2020 when premium sports content was shut down. However, it did not fully compensate the continued decline in the legacy DTT business resulting in Digital TV end-user service revenue declining by 2%.

Total end-user service revenue increased by 1%, marking a return to growth in the consumer business after a period of pandemic headwinds.

	Apr-Jun 2021	Apr-Jun 2020		Jun 30 2021	Jun 30 2020	Organic %
RGUs (thousands)	Net intake			RGU base		
Mobile	12	-23		2,944	2,936	0%
– Postpaid	-1	18		1,924	1,923	0%
– Prepaid	13	-41		1,019	1,013	1%
Fixed	-24	-14		2,075	2,140	-3%
– Fixed broadband	4	10		920	893	3%
– Digital TV	-19	-13		946	994	-5%
– Cable & Fiber	-12	-5		645	657	-2%
– DTT	-7	-8		301	337	-11%
– Fixed telephony & DSL	-10	-11		209	253	-17%
Total RGUs	**-12**	**-36**		**5,019**	**5,076**	**-1%**
Addressable fixed footprint	-5	33		3,511	3,375	4%

	Apr-Jun 2021	Apr-Jun 2020	Organic %	Jan-Jun 2021	Jan-Jun 2020	Organic %
ASPU (SEK)						
Mobile	162	159	2%	160	159	1%
– Postpaid	205	203	1%	206	204	1%
– Prepaid	80	78	2%	76	79	-4%
Fixed	232	225	3%	228	227	0%
– Fixed broadband	251	248	1%	253	247	3%
– Digital TV	244	237	3%	238	243	-2%
– Cable & Fiber	217	209	4%	211	215	-2%
– DTT	300	292	3%	284	294	-4%
– Fixed telephony & DSL	93	100	-7%	87	103	-15%
Revenue (SEK million)						
Mobile	1,428	1,404	2%	2,841	2,821	1%
– Postpaid	1,186	1,163	2%	2,367	2,322	2%
– Prepaid	242	241	0%	473	499	-5%
Fixed	1,450	1,450	0%	2,887	2,938	-2%
– Fixed broadband	692	660	5%	1,370	1,306	5%
– Digital TV	698	712	-2%	1,393	1,467	-5%
– Cable & Fiber	424	413	3%	844	855	-1%
– DTT	274	299	-8%	550	613	-10%
– Fixed telephony & DSL	60	78	-23%	123	165	-25%
Landlord & Other	168	174	-4%	338	349	-3%
End-user service revenue	**3,046**	**3,028**	**1%**	**6,066**	**6,109**	**-1%**
Operator revenue	183	167		357	329	
Equipment revenue	414	518		906	985	
Revenue	**3,643**	**3,713**	**-2%**	**7,329**	**7,423**	**-1%**

Sweden Business

The market continued to be very competitive across all segments during the quarter. In the Small- and Medium segment commercial initiatives to increase the FMC penetration were launched, such as a new pricing strategy for dedicated fiber and improved sales and delivery processes to shorten lead times and increase customer interaction. The simplified portfolio that was launched for small businesses in the previous quarter has had a positive effect on volume without eroding backbook ASPU levels.

Tele2 is taking steps to start monetizing 5G through the launch of 5G eMBB (enhanced mobile broadband) to boost the acceleration of the industrial digitalization supported by IoT technology.

In line with our strategy to improve profitability in the Large segment an initiative was launched within Unified Communication Solutions, moving toward Cloud based solutions to reduce complexity and increase competitiveness.

Mobile net intake was positive in the quarter with 10,000 RGUs driven by improved intake in the Small segment and new customers in the Large segment. New and renewed contracts include Capio, Recover, Sandvikens kommun and Järfälla kommun.

Fixed service revenue continued to decline due to pressure on legacy service, offsetting improvements in mobile and solutions, resulting in total end-user service revenue decline of 2%.

Sweden Business

	Apr–Jun 2021	Apr–Jun 2020		Jun 30 2021	Jun 30 2020	Organic %
RGUs (thousands)	Net intake			RGU base		
Mobile (excluding IoT)						
– Postpaid	10	-11		974	940	4%

	Apr–Jun 2021	Apr–Jun 2020	Organic %	Jan–Jun 2021	Jan–Jun 2020	Organic %
ASPU (SEK)						
Mobile (excluding IoT)						
– Postpaid	133	142	-6%	134	150	-11%
Revenue (SEK million)						
Mobile	454	457	-1%	907	945	-4%
Fixed	231	258	-10%	465	507	-8%
Solutions	277	265	4%	536	528	2%
End-user service revenue	**962**	**980**	**-2%**	**1,909**	**1,980**	**-4%**
Operator revenue	23	36		48	71	
Equipment revenue	395	397		840	820	
Internal sales	1	—		1	—	
Revenue	**1,382**	**1,412**	**-2%**	**2,798**	**2,870**	**-2%**

Sweden Wholesale

Financials SEK million	Apr–Jun 2021	Apr–Jun 2020	Organic %	Jan–Jun 2021	Jan–Jun 2020	Organic %
Operator revenue	260	230		490	492	
Internal sales	1	1		3	3	
Revenue	**261**	**232**	**13%**	**493**	**494**	**0%**

Baltics

Lithuania

The negative effects from the pandemic started to abate in the quarter with roaming largely neutral for end-user service revenue year-on-year. COVID-19 restrictions started to ease up which increased activity in the market. During the quarter the focus remained on the more-for-more strategy and migrating customers from prepaid to postpaid.

Mobile net intake was positive with an increase of 19,000 RGUs driven by both B2C and B2B through campaigns and prepaid to postpaid migration.

Mobile ASPU increased by 11% in local currency driven by price adjustments through more-for-more campaigns.

End-user service revenue increased by 13% in local currency driven by ASPU growth and volume growth in mobile postpaid. Underlying EBITDAaL increased by 8% in local currency driven by higher end-user service revenue.

	Apr-Jun 2021	Apr-Jun 2020		Jun 30 2021	Jun 30 2020	Organic %
RGUs (thousands)	Net intake			RGU base		
Mobile	19	-25		1,901	1,853	3%
– Postpaid	14	10		1,214	1,158	5%
– Prepaid	5	-35		687	695	-1%

	Apr-Jun 2021	Apr-Jun 2020	Organic %	Jan-Jun 2021	Jan-Jun 2020	Organic %
ASPU (EUR)						
Mobile	7.5	6.8	11%	7.3	6.7	10%
– Postpaid	9.3	8.7	6%	9.3	8.6	8%
– Prepaid	4.5	3.6	25%	4.1	3.6	16%
Revenue (SEK million)						
Mobile	434	403	13%	842	797	11%
– Postpaid	340	321	11%	664	632	11%
– Prepaid	94	82	20%	178	165	14%
Fixed	1	1	51%	2	1	N/A
End-user service revenue	**435**	**404**	**13%**	**844**	**798**	**11%**
Operator revenue	56	67		115	129	
Equipment revenue	243	198		452	368	
Internal sales	14	11		27	24	
Revenue	**747**	**679**	**16%**	**1,439**	**1,318**	**15%**
Underlying EBITDA	296	289		584	543	
Underlying EBITDAaL	**279**	**272**	**8%**	**550**	**510**	**13%**
Underlying EBITDAaL margin	37%	40%		38%	39%	
Capex	50	34		87	70	
Capex excluding spectrum and leases	**35**	**27**		**58**	**45**	
Capex excluding spectrum and leases / revenue	5%	4%		4%	3%	

Latvia

The negative effects from the pandemic started to abate in the quarter with a slight recovery in end-user service revenue from roaming. COVID-19 restrictions started to ease up which increased activity in the market. Strategic focus continues to be on digitalizing key processes and monetization increasing demand for data. In the quarter Tele2 Latvia was recognized by the National Regulator of Latvia as the operator with the fastest mobile internet download speed.

Mobile net intake was positive with an increase of 6,000 RGUs in the quarter driven by strong intake in mobile postpaid while mobile prepaid was negative. Mobile ASPU increased by 7% in local currency driven by price adjustments in mobile prepaid and postpaid and continued data monetization through upselling.

End-user service revenue increased by 12% in local currency driven by ASPU growth and positive net intake in mobile postpaid. Underlying EBITDAaL increased by 14% in local currency primarily driven by higher end-user service revenue and equipment revenue.

	Apr-Jun 2021	Apr-Jun 2020		Jun 30 2021	Jun 30 2020	Organic %
RGUs (thousands)	Net intake			RGU base		
Mobile	6	-8		986	942	5%
– Postpaid	20	9		734	677	8%
– Prepaid	-14	-17		253	265	-5%

	Apr-Jun 2021	Apr-Jun 2020	Organic %	Jan-Jun 2021	Jan-Jun 2020	Organic %
ASPU (EUR)						
Mobile	7.9	7.3	7%	7.8	7.3	6%
– Postpaid	9.4	8.9	6%	9.4	9.0	5%
– Prepaid	3.7	3.6	4%	3.5	3.5	-1%
Revenue (SEK million)						
Mobile	236	222	12%	459	445	8%
– Postpaid	206	191	14%	402	382	11%
– Prepaid	29	31	-1%	57	63	-6%
Fixed	1	0	N/A	1	0	N/A
End-user service revenue	**237**	**222**	**12%**	**460**	**446**	**9%**
Operator revenue	43	44		87	89	
Equipment revenue	74	64		150	123	
Internal sales	10	9		19	20	
Revenue	**363**	**338**	**13%**	**716**	**677**	**11%**
Underlying EBITDA	156	144		301	279	
Underlying EBITDAaL	**144**	**133**	**14%**	**279**	**258**	**14%**
Underlying EBITDAaL margin	40%	39%		39%	38%	
Capex	23	51		46	72	
Capex excluding spectrum and leases	**16**	**27**		**29**	**40**	
Capex excluding spectrum and leases / revenue	5%	8%		4%	6%	

Estonia

The negative effects from the pandemic started to abate in the quarter with a slight recovery in end-user service revenue from roaming. COVID-19 restrictions started to ease up which increased activity in the market. During the quarter, Tele2 Estonia continued to execute on the turnaround of the business as positive operational trends continued through focus on the more-for-more strategy, FMC offers and digital sale channels.

Mobile net intake was slightly positive both in mobile postpaid and prepaid as COVID-19 restrictions limited physical retail channels albeit with an increase in digital sales.

Mobile ASPU increased by 8% in local currency, driven by upselling and price adjustments in both the B2C and B2B segment.

End-user service revenue increased by 15% in local currency, driven by growth in ASPU and volume. Underlying EBITDAaL increased by 14% in local currency driven by higher end-user service revenue.

	Apr-Jun 2021	Apr-Jun 2020	Jun 30 2021	Jun 30 2020	Organic %
RGUs (thousands)	Net intake		RGU base		
Mobile	3	-0	439	428	2%
– Postpaid	1	3	386	378	2%
– Prepaid	2	-3	53	50	5%

	Apr-Jun 2021	Apr-Jun 2020	Organic %	Jan-Jun 2021	Jan-Jun 2020	Organic %
ASPU (EUR)						
Mobile	9.3	8.6	8%	9.2	8.6	6%
– Postpaid	10.0	9.3	8%	10.0	9.5	6%
– Prepaid	3.4	3.2	6%	3.2	3.0	7%
Revenue (SEK million)						
Mobile	123	117	10%	242	238	7%
– Postpaid	118	112	11%	231	228	7%
– Prepaid	5	5	6%	10	11	0%
Fixed	12	6	N/A	24	12	N/A
End-user service revenue	**135**	**123**	**15%**	**265**	**250**	**12%**
Operator revenue	25	33		49	67	
Equipment revenue	41	36		82	74	
Internal sales	2	2		4	4	
Revenue	**203**	**195**	**10%**	**400**	**394**	**7%**
Underlying EBITDA	58	56		119	115	
Underlying EBITDAaL	**42**	**39**	**14%**	**87**	**82**	**11%**
Underlying EBITDAaL margin	21%	20%		22%	21%	
Capex	17	27		47	59	
Capex excluding spectrum and leases	**16**	**18**		**37**	**40**	
Capex excluding spectrum and leases / revenue	8%	9%		9%	10%	

Associated companies

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

The Netherlands

Tele2 owns 25% of T-Mobile Netherlands (TMNL). This section shows 100% of the company, as reported by Deutsche Telecom[1].

During Q1 2021 TMNL continued to attract new customers in the mobile postpaid and fixed network segment despite the impact of COVID-19 and increasing competition. Revenue increased by 8% on the back of the acquisition of Simpel.

EBITDAaL increased by 11% on the back of revenue growth, continued realization of synergies from the merger between TMNL and Tele2 Netherlands, the acquisition of Simpel and efficient management of costs.

In Q1 2021 it was announced that TMNL will start to offer high-speed fiber internet in predominantly urban areas with its new partner Open Dutch Fiber, which will build a new fiber network for 1 million households.

	Jan-Mar 2021	Jan-Mar 2020	Mar 31 2021	Mar 31 2020	Organic %	Full year 2020
Customers (in thousands)	Net intake		Customer base			
Fixed Network						
- Fixed Network Access Lines			693	632	10%	682
- Broadband Customers			680	616	10%	668
Mobile Communications						
- Contract[2]	12	67				
- Prepaid	-16	9	6,439	5,256	23%	6,427
Total mobile	**-5**	**76**	**359**	**430**	**-17%**	**376**

	Jan-Mar 2021	Jan-Mar 2020	Organic %	Full year 2020
ARPU (EUR)				
Contract	15	16	-6%	16
Prepaid	3	3	0%	3
Financials (EUR million)[3]				
Service revenue - Mobile communications	295	268	10%	1,092
Product view	513	476	8%	1,946
- Fixed network	98	95	3%	383
- Mobile communications	415	381	9%	1,563
Segment view	513	476	8%	1,946
- of which Consumer	408	355	15%	1,457
- of which Business	99	98	1%	391
Total revenue	**513**	**476**	**8%**	**1,946**
EBITDA	171	157	9%	639
EBITDAaL	**151**	**136**	**11%**	**554**
EBITDAaL margin	29%	29%		29%
Cash capex (before spectrum)	**64**	**73**	**-12%**	**283**
Net debt				**2,078**
- of which lease obligations				691
- of which spectrum liability				202

1) As reported by Deutsche Telekom in the financial results for the first quarter of 2021 on May 12, 2021 (except net debt, which reflects the TMNL position and includes intragroup debt). Definitions and accounting rules may differ from Tele2 Group reporting. Net debt is reported on a bi-annual basis with a quarter lag.
2) Customer contracts have been adjusted with Simpel Customer Base as of Q4 2020.
3) Financials are adjusted for special factors.

Other items

Risks and uncertainty factors

Tele2's operations are affected by a number of external factors. The current spread of COVID-19 makes the importance of the services we provide greater than ever before. Even if the global pandemic adds uncertainty to our financial performance in the short term, our business model is resilient. The valuation of our segments (which equals our cash generating units) shows hence no need for impairment, and when evaluating the credit market, we conclude that we have the ability to comfortably fund our business.

In the long term, the risk factors considered to be most significant to Tele2's future development are spectrum auctions, regulation, market competitiveness and changing technology, strategy implementation and integration, network and IT infrastructure and quality, data protection and cyber security, external relationships, suppliers and joint ventures, customer churn, recruitment of skilled personnel, geopolitical conditions, environmental costs, corruption and unethical business practices and financial risks such as currency risk, interest risk, liquidity risk, credit risk, risks related to tax matters and impairment of assets. Please refer to Tele2's 2020 Annual and Sustainability Report (Administration report and Note 2) for a detailed description of Tele2's risk exposure and risk management.

Financial calendar

Tele2 will release its financial and operating results for the period ending September 30, 2021 on October 19, 2021 and the period ending December 31, 2021 on February 1, 2022.

Auditors' review report

This report has been subject to a limited review by Tele2's auditors.

Board's assurance

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

Stockholm, July 14, 2021
Tele2 AB

Carla Smits-Nusteling
Chairman

Andrew Barron
Deputy Chairman

Eva Lindqvist

Georgi Ganev

Lars-Åke Norling

Sam Kini

Stina Bergfors

Kjell Johnsen
President and CEO

Auditors' review report

Introduction

We have reviewed the interim report for Tele2 AB (publ) for the period January 1 - June 30, 2021. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, July 14, 2021

Deloitte AB

Didrik Roos
Authorized Public Accountant

Q2 2021 PRESENTATION

Tele2 will host a presentation, with the possibility to join through a conference call, for the global financial community at 10:00 am CET (09:00 am GMT/04:00 am EST) on Wednesday, July 14, 2021. The presentation will be held in English and also made available as a webcast on Tele2's website: www.tele2.com.

This information is information that Tele2 AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below, at 07:00 am CET on July 14, 2021.

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

Dial-in numbers:
SE: +46 (0) 8 50 69 21 80
UK: +44 (0) 2071 928000
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Appendices

Condensed consolidated income statement

SEK million	Note	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Revenue	2, 3	6,572	6,546	13,122	13,126
Cost of services provided and equipment sold	2, 3	-3,916	-3,768	-7,758	-7,514
Gross profit		**2,655**	**2,778**	**5,364**	**5,612**
Selling expenses	2, 3	-1,097	-1,186	-2,149	-2,339
Administrative expenses	2, 3	-529	-546	-1,035	-1,102
Result from shares in associated companies and joint ventures	5	22	32	35	32
Other operating income	3	55	91	121	164
Other operating expenses	3	-44	-37	-72	-88
Operating profit	3	**1,062**	**1,132**	**2,264**	**2,279**
Interest income		4	5	9	10
Interest expenses		-100	-111	-226	-261
Other financial items		7	-12	-3	-26
Profit after financial items		**972**	**1,013**	**2,044**	**2,003**
Income tax	4	173	-187	-32	-382
Net profit, continuing operations		**1,146**	**826**	**2,012**	**1,621**
Net profit discontinued operations	11	222	68	220	454
Net profit, total operations		**1,367**	**895**	**2,232**	**2,075**
Continuing operations					
Attributable to:					
Equity holders of the parent company		1,146	826	2,012	1,621
Net profit, continuing operations		**1,146**	**826**	**2,012**	**1,621**
Earnings per share (SEK)	9	1.66	1.21	2.92	2.36
Earnings per share, after dilution (SEK)	9	1.65	1.20	2.90	2.35
Total operations					
Attributable to:					
Equity holders of the parent company		1,367	895	2,232	2,075
Net profit, total operations		**1,367**	**895**	**2,232**	**2,075**
Earnings per share (SEK)	9	1.98	1.30	3.24	3.02
Earnings per share, after dilution (SEK)	9	1.97	1.29	3.22	3.00

Condensed consolidated comprehensive income

SEK million	Note	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
NET PROFIT		**1,367**	**895**	**2,232**	**2,075**
Components not to be reclassified to net profit					
Pensions, actuarial gains/losses		31	62	59	41
Pensions, actuarial gains/losses, tax effect		-6	-13	-12	-8
Components not to be reclassified to net profit/loss		**24**	**49**	**47**	**33**
Components that may be reclassified to net profit					
Translation differences in foreign operations		-67	-322	45	70
Tax effect on above		—	1	—	-4
Reversed cumulative translation differences from divested companies	3, 11	—	—	—	352
Tax effect on above	3, 11	—	—	—	-158
Translation differences in associated companies	5	-79	-404	61	31
Translation differences		-146	-724	106	291
Hedge of net investments in foreign operations		37	196	-28	-15
Tax effect on above		-8	-42	6	3
Reversed cumulative hedge from divested companies	11	—	—	—	-143
Tax effect on above	11	—	—	—	41
Hedge of net investments		29	154	-23	-114
Exchange rate differences		**-117**	**-570**	**83**	**178**
Profit arising on changes in fair value of hedging instruments		7	3	32	12
Reclassified cumulative profit/loss to income statement		-7	-4	-14	-11
Tax effect on cash flow hedges		0	0	-4	-0
Cash flow hedges		**-0**	**-0**	**14**	**1**
Components that may be reclassified to net profit/loss		**-117**	**-570**	**97**	**178**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**-93**	**-521**	**144**	**211**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,274**	**374**	**2,376**	**2,286**
Attributable to:					
Equity holders of the parent company		1,274	374	2,376	2,286
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,274**	**374**	**2,376**	**2,286**

Condensed consolidated balance sheet

SEK million	Note	Jun 30 2021	Dec 31 2020
ASSETS			
Goodwill		29,672	29,651
Other intangible assets		16,776	17,269
Intangible assets		**46,448**	**46,921**
Tangible assets		7,490	7,540
Right-of-use assets		5,038	5,349
Shares in associated companies and joint ventures	5	7,113	7,018
Other financial assets	6	659	737
Capitalized contract costs		495	493
Deferred tax assets		185	245
Non-current assets		**67,428**	**68,303**
Inventories		806	824
Current receivables		4,632	5,174
Cash and cash equivalents	7	2,141	970
Current assets		**7,579**	**6,968**
Assets classified as held for sale	11	**334**	**140**
TOTAL ASSETS		**75,341**	**75,411**
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent company		28,953	32,751
Equity	9	**28,953**	**32,751**
Interest-bearing liabilities	6	27,691	27,234
Non-interest-bearing liabilities		4,132	4,311
Non-current liabilities		**31,822**	**31,545**
Interest-bearing liabilities	6	5,021	4,881
Non-interest-bearing liabilities		8,997	5,679
Current liabilities		**14,018**	**10,561**
Liabilities directly associated with assets classified as held for sale	11	**547**	**554**
TOTAL EQUITY AND LIABILITIES		**75,341**	**75,411**

Condensed consolidated cash flow statement

Total operations SEK million	Note	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020
Operating activities					
Net profit		1,367	895	2,232	2,075
Adjustments for non-cash items in net profit		742	1,159	2,190	2,219
Changes in working capital		80	-90	54	-13
Cash flow from operating activities		**2,189**	**1,964**	**4,476**	**4,281**
Investing activities					
Additions to intangible and tangible assets		-652	-728	-1,738	-1,372
Acquisition and sale of shares and participations	10	32	1	32	2,132
Other financial assets, lending		—	-1	–	-3
Cash flow from investing activities		**-620**	**-728**	**-1,706**	**757**
Financing activities					
Proceeds from loans		1,324	1,711	4,404	1,790
Repayments of loans		-3,348	-247	-3,934	-2,113
Dividends paid	9	-2,066	-1,894	-2,066	-1,894
Cash flow from financing activities		**-4,090**	**-429**	**-1,595**	**-2,217**
Net change in cash and cash equivalents		**-2,521**	**806**	**1,174**	**2,821**
Cash and cash equivalents at beginning of period		4,686	2,471	970	448
Exchange rate differences in cash and cash equivalents		-24	-12	-3	-4
Cash and cash equivalents at end of the period	7	**2,141**	**3,265**	**2,141**	**3,265**

Condensed consolidated statements of changes in equity

Total operations SEK million	Note	Jun 30, 2021					
		Attributable to equity holders of the parent company					
		Share capital	Other paid-in capital	Hedge reserve	Translation reserve	Retained earnings	Total equity
Equity at January 1		**863**	**27,378**	**-202**	**-78**	**4,791**	**32,751**
Net profit		—	—	—	—	2,232	2,232
Other comprehensive income for the period, net of tax		—	—	-9	106	47	144
Total comprehensive income for the period		**—**	**—**	**-9**	**106**	**2,279**	**2,376**
Other changes in equity							
Share-based payments	9	—	—	—	—	27	27
Share-based payments, tax effect	9	—	—	—	—	3	3
New shares issues	9	3	—	—	—	—	3
Repurchase of own shares	9	—	—	—	—	-3	-3
Dividends	9	—	—	—	—	-6,205	-6,205
Equity at end of the period		**866**	**27,378**	**-211**	**27**	**893**	**28,953**

Total operations SEK million	Note	Jun 30, 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		—	—	—	—	2,075	2,075
Other comprehensive income for the period, net of tax		—	—	-113	291	33	211
Total comprehensive income for the period		**—**	**—**	**-113**	**291**	**2,107**	**2,286**
Other changes in equity							
Share-based payments	9	—	—	—	—	30	30
Share-based payments, tax effect	9	—	—	—	—	4	4
Dividends	9	—	–	—	—	-3,787	-3,787
Equity at end of the period		**863**	**27,378**	**-320**	**3,597**	**1,818**	**33,336**

Parent company

Condensed income statement

SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Revenue	9	10	22	21
Administrative expenses	-32	-42	-73	-80
Other operating expenses	-1	-2	-2	-4
Operating loss	**-25**	**-33**	**-53**	**-63**
Interest revenue and similar income	40	31	78	75
Interest expense and similar costs	-54	-241	-217	-874
Loss after financial items	**-40**	**-244**	**-192**	**-862**
Tax on loss	8	50	39	182
Net loss	**-32**	**-194**	**-153**	**-679**

Condensed balance sheet

SEK million	Note	Jun 30 2021	Dec 31 2020
ASSETS			
Financial assets		72,149	69,110
Non-current assets		**72,149**	**69,110**
Current receivables		213	1,551
Current assets		**213**	**1,551**
TOTAL ASSETS		**72,363**	**70,661**
EQUITY AND LIABILITIES			
Restricted equity	8	5,851	5,848
Unrestricted equity	8	31,072	37,392
Equity		**36,924**	**43,240**
Interest-bearing liabilities	5	27,371	21,497
Non-current liabilities		**27,371**	**21,497**
Interest-bearing liabilities	5	3,742	5,530
Non-interest-bearing liabilities		4,326	393
Current liabilities		**8,067**	**5,923**
TOTAL EQUITY AND LIABILITIES		**72,363**	**70,661**

Notes

NOTE 1 ACCOUNTING PRINCIPLES AND DEFINITIONS

The interim financial information for the Group for the six month period ended June 30, 2021 has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act and RFR 2 *Reporting for legal entities* and other statements issued by the Swedish Financial Reporting Board. In all respects other than those described below, Tele2 has presented the financial statements for the period ended June 30, 2021 in accordance with the accounting policies and principles applied in the 2020 Annual and Sustainability Report. The description of these principles and definitions are found in Note 1 in the Annual and Sustainability Report 2020. Disclosures as required by IAS 34 p. 16 A are presented both in the financial statements and notes as well as in other parts of the interim report.

The amendments to IFRSs applicable from January 1, 2021 have no effects to Tele2's financial reports for the six month period ended June 30, 2021.

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

Figures presented in this report refer to April 1 – June 30 (Q2), 2021 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2020.

NOTE 2 REVENUE AND SEGMENTS

Revenue per segment

Continuing operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Sweden	5,286	5,356	10,621	10,787
Lithuania	747	679	1,439	1,318
Latvia	363	338	716	677
Estonia	203	195	400	394
Total including internal sales	**6,600**	**6,569**	**13,177**	**13,177**
Internal sales, elimination	-28	-23	-55	-50
TOTAL	6,572	6,546	13,122	13,126

Internal sales

Continuing operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Sweden	2	2	5	3
Lithuania	14	11	27	24
Latvia	10	9	19	20
Estonia	2	2	4	4
TOTAL	28	23	55	50

Revenue split per category

Continuing operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Sweden Consumer				
End-user service revenue	3,046	3,028	6,066	6,109
Operator revenue	183	167	357	329
Equipment revenue	414	518	906	985
Internal sales	0	0	0	0
Total	**3,643**	**3,713**	**7,329**	**7,423**
Sweden Business				
End-user service revenue	962	980	1,909	1,980
Operator revenue	23	36	48	71
Equipment revenue	395	397	840	820
Internal sales	1	–	1	–
Total	**1,382**	**1,412**	**2,798**	**2,870**
Sweden Wholesale				
Operator revenue	260	230	490	492
Internal sales	1	1	3	3
Total	**261**	**232**	**493**	**494**
Lithuania				
End-user service revenue	435	404	844	798
Operator revenue	56	67	115	129
Equipment revenue	243	198	452	368
Internal sales	14	11	27	24
Total	**747**	**679**	**1,439**	**1,318**
Latvia				
End-user service revenue	237	222	460	446
Operator revenue	43	44	87	89
Equipment revenue	74	64	150	123
Internal sales	10	9	19	20
Total	**363**	**338**	**716**	**677**
Estonia				
End-user service revenue	135	123	265	250
Operator revenue	25	33	49	67
Equipment revenue	41	36	82	74
Internal sales	2	2	4	4
Total	**203**	**195**	**400**	**394**
Internal sales, elimination	-28	-23	-55	-50
CONTINUING OPERATIONS				
End-user service revenue	**4,815**	**4,757**	**9,544**	**9,582**
Operator revenue	**590**	**576**	**1,148**	**1,176**
Equipment revenue	**1,167**	**1,212**	**2,430**	**2,369**
TOTAL	6,572	6,546	13,122	13,126

Underlying EBITDAaL

Continuing operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Sweden	1,907	1,782	3,771	3,571
Lithuania	279	272	550	510
Latvia	144	133	279	258
Estonia	42	39	87	82
TOTAL	2,372	2,227	4,686	4,421

NOTE 3 OPERATING PROFIT

Reconciling items to reported operating profit/loss

Continuing operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Underlying EBITDAaL	**2,372**	**2,227**	**4,686**	**4,421**
Reversal lease depreciation and interest	314	314	630	621
Underlying EBITDA	**2,686**	**2,541**	**5,316**	**5,042**
Acquisition costs	-3	-3	-10	-4
Restructuring costs	-73	-114	-134	-153
Disposal of non-current assets	-23	-2	-25	-2
Other items affecting comparability	-21	—	-21	—
Items affecting comparability	**-121**	**-120**	**-190**	**-159**
EBITDA	**2,565**	**2,421**	**5,127**	**4,883**
Depreciation/amortization	-1,526	-1,322	-2,898	-2,636
Impairment	—	—	—	—
Result from shares in associated companies and joint ventures	22	32	35	32
Operating profit	**1,062**	**1,132**	**2,264**	**2,279**

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

The Com Hem brand had as per the reassessment date a carrying amount of SEK 5.4 billion (4.3 billion net of tax). The brand positioning has led to a reassessment of the Com Hem brand useful life from the previous assessment of indefinite life to definite. Based on an overall analysis of all relevant fact and circumstances Tele2 has determined that the useful life of Com Hem brand would be 10 years from the date of reassessment from indefinite life to definite life. Tele2 has also considered the indication of an impairment triggered by reassessment of the useful life and determined that the recoverable amount exceeds the carrying amount at reassessment date. Accordingly, amortization of the Com Hem brand book value has now been initiated, with an impact of SEK -90 million on operating profit and SEK -71 million on net result in the quarter.

Acquisition costs

Continuing operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Com Hem, Sweden	—	-0	—	-0
Other	-3	-3	-10	-3
Acquisition costs [1]	**-3**	**-3**	**-10**	**-4**

1) Reported as other operating expenses.

Restructuring costs

Continuing operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Redundancy costs	-36	-65	-66	-70
Other employee and consultancy costs	-21	-18	-43	-34
Exit of contracts and other costs	-16	-32	-26	-48
Restructuring costs	**-73**	**-114**	**-134**	**-153**
Reported as:				
– Cost of services provided	-10	-17	-40	-21
– Selling expenses	-26	-54	-47	-68
– Administrative expenses	-38	-44	-48	-64

Disposal of non-current assets

Continuing operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Closure of projects	-23	-2	-25	-2
Disposal of non-current assets [2]	**-23**	**-2**	**-25**	**-2**

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

In Q2 2021, a number of projects were closed down and the related fixed assets were scrapped, resulting in a negative effect on operating profit of SEK -23 million.

Other items affecting comparability

Continuing operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Contract termination fee, Sweden	-20	—	-20	—
Other	-1	—	-1	—
Total	**-21**	**—**	**-21**	**—**
Reported as:				
– Cost of services provided	-20	—	-20	—
– Selling expenses	-1	—	-1	—

In Q2 2021, a one-off fee for contract termination related to the Swedish network restructuring affected the financials with SEK -20 million.

NOTE 4 TAXES

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

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

NOTE 5 SHARES IN ASSOCIATED COMPANIES AND JOINT VENTURES

SEK million	Jun 30 2021	Jun 30 2020	Dec 31 2020
T-Mobile Netherlands			
Cost at January 1	7,011	6,976	6,976
Share of profit for the year	34	34	313
Exchange rate differences	61	31	-278
Total T-Mobile Netherlands	**7,106**	**7,041**	**7,011**
Other associated companies and joint ventures	8	8	7
Total shares in associated companies and joint ventures	**7,113**	**7,048**	**7,018**

NOTE 6 FINANCIAL ASSETS AND LIABILITIES

Financing

SEK million	Jun 30 2021	Dec 31 2020
Bonds	21,231	21,175
Commercial papers	1,300	—
European Investment Bank (EIB)	1,265	1,254
Nordic Investment Bank (NIB)	1,989	1,987
Other	167	252
Total liabilities to financial institutions	**25,952**	**24,669**
Provisions	1,498	1,660
Lease liabilities	4,967	5,327
Other interest-bearing liabilities	296	460
Total interest-bearing liabilities	**32,712**	**32,115**

Average maturity and average interest rate (including derivatives) for outstanding debt to financial institutions at June 30, 2021 amounted to 4.5 years and 1.17 percent, respectively.

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

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

Classification and fair values

Tele2's financial assets consist mainly of receivables from end customers, other operators and resellers as well as cash and cash equivalents. Tele2's financial liabilities consist mainly of loans, bonds, lease liabilities and accounts payables. For the category "Liabilities to financial institutions and similar liabilities" the reported value amounted on June 30, 2021 to SEK 25,592 (December 31, 2020: 24,669) million and the fair value to SEK 26,605 (December 31, 2020: 25,537) million.

During 2021, no transfers have been made between the different levels in the fair value hierarchy and no significant changes were made to valuation techniques, inputs used or assumptions.

NOTE 7 RELATED PARTIES

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

NOTE 8 CONTINGENT LIABILITIES

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

NOTE 9 EQUITY, NUMBER OF SHARES AND INCENTIVE PROGRAMS

Number of shares

	Jun 30 2021	Dec 31 2020
Total number of shares	692,821,597	690,341,597
Number of treasury shares	-2,970,093	-1,714,023
Number of outstanding shares	**689,851,504**	**688,627,574**
Number of outstanding shares, weighted average	689,046,743	688,392,123
Number of shares after dilution	693,543,038	692,609,831
Number of shares after dilution, weighted average	692,806,063	691,924,160

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

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

Outstanding share right programs

	Jun 30 2021	Dec 31 2020
LTI 2021	1,376,860	—
LTI 2020	1,220,394	1,499,975
LTI 2019	1,094,280	1,313,475
LTI 2018	—	1,168,807
Total outstanding share rights	**3,691,534**	**3,982,257**

All outstanding long-term incentive programs (LTI 2019, LTI 2020 and LTI 2021) are based on the same structure, except for that LTI 2020 and LTI 2021 have an operating cash flow performance measure. Additional information regarding the objective, conditions and requirements related to the LTI programs is stated in Note 31 of the 2020 Annual and Sustainability Report. During the six months in 2021, the total cost including social security costs for the long-term incentive programs (LTI) amounted to SEK 44 (46) million before tax.

LTI 2021

At the Annual General Meeting held on April 22, 2021, the shareholders approved a retention and performance based incentive program (LTI 2021) for senior executives and other key employees in the Tele2 Group. Subject to fulfilment of certain retention and performance based conditions during the periods January 1, 2021 – December 31, 2023 (the "Cash flow Measurement Period") and April 1, 2021 – March 31, 2024 (the "TSR Measurement Period") and the participant maintaining the invested shares at the release of the interim report for January – March 2024 and, with certain exceptions, maintaining the employment within the Tele2 Group, each right entitles the participant to receive one Tele2 share free of charge. Total costs before tax for outstanding rights in the incentive program are expensed over the three year vesting period. These costs are expected to amount to SEK 112 million, of which social security costs amount to SEK 38 million. To ensure the delivery of Class B shares under the program, the Annual General Meeting decided to authorize the Board of Directors to resolve on a directed share issue of a maximum of 2,200,000 Class C shares and subsequently to repurchase the Class C shares. The Board of Directors has not yet used its mandate.

LTI 2018

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

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

Dividend

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

NOTE 10 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Acquisitions				
Other minor acquisitions	—	—	—	-5
Total acquisition of shares and participations	—	**—**	**—**	**-5**
Divestments				
Tele2 Croatia	—	-0	—	2,031
Tele2 Germany	32	—	32	—
Earn out settlement Tele2 Austria	—	-0	—	100
Other minor divestments	—	1	—	6
Total sale of shares and participations	**32**	**1**	**32**	**2,137**
TOTAL CASH FLOW EFFECT	**32**	**1**	**32**	**2,132**

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

NOTE 11 DISCONTINUED OPERATIONS

Tele2 Germany

On December 3, 2020 Tele2 announced the agreement to sell its German business to the Tele2 Germany management for an enterprise value of up to EUR 22.8 million, dependent upon the financial performance of the business until the end of 2024, and on December 11, 2020 the divestment was completed. In Q2 2021, the earn-out was partly paid to Tele2 of the amount SEK 32 million. On June 30, 2021 the estimated fair value of the future cash flows amounted to SEK 109 (December 31, 2020: 140) million. The fair value estimate is sensitive to changes in key assumptions supporting the expected future cash flows for Tele2 Germany. A deviation from the current assumptions regarding the fair value would impact the earn-out asset. Tele2 Germany is reported separately under discontinued operations.

Tele2 Kazakhstan

Tele2 was notified in April 2019 that the Swedish Tax Agency has rejected Tele2's claim for a deduction of an exchange loss related to a conversion of a shareholder loan to the joint venture MTS in Kazakhstan from USD to Kazakh Tenge in connection with the establishment of Tele2's previous joint venture in Kazakhstan. After appealing the decision, the Administrative court has in December 2020 partly ruled in favour of Skatteverket. The remaining additional tax claim amounted at June 30, 2021 to SEK 241 million and a tax surcharge and interest of SEK 116 million (December 31, 2020: SEK 241 and 114 million respectively). Tele2 has appealed the decision to the Administrative Court of appeal. Based on the ruling in the Administrative Court it is Tele2's and its advisors' opinion that, it is uncertain whether Tele2 ultimately will succeed in the dispute. Consequently, a provision of SEK 355 million was recognized in Q4 2020 under discontinued operations. At June 30, 2021 the provision amounted to SEK 357 million.

Income statement

All discontinued operations are included below. Tele2 Germany and Tele2 Croatia were divested in 2020. Tele2 Netherlands and Tele2 Kazakhstan were divested in 2019. In Q2 2021 Tele2 reported a positive effect in the income statement under discontinued operations of SEK 226 million related to a settled dispute from previously divested operations. The payment is expected during Q3 2021.

Discontinued operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Revenue	—	102	—	537
Cost of services provided and equipment sold	—	-40	—	-276
Gross profit	**—**	**62**	**—**	**261**
Selling expenses	—	-5	—	-67
Administrative expenses	-2	-17	-2	-72
Other operating income	—	1	—	1
Other operating expenses	—	0	—	-1
Operating profit	**-2**	**41**	**-2**	**123**
Interest expenses	-1	-0	-2	-2
Profit/loss after financial items	**-4**	**41**	**-5**	**121**
Income tax from the operation	—	-12	—	-33
Net profit/loss from the operation	**-4**	**29**	**-5**	**88**
Profit/loss on disposal of operation including sales costs and cumulative exchange rate gain	**225**	**40**	**225**	**250**
– of which Germany, sold 2020	-1	—	1	—
– of which Croatia, sold 2020	0	30	-1	243
– of which Netherlands, sold 2019	1	10	-2	-2
– of which Austria, sold 2017	—	-0	—	9
– of which other divestments	226	—	226	—
Income tax from capital gain	**—**	**—**	**—**	**116**
– of which Croatia	—	—	—	116
NET PROFIT/LOSS	**222**	**68**	**220**	**454**
Attributable to:				
Equity holders of the parent company	222	68	220	454
NET PROFIT/LOSS	**222**	**68**	**220**	**454**
Earnings per share (SEK)	0.32	0.09	0.32	0.66
Earnings per share, after dilution (SEK)	0.32	0.09	0.32	0.65

Balance sheet

Assets and liabilities associated with assets held for sale as of June 30, 2021 refer to earnouts and provisions for price adjustments and similar for divested operations.

Discontinued operations SEK million	Jun 30 2021	Dec 31 2020
ASSETS		
Financial assets	73	123
Non-current assets	**73**	**123**
Current receivables	262	16
Current assets	**262**	**16**
Assets classified as held for sale	**334**	**140**
LIABILITIES		
Interest-bearing liabilities	153	149
Non-current liabilities	**153**	**149**
Interest-bearing liabilities	53	63
Non-interest-bearing liabilities	341	341
Current liabilities	**395**	**405**
Liabilities directly associated with assets classified as held for sale	**547**	**554**

Cash flow statement

Discontinued operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Cash flow from operating activities	-3	45	-3	105
Cash flow from investing activities	32	-0	32	2,092
Cash flow from financing activities	—	-0	—	-31
Net change in cash and cash equivalents	**29**	**44**	**29**	**2,166**

NOTE 12 EVENTS AFTER THE QUARTER

An Extraordinary General Meeting held on June 28, 2021 resolved on an extraordinary dividend of SEK 3.00 per share and SEK 2,070 million was paid to the shareholders on July 5, 2021.

On July 12, 2021 Charlotte Hansson was appointed EVP Group CFO and Hendrik de Groot was appointed EVP CCO. Charlotte Hansson starts her position on January 10, 2022 and Hendrik de Groot starts his position on August 2, 2021. During the time between the departure of Mikael Larsson, current CFO, and Charlotte Hansson's starting date, Tele2 has appointed Peter Landgren, Head of Financial Planning & Reporting, as interim CFO.

On July 12, 2021 Tele2 announced that Stefan Backman, EVP Group General Counsel, leaves the company.

Non-IFRS measures

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

EBITDA

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

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

Underlying EBITDA

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

Underlying EBITDA: EBITDA excluding items affecting comparability.

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

Underlying EBITDAaL and underlying EBITDAaL margin

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

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

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

Continuing operations **SEK million**	**Apr-Jun 2021**	**Apr-Jun 2020**	**Jan-Jun 2021**	**Jan-Jun 2020**
Operating profit	1,062	1,132	2,264	2,279
Reversal:				
Result from shares in associated companies and joint ventures	-22	-32	-35	-32
Depreciation and amortization	1,526	1,322	2,898	2,636
EBITDA	**2,565**	**2,421**	**5,127**	**4,883**
Reversal, items affecting comparability:				
Acquisition costs	3	3	10	4
Restructuring costs	73	114	134	153
Disposal of non-current assets	23	2	25	2
Other items affecting comparability	21	—	21	—
Total items affecting comparability	**121**	**120**	**190**	**159**
Underlying EBITDA	**2,686**	**2,541**	**5,316**	**5,042**
Lease depreciation	-299	-298	-600	-588
Lease interest costs	-15	-16	-30	-33
Underlying EBITDAaL	**2,372**	**2,227**	**4,686**	**4,421**
Revenue	6,572	6,546	13,122	13,126
Revenue excluding items affecting comparability	**6,572**	**6,546**	**13,122**	**13,126**
Underlying EBITDAaL margin	**36%**	**34%**	**36%**	**34%**

Non-IFRS measures – Capex paid and capex

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

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

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

SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
TOTAL OPERATIONS				
Additions to intangible and tangible assets	-653	-728	-1,739	-1,372
Sale of intangible and tangible assets	1	-0	1	0
Capex paid	**-652**	**-728**	**-1,738**	**-1,372**
This period's unpaid capex and reversal of paid capex from previous period	-77	60	-25	171
Reversal received payment of sold intangible and tangible assets	-1	0	-1	-0
Capex intangible and tangible assets	**-730**	**-667**	**-1,764**	**-1,201**
Additions to right-of-use assets	-88	-91	-345	-439
Capex	**-817**	**-758**	**-2,110**	**-1,640**
CONTINUING OPERATIONS				
Additions to intangible and tangible assets	-653	-728	-1,739	-1,328
Sale of intangible and tangible assets	1	-0	1	0
Capex paid	**-652**	**-728**	**-1,738**	**-1,327**
This period's unpaid capex and reversal of paid capex from previous period	-77	61	-25	144
Reversal received payment of sold intangible and tangible assets	-1	0	-1	-0
Capex intangible and tangible assets	**-730**	**-667**	**-1,764**	**-1,184**
Additions to right-of-use assets	-88	-91	-345	-417
Capex	**-817**	**-758**	**-2,110**	**-1,601**

Non-IFRS measures – Operating cash flow

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

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

Continuing operations SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Underlying EBITDAaL	2,372	2,227	4,686	4,421
Capex excluding spectrum and leases	-730	-667	-1,432	-1,184
Operating cash flow	**1,642**	**1,560**	**3,255**	**3,237**

Non-IFRS measures – Equity free cash flow

Tele2 considers equity free cash flow to be relevant to present as it provides a view of funds generated from operating activities that also includes investments in intangible and tangible assets. Management believes that equity free cash flow is meaningful to investors because it is the measure of the Group's funds available for acquisition related payments, dividends to shareholders, share repurchases and debt repayment.

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

SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
TOTAL OPERATIONS				
Cash flow from operating activities	2,189	1,964	4,476	4,281
Capex paid	-652	-728	-1,738	-1,372
Amortization of lease liabilities	-270	-262	-651	-653
Equity free cash flow	**1,267**	**974**	**2,087**	**2,256**
CONTINUING OPERATIONS				
Cash flow from operating activities	2,191	1,919	4,478	4,175
Capex paid	-652	-728	-1,738	-1,327
Amortization of lease liabilities	-270	-262	-651	-634
Equity free cash flow	**1,269**	**929**	**2,089**	**2,214**

Non-IFRS measures – Net debt and economic net debt

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

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

Economic net debt: Net debt excluding lease liabilities.

Total operations SEK million	Jun 30 2021	Dec 31 2020
Interest-bearing non-current liabilities	27,691	27,234
Interest-bearing current liabilities	5,021	4,881
Reversal provisions	-1,498	-1,660
Cash & cash equivalents, current investments and restricted funds	-2,141	-970
Derivatives	-185	-217
Net debt	**28,888**	**29,269**
Reversal:		
Lease liabilities	-4,967	-5,327
Economic net debt	**23,921**	**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 is presented in an excel document (Q2 2021-financials to the market) on Tele2's website www.tele2.com.


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