

2022

Full Year and
Fourth Quarter Report



TELE2



Q4 2022 HIGHLIGHTS

- End-user service revenue of SEK 5.1 billion increased by 3% organically compared to Q4 2021 due to strong performance in the Baltics and Sweden B2B.
- Total revenue of SEK 7.5 billion increased by 4% organically compared to Q4 2021.
- Underlying EBITDAaL of SEK 2.5 billion increased by 3% organically compared to Q4 2021 driven by end-user service revenue growth and cost savings related to the Business Transformation Program, which were partly offset by higher energy costs.
- Net profit from total operations of SEK 1.3 (1.0) billion and earnings per share of SEK 1.82 (1.39). Net profit includes a release of a tax provision of SEK 363 million related to the former operations in Kazakhstan.
- Equity free cash flow from continuing operations of SEK 0.5 (1.8) billion. Over the last twelve months, SEK 3.5 billion was generated, equivalent to SEK 5 per share.
- Tele2's full year results for 2022 delivered on guidance. End-user service revenue growth of 3% organically, underlying EBITDAaL growth of 3.4% organically (4.9% excluding increased energy costs), and capex excl. spectrum and leases amounted to SEK 3.2 billion.
- The Board of Directors proposes an ordinary dividend of SEK 6.80 per share (6.75).
- The mid-term financial guidance is reiterated. For full year 2023, the guidance is low single digit growth in end-user service revenue and low single digit growth in underlying EBITDAaL. Capex is expected to be in the range SEK 2.8-3.3 billion.

Key financial data

SEK million	Oct-Dec 2022	Oct-Dec 2021	Organic %	Full year 2022	Full year 2021	Organic %
Continuing operations						
End-user service revenue	5,136	4,905	3%	20,097	19,349	3%
Revenue	7,454	7,028	4%	28,102	26,789	4%
Operating profit	1,203	1,149		6,596	4,787	
Profit after financial items	1,022	1,005		5,907	4,307	
Underlying EBITDAaL	2,483	2,371	3%	10,060	9,639	3%
Capex excluding spectrum and leases	1,177	1,009		3,171	3,158	
Operating cash flow	1,306	1,363		6,889	6,482	
Operating cash flow, rolling 12 months				6,889	6,482	
Equity free cash flow	454	1,768		3,461	5,760	
Equity free cash flow, rolling 12 months				3,461	5,760	
Total operations						
Net profit	1,258	953		5,574	4,306	
Earnings per share (SEK)	1.82	1.39		8.07	6.25	
Equity free cash flow	454	1,768		3,461	5,785	
Economic net debt to underlying EBITDAaL				2.5x	2.5x	



Continuing and discontinued operations

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

Non-IFRS measures

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

CEO LETTER – Q4 2022



“

We have turned around our B2B business to profitable growth and made important steps to strengthen our TV and general B2C business.

At the beginning of 2022, many of us were optimistic that we would move out of the pandemic into a sense of normality. The expectation was that we would be lifting restrictions, socialize and have the opportunity to travel and enjoy life. Sadly, the attack on Ukraine ushered in a “winter of discontent” on a scale last seen almost a century ago, leading to new demands on our organization and processes. While the overall context is challenging, I am pleased to see that we have been able to adapt to these realities to deliver yet another strong performance at Tele2.

Last year saw us delivering a satisfying revenue growth of 3% and an underlying EBITDAaL growth of 3.4%. Adjusted for the unexpected increase in energy prices, we grew our underlying EBITDAaL at 4.9%.

Shareholders were rewarded with an ordinary dividend of SEK 6.75 and an extraordinary dividend of SEK 13.00 related to the disposal of our ownership in T-Mobile Netherlands. I am pleased to announce that, based on the results for 2022, the Board proposes to increase our ordinary dividend yet again for a payment of SEK 6.80 in two tranches during 2023.

This dividend comes on the back of strong operational improvements in the business and balance sheet leverage in the lower end of our communicated range. Operationally, we have turned around our B2B business to profitable growth and made important steps to strengthen our TV and general B2C business by being the first telecom operator in Sweden to establish a true partnership with a major content producer and owner, completely in the aggregator spirit of Com Hem and Tele2. Our Business Transformation Program is also making very good progress and we are firmly on track to realize the SEK 1 billion savings ambition by mid-2023. When adding a stellar performance in the Baltics to the mix, we get an overall business that is delivering strong results while renewing the business model for the future.

For 2023, we expect to continue our growth momentum and deliver low single digit revenue growth. On the back of our improvement initiatives and revenue growth, we expect to deliver low single digit EBITDAaL growth as well, absorbing the effect of higher interest rates and significant inflationary pressures on the business. It is our clear ambition to return to mid-single digit EBITDAaL growth in the mid-term, as these external shocks abate.

From a cash flow perspective, we will address some of the working capital challenges that stemmed from unprecedented supply-chain gyrations in 2022. We entered 2022 with very low inventory and concerns about supplies of network equipment, handsets, and other important categories. Later in the year, there was a catch-up effect on the supply side and we also had to realign our handset sales model with partners as interest rates increased. Key decisions to improve the situation were made during the last two quarters and we will work our way through this, with focus and determination, over the next quarters to come back to a normal steady-state situation.

In 2023, we expect to continue rolling out 5G at a good pace. Tele2's built-in network efficiency advantage will be brought to bear as 3G network sharing partnerships are unwound and Net4Mobility becomes the only sharing vehicle in the market, further strengthening our relative position. In addition, an important spectrum auction will be held in Sweden. During 2023, we will move all brands to one IT platform, following the successful merger of the former Com Hem and Tele2 brands and IT-platforms. When we integrate the full Comviq business to the same platform by the end of 2023, we will have a simplified IT-structure allowing us to devote more of our resources to giving our customers a digitalized service experience with even more focus on the market, as we spend less time fixing legacy issues.

Our organization has dealt with the many unexpected twists and turns of international politics and pandemic issues in a great way over the last couple of years. We are constantly working to find the right balance that ensures culture building and teamwork while respecting that individual preferences and circumstances do demand some flexibility. At Tele2, we are convinced that our winners' culture is best maintained and further developed by people who interact with each other on a regular basis, and we are happy to see vibrant offices where people are increasingly mingling and solving problems together. The “vinnarskalle” mentality is strong within our organization and we are about to take that challenger mindset to the next level when becoming the leading fully integrated convergent player in Sweden.

Kjell Johnsen
President and Group CEO

Financial overview

Analysis of revenue

Continuing operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Organic %	Full year 2022	Full year 2021	Organic %
Mobile	1,474	1,459	1%	5,862	5,791	1%
- Postpaid	1,231	1,214	1%	4,880	4,821	1%
- Prepaid	243	244	-1%	983	970	1%
Fixed	1,430	1,434	0%	5,726	5,763	-1%
- Fixed broadband	707	699	1%	2,826	2,766	2%
- Digital TV	680	679	0%	2,707	2,760	-2%
- Cable & Fiber	433	420	3%	1,706	1,684	1%
- DTT	246	259	-5%	1,001	1,076	-7%
- Fixed telephony & DSL	42	56	-24%	193	237	-19%
Landlord & Other	164	169	-3%	664	676	-2%
Sweden Consumer	3,068	3,062	0%	12,252	12,229	0%
Sweden Business	1,031	977	6%	3,977	3,836	4%
Baltics	1,037	866	11%	3,867	3,284	12%
End-user service revenue	5,136	4,905	3%	20,097	19,349	3%
Operator revenue	611	615	-2%	2,416	2,368	1%
Equipment revenue	1,707	1,509	11%	5,590	5,072	9%
Revenue	7,454	7,028	4%	28,102	26,789	4%

End-user service revenue increased by 3% organically primarily driven by continued strong performance in the Baltics and Sweden B2B. International roaming revenue continues to have a positive effect of SEK 20 million compared to Q4 2021.

- **Sweden Consumer** was flat in the quarter as growth in mobile was offset by continued decline in the legacy services.
- **Sweden Business** increased by 6% as growth in mobile and solutions exceeds decline in fixed.
- **Baltics** increased by 11% in local currency driven by both volume growth and strong ASPU (Average Spend Per User) growth from price adjustments and upselling.

Total revenue increased by 4% organically driven by growth in end-user service revenue and equipment revenue.

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

Analysis of income statement

Continuing operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Revenue	7,454	7,028	28,102	26,789
Underlying EBITDAaL	2,483	2,371	10,060	9,639
Reversal lease depreciation and interest	350	318	1,335	1,260
Underlying EBITDA	2,833	2,690	11,395	10,900
Items affecting comparability	-75	-117	-294	-382
EBITDA	2,758	2,572	11,101	10,517
Depreciation/amortization	-1,557	-1,531	-6,176	-5,952
- of which amortization of surplus from acquisitions	-425	-435	-1,725	-1,560
- of which lease depreciation	-313	-300	-1,231	-1,197
- of which other depreciation/amortization	-819	-796	-3,221	-3,194
Result from shares in associated companies and joint ventures	1	108	1,672	221
Operating profit	1,203	1,149	6,596	4,787
Net interest and other financial items	-181	-144	-689	-480
Income tax	-127	-95	-694	-347
Net profit	895	910	5,213	3,960

Underlying EBITDAaL increased by 3% organically in the quarter, driven by higher end-user service revenue and cost savings from the Business Transformation Program, which were partly offset by increased energy costs.

Items affecting comparability of SEK -75 (-117) million was mainly driven by restructuring costs related to the Business Transformation Program in Sweden. Refer to Note 3 for more details.

Result from shares in associated companies and joint ventures of SEK 1 (108) million decreased compared to Q4 2021 as a result of the divestment of T-Mobile Netherlands.

Net interest and other financial items of SEK -181 (-144) million increased compared to Q4 2021 due to higher financing costs for outstanding debt.

Income tax amounted to SEK -127 (-95). In Q4 2021, the income tax included a positive tax impact of SEK 53 million due to deductible interest expenses on intercompany loans for the year 2019.

Analysis of cash flow statement

SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Continuing operations				
Underlying EBITDA	2,833	2,690	11,395	10,900
Items affecting comparability	-75	-117	-294	-382
Amortization of lease liabilities	-288	-276	-1,226	-1,185
Capex paid	-1,145	-971	-3,561	-3,327
Changes in working capital	-634	522	-1,380	761
Net financial items paid	-70	-56	-389	-379
Taxes paid	-193	-32	-1,215	-704
Other cash items	26	9	132	75
Equity free cash flow	454	1,768	3,461	5,760
Equity free cash flow, rolling 12 months ¹⁾			3,461	5,760
Total operations				
Equity free cash flow, continuing operations	454	1,768	3,461	5,760
Equity free cash flow, discontinued operations	—	—	—	25
Equity free cash flow	454	1,768	3,461	5,785

¹⁾ Reconciliation of equity free cash flow rolling 12 months are presented in an excel document (Q4 2022-financials to the market) on Tele2's website www.tele2.com.

Capex paid of SEK -1,145 (-971) million increased compared to Q4 2021 due to timing of payments and higher network investments.

Changes in working capital of SEK -634 (522) million was negatively impacted by higher inventory levels of both network equipment and handsets and a temporary lower level of external handset financing. The changes in working capital in Q4 2021 were positively impacted by a receivable settled in the quarter of about SEK 325 million and positive timing in accounts payable.

Taxes paid of SEK -193 (-32) million was positively affected by repaid preliminary tax from 2021 of approximately SEK 50 million. In Q4 2021, the corresponding repayment was approximately SEK 200 million.

Equity free cash flow from continuing operations over the last twelve months amounted to SEK 3.5 billion, equivalent to approximately SEK 5.00 per share.

Analysis of financial position

Total operations SEK million	Dec.31 2022	Dec.31 2021
Bonds	22,475	21,325
Commercial papers	796	400
Financial institutions and other liabilities	4,050	3,698
Cash and cash equivalents	-1,116	-880
Other adjustments	-558	-276
Economic net debt	25,647	24,268
Lease liabilities	5,460	5,414
Net debt	31,108	29,681
Underlying EBITDAaL, rolling 12 months¹⁾	10,060	9,639
Economic net debt to Underlying EBITDAaL	2.5x	2.5x
Unutilized overdraft facilities and credit lines	8,582	8,590

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

Economic net debt of SEK 25.6 (24.3 at end of 2021) billion. In October, the second tranche of the ordinary dividend, in total SEK 2.3 billion was paid out to shareholders. In December, Tele2 issued a SEK 1.0 billion three year bond with an effective interest of 3M STIBOR +1.15%. The bond was issued under Tele2's existing EMTN program.

Economic net debt to underlying EBITDAaL (financial leverage) of 2.5x (2.5x end of 2021) was in the lower end of the target range of 2.5-3.0x in the end of Q4 2022.

Financial guidance

Financial guidance

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

Full-year 2023 (new)

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

Mid-term (unchanged)

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

Dividend

The Board of Directors of Tele2 are proposing an ordinary dividend of SEK 6.80 (6.75) per A and B shares to be decided by the 2023 Annual General Meeting on 15 May, 2023. The proposal means that in total SEK 4.7 billion will be distributed to Tele2's shareholders in two tranches, in May and in October.

Guidance

Tele2 provides financial guidance for the year ahead and on a mid-term basis (three-year horizon). The guidance for 2023 is low single digit growth in end-user service revenue and low single digit growth in underlying EBITDAaL as inflationary trends including higher energy costs weighs on the results. Capex investments are expected in the upper end of the range of SEK 2.8–3.3 billion in 2023 as the roll-out of 5G is accelerating alongside the upgrade of the fixed network in Sweden with Remote-PHY.

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	Oct-Dec 2022	Oct-Dec 2021	Organic %	Full year 2022	Full year 2021	Organic %
END-USER SERVICE REVENUE						
Sweden	4,099	4,039	1%	16,230	16,065	1%
Lithuania	562	478	9%	2,113	1,779	13%
Latvia	313	248	17%	1,142	958	14%
Estonia	162	140	7%	612	546	7%
Total	5,136	4,905	3%	20,097	19,349	3%
REVENUE						
Sweden	5,822	5,627	3%	22,112	21,522	3%
Lithuania	943	801	9%	3,483	3,028	10%
Latvia	471	405	8%	1,713	1,508	8%
Estonia	246	229	0%	911	850	2%
Internal sales, elimination	-29	-34	-21%	-116	-119	-6%
Total	7,454	7,028	4%	28,102	26,789	4%
UNDERLYING EBITDAaL						
Sweden	1,895	1,903	0%	7,890	7,756	2%
Lithuania	358	274	21%	1,307	1,112	12%
Latvia	181	152	11%	668	592	8%
Estonia	48	42	6%	196	179	4%
Total	2,483	2,371	3%	10,060	9,639	3%
CAPEX						
Sweden	929	875	6%	2,649	2,773	-4%
Lithuania	111	62	70%	234	175	27%
Latvia	81	33	129%	153	105	40%
Estonia	56	38	37%	135	105	23%
Capex excluding spectrum and leases	1,177	1,009	16%	3,171	3,158	0%
Spectrum	23	22		170	355	
Right-of-use assets (leases)	824	900		1,370	1,306	
Total	2,023	1,931		4,711	4,819	
<i>of which:</i>						
– Network	825	627		1,981	1,825	
– IT	239	262		729	878	
– Customer equipment	94	101		386	374	
– Other	19	19		75	81	
Capex excluding spectrum and leases	1,177	1,009		3,171	3,158	

Overview by segment

Sweden

Tele2 Sweden end-user service revenue increased by 1% in the quarter driven by solid performance within B2B. International roaming revenue continued to recover with a positive effect of SEK 16 million compared to Q4 2021.

Optimization within legacy IT and Network was executed in the quarter as part of the Business Transformation Program. Annualized run rate savings for the Business Transformation Program reached SEK 825 million at the end of quarter and the effect on underlying EBITDAaL was approximately SEK 195 million with a net effect of SEK 80 million year-on-year.

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

Capex excluding spectrum and leases amounted to SEK 929 million, an increase of SEK 54 million compared to Q4 2021 as our network investments intensified during the quarter.

Financials SEK million	Oct-Dec 2022	Oct-Dec 2021	Organic %	Full year 2022	Full year 2021	Organic %
End-user service revenue	4,099	4,039	1%	16,230	16,065	1%
Revenue	5,822	5,627	3%	22,112	21,522	3%
Underlying EBITDA	2,193	2,178		9,026	8,839	
Underlying EBITDAaL	1,895	1,903	0%	7,890	7,756	2%
Underlying EBITDAaL margin	33%	34%		36%	36%	
Capex						
Network	623	535		1,575	1,546	
IT	205	219		644	807	
Customer equipment	90	98		375	364	
Other	10	24		55	56	
Capex excluding spectrum and leases	929	875		2,649	2,773	
Spectrum	—	—		40	333	
Right-of-use assets (leases)	753	747		1,217	1,073	
Capex	1,682	1,623		3,906	4,179	
Capex excluding spectrum and leases / revenue	16%	16%		12%	13%	

Sweden Consumer

End-user service revenue was flat in Q4 and full-year 2022 with growth in Mobile postpaid, Fixed broadband and Digital TV Cable & Fiber being offset by a decline in legacy services and a one-off mobile adjustment of SEK 10 million in Q4 2021. Mobile end-user service revenue increased 1% during Q4, driven by a continued good intake of postpaid RGUs and a stable ASPU development. In Q4 we saw increased competitive activity in the market on Mobile as first signs of slowing Consumer demand are becoming evident. As a result, equipment revenue was 6% lower than last year due to lower demand on handsets compared to a high handsets performance last year.

The new entertainment portfolio, which includes Viaplay, has been well received and contributed to higher ASPU and positive customer base development during Q4. End-user service revenue in Digital TV Cable &

Fiber increased 3% during the quarter, offsetting the continued decline in the legacy TV business.

Fixed broadband end-user service revenue increased by 1% driven by a strong net intake of RGUs.

In 2022, Tele2 continued to execute on its convergence strategy resulting in an increasing number of customers now on combined services from Tele2 increasing customer satisfaction and value.

	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021	Organic %
RGUs (thousands)	Net intake		RGU base		
Mobile	-57	-16	2,927	2,946	-1%
– Postpaid	19	18	2,004	1,946	3%
– Prepaid	-76	-34	924	1,000	-8%
Fixed	-9	-21	1,996	2,042	-2%
– Fixed broadband	6	1	949	927	2%
– Digital TV	-5	-9	888	927	-4%
– Cable & Fiber	4	-3	633	638	-1%
– DTT	-9	-6	256	288	-11%
– Fixed telephony & DSL	-10	-13	158	188	-16%
Total RGUs	-66	-37	4,923	4,988	-1%
Addressable fixed footprint	19	89	3,713	3,600	3%

	Oct-Dec 2022	Oct-Dec 2021	Organic %	Full year 2022	Full year 2021	Organic %
ASPU (SEK)						
Mobile	166	165	1%	166	163	2%
– Postpaid	206	209	-2%	206	207	-1%
– Prepaid	84	80	5%	85	80	7%
Fixed	238	233	2%	236	231	2%
– Fixed broadband	249	252	-1%	251	251	0%
– Digital TV	254	243	5%	249	241	3%
– Cable & Fiber	229	219	5%	224	216	4%
– DTT	316	296	7%	306	296	4%
– Fixed telephony & DSL	87	96	-10%	93	94	-1%
Revenue (SEK million)						
Mobile	1,474	1,459	1%	5,862	5,791	1%
– Postpaid	1,231	1,214	1%	4,880	4,821	1%
– Prepaid	243	244	-1%	983	970	1%
Fixed	1,430	1,434	0%	5,726	5,763	-1%
– Fixed broadband	707	699	1%	2,826	2,766	2%
– Digital TV	680	679	0%	2,707	2,760	-2%
– Cable & Fiber	433	420	3%	1,706	1,684	1%
– DTT	246	259	-5%	1,001	1,076	-7%
– Fixed telephony & DSL	42	56	-24%	193	237	-19%
Landlord & Other	164	169	-3%	664	676	-2%
End-user service revenue	3,068	3,062	0%	12,252	12,229	0%
Operator revenue	196	191		763	733	
Equipment revenue	543	577		1,880	1,901	
Internal sales	0	0		0	1	
Revenue	3,808	3,831	-1%	14,895	14,864	0%

Sweden Business and Wholesale

In Sweden B2B the commercial momentum continued, and we again saw strong results from our different segments. Our growth areas performed well and offset the decline in the legacy services resulting in an end-user service revenue growth of 5.5%. During the quarter we had a one-off deal which impacted the Solutions area positively with SEK 17 million. Adjusted for the one-off deal, the underlying end-user service revenue growth was 3.8% which was in line with the growth rate in third quarter.

We have continued to focus on the strategy set out in 2021 with the ambition to stabilize and grow the business. In the SME segment we launched our new speed based mobile portfolio and continued with our copper decommission project. In the large private segment, we have continued with our special focus on network and security which has resulted in both

extended and new customer agreements including the recently announced agreements with fuel company OKQ8 and food retailer Axfood. Mobile net intake was positive in the quarter with 26,000 RGUs driven by improved net intake in all segments, and primarily strong in the larger segments.

The supply chain uncertainties, especially in the Solutions area, have continued to impact our delivery times during fourth quarter and it has been a challenge to plan and execute on our orders. We foresee that this situation will prevail into 2023. Thanks to our organizations ability to adapt and a great understanding among our customers we have managed the situation without any major impact on our customers experience.

Sweden Wholesale revenue declined 3% during the fourth quarter as we have exited the legacy international voice business.

Sweden Business

	Oct-Dec 2022	Oct-Dec 2021		Full year 2022	Full year 2021	Organic %
	Net intake			RGU base		
RGUs (thousands)						
Mobile (excluding IoT)						
– Postpaid	26	14		1,103	1,006	10%
	Oct-Dec 2022	Oct-Dec 2021	Organic %	Full year 2022	Full year 2021	Organic %
ASPU (SEK)						
Mobile (excluding IoT)						
– Postpaid	133	134	-1%	134	134	0%
Revenue (SEK million)						
Mobile	528	474	11%	2,037	1,848	10%
Fixed	202	221	-8%	820	910	-10%
Solutions	301	282	7%	1,120	1,077	4%
End-user service revenue	1,031	977	6%	3,977	3,836	4%
Operator revenue	26	26		100	97	
Equipment revenue	680	506		2,016	1,664	
Internal sales	1	1		3	3	
Revenue	1,737	1,510	15%	6,096	5,600	9%

Sweden Wholesale

Financials SEK million	Oct-Dec 2022	Oct-Dec 2021	Organic %	Full year 2022	Full year 2021	Organic %
Operator revenue	275	285		1,115	1,052	
Internal sales	1	2		5	6	
Revenue	277	287	-3%	1,121	1,058	6%

Latvia

In Latvia, the market activity was high during the fourth quarter with all mobile operators implementing price adjustments to compensate for the high electricity prices. Despite the high inflation customers continued to purchase handsets, resulting in high sales in all channels.

A successful execution of the commercial strategy contributed to good results and maintaining of a leading position of customer satisfaction and NPS.

Net intake in mobile postpaid was positive with 6,000 RGUs in the quarter driven by a migration from mobile prepaid.

Mobile ASPU increased by 15% in local currency driven by price adjustments and a successful migration from mobile prepaid to postpaid as well as strong development in B2B.

End-user service revenue increased by 17% in local currency driven by ASPU and price adjustments implemented during the year.

Underlying EBITDAaL increased by 11% in local currency driven by end-user service revenue growth offsetting pressure from mainly higher energy costs.

	Oct-Dec 2022	Oct-Dec 2021		Full year 2022	Full year 2021	Organic %
RGUs (thousands)	Net intake			RGU base		
Mobile	-11	-13		1,015	993	2%
– Postpaid	6	7		795	758	5%
– Prepaid	-17	-20		221	235	-6%

	Oct-Dec 2022	Oct-Dec 2021	Organic %	Full year 2022	Full year 2021	Organic %
ASPU (EUR)						
Mobile	9.3	8.1	15%	8.9	8.0	11%
– Postpaid	10.9	9.6	14%	10.3	9.5	9%
– Prepaid	3.9	3.7	5%	4.0	3.8	6%
Revenue (SEK million)						
Mobile	312	247	17%	1,138	955	14%
– Postpaid	283	220	19%	1,022	841	16%
– Prepaid	29	28	-2%	116	115	-4%
Fixed	1	1	15%	4	3	32%
End-user service revenue	313	248	17%	1,142	958	14%
Operator revenue	34	38		143	166	
Equipment revenue	114	108		391	344	
Internal sales	10	11		37	39	
Revenue	471	405	8%	1,713	1,508	8%
Underlying EBITDA	194	163		717	637	
Underlying EBITDAaL	181	152	11%	668	592	8%
Underlying EBITDAaL margin	38%	37%		39%	39%	
Capex	96	77		224	176	
Capex excluding spectrum and leases	81	33		153	105	
Capex excluding spectrum and leases / revenue	17%	8%		9%	7%	

Estonia

In Estonia we continued to see a commercial momentum with successful customer acquisitions while focusing on operational efficiency to offset inflation pressure. All telecom operators have implemented price adjustments during the autumn to compensate for higher costs. We saw a strong net intake of mobile postpaid and lower churn, while mobile prepaid continued to decline as customers move to postpaid subscriptions.

Net intake for mobile postpaid was 4.000 RGUs in the quarter.

Mobile ASPU increased by 2% in local currency driven by price adjustments and a positive development in consumer.

End-user service revenue increased by 7% in local currency driven by ASPU and volume growth.

Underlying EBITDAaL increased by 6% in local currency driven by end-user service revenue partly offset by the increase in energy costs.

	Oct-Dec 2022	Oct-Dec 2021		Full year 2022	Full year 2021	Organic %
RGUs (thousands)	Net intake			RGU base		
Mobile	-1	-2		455	437	4%
– Postpaid	4	-1		404	384	5%
– Prepaid	-6	-1		52	54	-4%

	Oct-Dec 2022	Oct-Dec 2021	Organic %	Full year 2022	Full year 2021	Organic %
ASPU (EUR)						
Mobile	9.8	9.6	2%	9.7	9.4	4%
– Postpaid	10.6	10.5	1%	10.5	10.2	3%
– Prepaid	3.9	3.6	10%	3.9	3.4	15%
Revenue (SEK million)						
Mobile	146	128	6%	554	498	6%
– Postpaid	139	122	6%	528	476	6%
– Prepaid	7	6	11%	26	22	14%
Fixed	16	12	22%	58	48	15%
End-user service revenue	162	140	7%	612	546	7%
Operator revenue	24	23	-2%	90	99	-13%
Equipment revenue	57	63	-15%	200	194	-2%
Internal sales	2	3	-25%	9	10	-12%
Revenue	246	229	0%	911	850	2%
Underlying EBITDA	67	57		266	242	
Underlying EBITDAaL	48	42	6%	196	179	4%
Underlying EBITDAaL margin	20%	18%		21%	21%	
Capex	88	73		200	155	
Capex excluding spectrum and leases	56	38		135	105	
Capex excluding spectrum and leases / revenue	23%	17%		15%	12%	

Other items

Risks and uncertainty factors

The present challenging macro-economic and geo-political environment also affects Tele2, primarily through increasing energy costs, inflationary pressure and changes in exchange rates. Tele2 has a resilient business model, offering services that are highly valued and prioritized by our customers. In addition, we have a solid balance sheet. We are convinced that we are able to navigate through these uncertain times. Please refer to the section Enterprise risk management on p. 23-25 and Note 2 on p. 100-104 in Tele2's Annual and Sustainability Report 2021 for more information about Tele2's risk exposure and risk management.

Events during the quarter

October 24. Nomination Committee proposes Andrew Barron to be the new Chair of the Board

Tele2's Chair of the Board Carla Smits-Nusteling has decided not to stand for re-election to Tele2's Board at the 2023 Annual General Meeting. The Nomination Committee have announced they will propose Andrew Barron as new Chair of the Board.

Andrew Barron joined Tele2's Board in 2018 and was appointed Deputy Chair in 2019.

November 7. Tele2 wins tax case

The Administrative Court of Appeal have overturned the Administrative Court's decision and accepted Tele2's claim for a deduction of exchange losses in connection with the establishment of Tele2's previous joint venture in Kazakhstan. The judgment from the Administrative Court of Appeal means that Tele2 are released from a tax claim of SEK 363 million, including a tax surcharge and interest.

November 23. Jenny Garneij appointed EVP People & Change

Tele2 have appointed Jenny Garneij as Executive Vice President People & Change and member of the Tele2 Group Leadership Team. She will start her position in May 2023. Jenny has worked in various positions at Nordea since 2018 and is currently Head of Group Corporate Communication. Prior to Nordea Jenny Garneij worked as Human Capital & Communications Officer at Nordnet Bank.

December 13. Tele2 recognized by CDP with 'A' score for climate change efforts

Based on data reported through CDP's 2022 Climate Change questionnaire, Tele2 is one of few companies that achieved an 'A' ranking of more than 10,000 companies.

December 14. Agreement with OKQ8 on secure and sustainable network services

Tele2 won an extensive Nordic-wide procurement deal to provide network services for the fuel company OKQ8. As a part of the agreement, Tele2 will establish one of the largest networks using SD-WAN technology in northern Europe and supply OKQ8 with several innovative services within a 'network as a service' framework.

December 19. Tele2 signs its first Sustainability-Linked RCF

The EUR 700 million Revolving Credit Facility refinances Tele2's existing EUR 760 million facility from 2016. The new RCF has a tenor of five years with two one-year extension options and will be used for general corporate purposes and working capital requirements. The RCF is linked to sustainability targets and the margin adjustments are conditional upon the achievement of defined targets within climate and gender equality.

Financial calendar

Tele2's financial calendar for 2023 has been established.

21 April	Tele2 Q1 Interim Report 2023
15 May	Annual General Meeting 2023
18 July	Tele2 Half-year Report 2023
18 October	Tele2 Q3 Interim Report 2023

Auditors' review

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

Stockholm, January 31, 2023
Tele2 AB (publ)

Kjell Johnsen
President and CEO

Q4 2022 PRESENTATION

Tele2 will host a teleconference and webcast with presentation at 10:00 am CET (06:00 GMT, 01:00 EST) on Tuesday 31 January 2023. The presentation will be held in English.

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

This information is information that Tele2 AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 07:00 am CET on Tuesday 31 January, 2023.

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Condensed consolidated income statement

SEK million	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Revenue	2	7,454	7,028	28,102	26,789
Cost of services provided and equipment sold	3	-4,582	-4,282	-16,887	-15,870
Gross profit		2,872	2,747	11,215	10,919
Selling expenses	3	-1,127	-1,177	-4,228	-4,332
Administrative expenses	3	-593	-559	-2,183	-2,112
Result from shares in associated companies and joint ventures	4	1	108	1,672	221
Other operating income	3	84	53	283	221
Other operating expenses	3	-34	-22	-163	-130
Operating profit	3	1,203	1,149	6,596	4,787
Interest income		13	5	33	18
Interest expenses		-206	-113	-611	-458
Other financial items		12	-36	-111	-40
Profit after financial items		1,022	1,005	5,907	4,307
Income tax		-127	-95	-694	-347
Net profit, continuing operations		895	910	5,213	3,960
Net profit discontinued operations	10	363	43	361	346
Net profit, total operations		1,258	953	5,574	4,306
Continuing operations					
<i>Attributable to:</i>					
Equity holders of the parent company		895	910	5,213	3,960
Net profit, continuing operations		895	910	5,213	3,960
Earnings per share (SEK)	8	1.30	1.32	7.55	5.74
Earnings per share, after dilution (SEK)	8	1.29	1.31	7.51	5.71
Total operations					
<i>Attributable to:</i>					
Equity holders of the parent company		1,258	953	5,574	4,306
Net profit, total operations		1,258	953	5,574	4,306
Earnings per share (SEK)	8	1.82	1.39	8.07	6.25
Earnings per share, after dilution (SEK)	8	1.81	1.37	8.03	6.21

Condensed consolidated comprehensive income

SEK million	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
NET PROFIT		1,258	953	5,574	4,306
Components not to be reclassified to net profit					
Pensions, actuarial gains/losses		46	-6	189	116
Pensions, actuarial gains/losses, tax effect		-10	1	-39	-24
Components not to be reclassified to net profit/loss		37	-5	150	92
Components that may be reclassified to net profit					
Translation differences in foreign operations		106	15	441	96
Translation differences in associated companies	4	1	19	-4	134
Translation differences		106	35	437	230
Hedge of net investments in foreign operations		-68	-98	-199	-155
Tax effect on above		14	20	41	32
Hedge of net investments		-54	-77	-158	-123
Exchange rate differences		52	-43	278	107
Profit/loss arising on changes in fair value of hedging instruments		-5	16	130	61
Reclassified cumulative profit/loss to income statement		-3	-8	-27	-30
Tax effect on cash flow hedges		2	-2	-21	-6
Cash flow hedges		-6	7	82	25
Components that may be reclassified to net profit/loss		46	-36	360	132
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		83	-41	510	224
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,341	912	6,084	4,530
<i>Attributable to:</i>					
Equity holders of the parent company		1,341	912	6,084	4,530
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,341	912	6,084	4,530

Condensed consolidated balance sheet

SEK million	Note	Dec 31 2022	Dec 31 2021
ASSETS			
Goodwill		29,905	29,695
Other intangible assets		13,835	15,806
Intangible assets		43,740	45,501
Tangible assets		8,220	7,825
Right-of-use assets		5,422	5,408
Shares in associated companies and joint ventures	4	6	7
Other financial assets	5	957	758
Capitalized contract costs		633	505
Deferred tax assets		81	164
Non-current assets		59,060	60,167
Inventories		1,254	769
Current receivables		6,015	4,978
Current investments		156	—
Cash and cash equivalents	6	1,116	880
Current assets		8,542	6,627
Assets classified as held for sale	10	54	7,458
TOTAL ASSETS		67,656	74,251
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent company		23,683	31,142
Equity	8	23,683	31,142
Interest-bearing liabilities	5	29,848	28,331
Non-interest-bearing liabilities		3,807	4,120
Non-current liabilities		33,655	32,452
Interest-bearing liabilities	5	4,296	4,116
Non-interest-bearing liabilities		5,931	6,080
Current liabilities		10,227	10,195
Liabilities directly associated with assets classified as held for sale	10	91	462
TOTAL EQUITY AND LIABILITIES		67,656	74,251

Condensed consolidated cash flow statement

Total operations SEK million	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Operating activities					
Net profit		1,258	953	5,574	4,306
Adjustments for non-cash items in net profit		1,263	1,540	4,056	5,229
Changes in working capital		-634	522	-1,380	761
Cash flow from operating activities		1,887	3,015	8,250	10,297
Investing activities					
Additions to intangible and tangible assets		-1,145	-971	-3,561	-3,327
Acquisition and sale of shares and participations	9	28	236	8,977	302
Other financial assets, lending		7	-1	-156	-1
Cash flow from investing activities		-1,110	-735	5,259	-3,025
Financing activities					
Proceeds from loans		1,567	41	5,211	5,312
Repayments of loans		-1,198	-1,734	-5,220	-6,367
Dividends paid	8	-2,315	-2,070	-13,629	-6,205
Cash flow from financing activities		-1,946	-3,763	-13,638	-7,260
Net change in cash and cash equivalents		-1,168	-1,483	-129	12
Cash and cash equivalents at beginning of period		2,279	2,467	880	970
Exchange rate differences in cash and cash equivalents		5	-104	366	-102
Cash and cash equivalents at end of the period	6	1,116	880	1,116	880

Condensed consolidated statements of changes in equity

Total operations SEK million	Note	Dec 31, 2022					Total equity
		Attributable to equity holders of the parent company					
		Share capital	Other paid-in capital	Hedge reserve	Translation reserve	Retained earnings	
Equity at January 1		866	27,378	-301	152	3,047	31,142
Net profit		—	—	—	—	5,574	5,574
Other comprehensive income for the period, net of tax		—	—	-77	437	150	510
Total comprehensive income for the period		—	—	-77	437	5,724	6,084
Other changes in equity							
Share-based payments	8	—	—	—	—	77	77
Share-based payments, tax effect	8	—	—	—	—	10	10
New shares issues	8	3	—	—	—	—	3
Repurchase of own shares	8	—	—	—	—	-3	-3
Dividends	8	—	—	—	—	-13,629	-13,629
Equity at end of the period		869	27,378	-378	589	-4,775	23,683

Total operations SEK million	Note	Dec 31, 2021					Total equity
		Attributable to equity holders of the parent company					
		Share capital	Other paid-in capital	Hedge reserve	Translation reserve	Retained earnings	
Equity at January 1		863	27,378	-202	-78	4,791	32,751
Net profit		—	—	—	—	4,306	4,306
Other comprehensive income for the period, net of tax		—	—	-99	230	92	224
Total comprehensive income for the period		—	—	-99	230	4,399	4,530
Other changes in equity							
Share-based payments	8	—	—	—	—	60	60
Share-based payments, tax effect	8	—	—	—	—	7	7
New share issues	8	3	—	—	—	—	3
Repurchase of own shares	8	—	—	—	—	-3	-3
Dividends	8	—	—	—	—	-6,205	-6,205
Equity at end of the period		866	27,378	-301	152	3,047	31,142

Parent company

Condensed income statement

SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Revenue	13	15	49	46
Administrative expenses	-25	-28	-95	-130
Other operating expenses	-0	-1	—	-7
Operating loss	-13	-14	-47	-91
Dividend from group company	—	—	6,300	7,325
Interest revenue and similar income	48	47	189	166
Interest expense and similar costs	-213	-201	-837	-549
Profit/loss after financial items	-178	-168	5,605	6,851
Appropriations	1,867	1,200	1,867	1,200
Tax on profit/loss	-348	-206	-251	-144
Net profit	1,341	826	7,222	7,907

Condensed balance sheet

SEK million	Note	Dec 31 2022	Dec 31 2021
ASSETS			
Financial assets		73,337	72,347
Non-current assets		73,337	72,347
Current receivables		2,444	3,536
Current investments		157	—
Current assets		2,601	3,536
TOTAL ASSETS		75,938	75,884
EQUITY AND LIABILITIES			
Restricted equity	8	5,854	5,851
Unrestricted equity	8	32,927	39,177
Equity		38,781	45,028
Untaxed reserves		610	230
Interest-bearing liabilities	5	29,341	27,502
Non-interest-bearing liabilities		4	—
Non-current liabilities		29,346	27,502
Interest-bearing liabilities	5	6,951	2,793
Non-interest-bearing liabilities		251	330
Current liabilities		7,202	3,123
TOTAL EQUITY AND LIABILITIES		75,938	75,884

Notes

NOTE 1 ACCOUNTING PRINCIPLES AND DEFINITIONS

The interim financial information for the Group for the twelve month period ended December 31, 2022 has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act and RFR 2 *Reporting for legal entities* and other statements issued by the Swedish Financial Reporting Board. In all respects other than those described below, Tele2 has presented the financial statements for the period ended December 31, 2022 in accordance with the accounting policies and principles applied in the Annual and Sustainability Report 2021. The description of these principles and definitions are found in Note 1 in the Annual and Sustainability Report 2021. Disclosures as required by IAS 34 p. 16 A are presented both in the financial statements and notes as well as in other parts of the interim report.

The amendments to IFRSs applicable from January 1, 2022 have no effects to Tele2's financial reports for the twelve month period ended December 31, 2022.

Figures presented in this report refer to October 1 – December 31 (Q4), 2022 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2021.

NOTE 2 REVENUE AND SEGMENTS

Revenue per segment

Continuing operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Sweden	5,822	5,627	22,112	21,522
Lithuania	943	801	3,483	3,028
Latvia	471	405	1,713	1,508
Estonia	246	229	911	850
Total including internal sales	7,483	7,062	28,219	26,908
Internal sales, elimination	-29	-34	-116	-119
TOTAL	7,454	7,028	28,102	26,789

Internal sales

Continuing operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Sweden	2	3	9	10
Lithuania	14	17	61	60
Latvia	10	11	37	39
Estonia	2	3	9	10
TOTAL	29	34	116	119

Revenue split per category

Continuing operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Sweden Consumer				
End-user service revenue	3,068	3,062	12,252	12,229
Operator revenue	196	191	763	733
Equipment revenue	543	577	1,880	1,901
Internal sales	0	0	0	1
Total	3,808	3,831	14,895	14,864
Sweden Business				
End-user service revenue	1,031	977	3,977	3,836
Operator revenue	26	26	100	97
Equipment revenue	680	506	2,016	1,664
Internal sales	1	1	3	3
Total	1,737	1,510	6,096	5,600
Sweden Wholesale				
Operator revenue	275	285	1,115	1,052
Internal sales	1	2	5	6
Total	277	287	1,121	1,058
Lithuania				
End-user service revenue	562	478	2,113	1,779
Operator revenue	55	51	205	220
Equipment revenue	312	255	1,104	968
Internal sales	14	17	61	60
Total	943	801	3,483	3,028
Latvia				
End-user service revenue	313	248	1,142	958
Operator revenue	34	38	143	166
Equipment revenue	114	108	391	344
Internal sales	10	11	37	39
Total	471	405	1,713	1,508
Estonia				
End-user service revenue	162	140	612	546
Operator revenue	24	23	90	99
Equipment revenue	57	63	200	194
Internal sales	2	3	9	10
Total	246	229	911	850
Internal sales, elimination	-29	-34	-116	-119
CONTINUING OPERATIONS				
End-user service revenue	5,136	4,905	20,097	19,349
Operator revenue	611	615	2,416	2,368
Equipment revenue	1,707	1,509	5,590	5,072
TOTAL	7,454	7,028	28,102	26,789

Underlying EBITDAaL

Continuing operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Sweden	1,895	1,903	7,890	7,756
Lithuania	358	274	1,307	1,112
Latvia	181	152	668	592
Estonia	48	42	196	179
TOTAL	2,483	2,371	10,060	9,639

NOTE 3 PROFIT AFTER FINANCIAL ITEMS

Reconciling items to reported profit after financial items

Continuing operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Underlying EBITDAaL	2,483	2,371	10,060	9,639
Reversal lease depreciation and interest	350	318	1,335	1,260
Underlying EBITDA	2,833	2,690	11,395	10,900
Acquisition costs	0	-1	0	-11
Restructuring costs	-43	-60	-198	-251
Disposal of non-current assets	-5	3	-55	-40
Other items affecting comparability	-26	-59	-41	-80
Items affecting comparability	-75	-117	-294	-382
EBITDA	2,758	2,572	11,101	10,517
Depreciation/amortization	-1,557	-1,531	-6,176	-5,952
Result from shares in associated companies and joint ventures	1	108	1,672	221
Operating profit	1,203	1,149	6,596	4,787
Net interest and other financial items	-181	-144	-689	-480
Profit after financial items	1,022	1,005	5,907	4,307

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

Acquisition costs

Continuing operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Network JO's, Baltics	—	-1	—	-11
Other	—	-0	—	-0
Acquisition costs¹⁾	0	-1	0	-11

¹⁾ Reported as other operating expenses.

Restructuring costs

Continuing operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Redundancy costs	-9	-24	-58	-114
Other employee and consultancy costs	-7	-17	-35	-81
Exit of contracts and other costs	-27	-20	-105	-57
Restructuring costs	-43	-60	-198	-251
Reported as:				
– Cost of services provided	-15	-2	-36	-46
– Selling expenses	-8	-31	-59	-105
– Administrative expenses	-20	-27	-103	-100

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

Disposal of non-current assets

Continuing operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Closure of projects and systems	—	—	-12	-42
Network equipment scrapping	-8	—	-36	-0
Other	3	3	-7	1
Disposal of non-current assets²⁾	-5	3	-55	-40

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

In Q4 2022, the value of old network equipment was reviewed, resulting in a scrapping expense of SEK 8 million.

Other items affecting comparability

Continuing operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Contract termination fees	—	—	—	-20
Provision for legal dispute, Sweden	-18	-20	-18	-20
Legacy inventory adjustment	-6	-32	-13	-32
Legacy prepaid voucher value adjustment	—	—	9	—
Legacy roaming discount reconciliation	—	—	-20	—
Other	-2	-6	2	-8
Total	-26	-59	-41	-80
Reported as:				
– Cost of services provided	-18	—	-35	-20
– Selling expenses	-8	-39	-17	-40
– Administrative expenses	—	-20	3	-20
– Other Operating Income	—	—	9	—

In Q4 2022, a settlement was reached with one of our suppliers related to disputed network equipment received in 2020, leading to a non-recurring cost of SEK 18 million.

NOTE 4 SHARES IN ASSOCIATED COMPANIES AND JOINT VENTURES

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

In Q4 2021, Tele2's 25% share in T-Mobile Netherlands was reclassified to Asset held for sale, following the announced divestment. The transaction was completed in Q1 2022, with a capital gain of SEK 1.6 billion. See also Note 3 and 9.

NOTE 5 FINANCIAL ASSETS AND LIABILITIES

Financing

SEK million	Dec 31 2022	Dec 31 2021
Bonds SEK	8,392	7,992
Bonds EUR	14,083	13,333
Commercial papers	796	400
Financial institutions	3,359	3,447
Total liabilities to financial institutions	26,630	25,173
Provisions	1,362	1,610
Lease liabilities	5,460	5,414
Other interest-bearing liabilities	691	250
Total interest-bearing liabilities	34,144	32,447

Average maturity and average interest rate (including derivatives) for outstanding debt to financial institutions at December 31, 2022 amounted to 3.5 years and 2.12 percent, respectively.

As of the date of this report, Tele2 has a credit facility with a syndicate of eight banks maturing in 2027.

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 December 31, 2022 to SEK 26,630 (December 31, 2021: 25,173) million and the fair value to SEK 25,350 (December 31, 2021: 25,752) million.

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

NOTE 6 RELATED PARTIES

Tele2's share of cash and cash equivalents in joint operations (Svenska UMTS-nät AB, Celestine Hill and Net4Mobility HB, Sweden), for which Tele2 has limited disposal rights was included in the Group's cash and cash equivalents and amounted at December 31, 2022 to SEK 135 (December 31, 2021: 43) million. Other transactions with joint operations and other related parties are presented in Note 34 of the Annual and Sustainability Report 2021.

NOTE 7 CONTINGENT LIABILITIES

As of December 31, 2022, Tele2 had no material contingent liabilities.

NOTE 8 EQUITY, NUMBER OF SHARES AND INCENTIVE PROGRAMS

Number of shares

	Dec 31 2022	Dec 31 2021
Total number of shares	695,021,597	692,821,597
Number of treasury shares	-4,010,230	-2,912,106
Number of outstanding shares	691,011,367	689,909,491
Number of outstanding shares, weighted average	690,647,136	689,463,621
Number of shares after dilution	695,074,506	693,458,249
Number of shares after dilution, weighted average	694,353,388	693,182,102

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

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

Outstanding share right programs

	Dec 31 2022	Dec 31 2021
LTI 2022	1,460,226	-
LTI 2021	1,441,908	1,414,817
LTI 2020	1,161,005	1,142,715
LTI 2019	-	991,226
Total outstanding share rights	4,063,139	3,548,758

All outstanding long-term incentive programs (LTI 2020, LTI 2021 and LTI 2022) are based on the same structure. Additional information regarding the objective, conditions and requirements related to the LTI programs is stated in Note 31 of the 2021 Annual and Sustainability Report. During the twelve months in 2022, the total cost including social security costs for the long-term incentive programs (LTI) amounted to SEK 100 (96) million before tax.

LTI 2022

At the Annual General Meeting held on April 28, 2022, the shareholders approved a retention and performance based incentive program (LTI 2022) for senior executives and other key employees in the Tele2 Group. Subject to fulfilment of certain retention and performance based conditions during the periods January 1, 2022 – December 31, 2024 (the "Cash flow Measurement Period") and April 1, 2022 – March 31, 2025 (the "TSR Measurement Period") and the participant maintaining the invested shares at the release of the interim report for January – March 2025 and, with certain exceptions, maintaining the employment within the Tele2 Group, each right entitles the participant to receive one Tele2 share free of charge. Total costs before tax for outstanding rights in the incentive program are expensed over the three year vesting period. These costs are expected to amount to SEK 130 million, of which social security costs amount to SEK 46 million. To ensure the

delivery of Class B shares under the program, the Annual General Meeting decided to authorize the Board of Directors to resolve on a directed share issue of a maximum of 1,200,000 Class C shares and subsequently to repurchase the Class C shares. The Board of Directors has not yet used its mandate.

LTI 2019

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

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

Dividend

To the Annual General Meeting (AGM) on May 15, 2023, Tele2's Board of Directors proposes for the financial year 2022 an ordinary dividend of SEK 6.80 per share (SEK 4.7 billion), to be paid in two equal tranches in May and October 2023.

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

NOTE 9 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Acquisitions				
Other minor acquisitions	-	-	-6	-
Total acquisition of shares and participations			-6	
Divestments				
Tele2 Germany	29	27	49	93
T-Mobile Netherlands	-	-	8,956	-
Tele2 Switzerland, Swisscom	-	209	-17	209
Other minor divestments	-1	-	-5	-
Total sale of shares and participations	28	236	8,983	302
TOTAL CASH FLOW EFFECT	28	236	8,977	302

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

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

NOTE 10 DISCONTINUED OPERATIONS

Tele2 Germany

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

So far Tele2 has received accumulated earnout payments of SEK 147 million, of which SEK 52 million during 2022. On December 31, 2022 the estimated fair value of the future cash flows amounted to SEK 54 million (December 31, 2021; SEK 92 million).

Tele2 Kazakhstan

In March 2019, the Swedish Tax Agency rejected Tele2's claim for a deduction of an exchange loss related to a conversion of a shareholder loan from USD to Kazakh Tenge in connection with the establishment of Tele2's previous joint venture in Kazakhstan. Tele2 appealed the decision and the Administrative Court of Appeal has finally in November 2022 ruled completely in favour of Tele2. The judgment has become final and Tele2 has decided to release the provision of in total SEK 363 million.

Income statement

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

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

Discontinued operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Administrative expenses	-	-	-	-3
Operating profit	-	0	-	-3
Interest expenses	25	0	22	-4
Profit/loss after financial items	25	0	22	-8
Net profit/loss from the operation	25	0	22	-8
Profit/loss on disposal of operation including sales costs and cumulative exchange rate gain	0	43	2	354
- of which Germany	2	44	13	46
- of which Croatia	-1	-0	-8	-13
- of which Netherlands	-0	-1	-2	128
- of which Switzerland	-	-	-	193
Income tax from capital gain	337	-	337	-
- of which Kazakhstan	337	-	337	-
NET PROFIT	363	43	361	346
<i>Attributable to:</i>				
Equity holders of the parent company	363	43	361	346
NET PROFIT	363	43	361	346
Earnings per share (SEK)	0.52	0.07	0.52	0.51
Earnings per share, after dilution (SEK)	0.52	0.06	0.52	0.50

Balance sheet

Assets and liabilities associated with assets held for sale as of December 31, 2022 refer to earnouts, provisions and other liabilities related to divested operations. In addition, in Q3 2021 the shares in T-Mobile Netherlands were reclassified to assets held for sale, following the announced divestment. The divestment was completed in Q1 2022.

Discontinued operations SEK million	Dec 31 2022	Dec 31 2021
ASSETS		
Shares in associated companies and joint ventures	-	7,366
Financial assets	32	78
Non-current assets	32	7,444
Current receivables	22	14
Current assets	22	14
Assets classified as held for sale	54	7,458
LIABILITIES		
Interest-bearing liabilities	26	49
Non-current liabilities	26	49
Interest-bearing liabilities	61	55
Non-interest-bearing liabilities	4	358
Current liabilities	65	413
Liabilities directly associated with assets classified as held for sale	91	462

Cash flow statement

Discontinued operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Cash flow from operating activities	-	-	-0	-3
Cash flow from investing activities	29	236	27	329
Net change in cash and cash equivalents	29	236	27	327

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	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Operating profit	1,203	1,149	6,596	4,787
Reversal:				
Result from shares in associated companies and joint ventures	-1	-108	-1,672	-221
Depreciation and amortization	1,557	1,531	6,176	5,952
EBITDA	2,758	2,572	11,101	10,517
Reversal, items affecting comparability:				
Acquisition costs	-0	1	-0	11
Restructuring costs	43	60	198	251
Disposal of non-current assets	5	-3	55	40
Other items affecting comparability	26	59	41	80
Total items affecting comparability	75	117	294	382
Underlying EBITDA	2,833	2,690	11,395	10,900
Lease depreciation	-313	-300	-1,240	-1,197
Lease interest costs	-38	-18	-94	-63
Underlying EBITDAaL	2,483	2,371	10,060	9,639
Revenue	7,454	7,028	28,102	26,789
Revenue excluding items affecting comparability	7,454	7,028	28,102	26,789
Underlying EBITDAaL margin	33%	34%	36%	36%

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	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
CONTINUING OPERATIONS				
Additions to intangible and tangible assets	-1,155	-970	-3,581	-3,328
Sale of intangible and tangible assets	10	-1	20	1
Capex paid	-1,145	-971	-3,561	-3,327
This period's unpaid capex and reversal of paid capex from previous period	-44	-61	240	-185
Reversal received payment of sold intangible and tangible assets	-10	1	-20	-1
Capex intangible and tangible assets	-1,199	-1,031	-3,341	-3,513
Additions to right-of-use assets	-824	-900	-1,370	-1,306
Capex	-2,023	-1,931	-4,711	-4,819

No capex has been reported related to discontinued operations.

Non-IFRS measures – Operating cash flow

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

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

Continuing operations SEK million	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Underlying EBITDAaL	2,483	2,371	10,060	9,639
Capex excluding spectrum and leases	-1,177	-1,009	-3,171	-3,158
Operating cash flow	1,306	1,363	6,889	6,482

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	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
TOTAL OPERATIONS				
Cash flow from operating activities	1,887	3,015	8,250	10,297
Capex paid	-1,145	-971	-3,561	-3,327
Amortization of lease liabilities	-288	-276	-1,226	-1,185
Equity free cash flow (eFCF)	454	1,768	3,461	5,785
eFCF per share (SEK)	0.66	2.56	5.01	8.39
eFCF per share after dilution (SEK)	0.65	2.55	4.98	8.34
CONTINUING OPERATIONS				
Cash flow from operating activities	1,887	3,015	8,250	10,272
Capex paid	-1,145	-971	-3,561	-3,327
Amortization of lease liabilities	-288	-276	-1,226	-1,185
Equity free cash flow (eFCF)	454	1,768	3,461	5,760
eFCF per share (SEK)	0.66	2.56	5.01	8.35
eFCF per share after dilution (SEK)	0.65	2.55	4.98	8.31
OUTSTANDING SHARES				
Number of shares	691,011,367	689,909,491	691,011,367	689,909,491
Number of shares after dilution	695,074,506	693,458,249	695,074,506	693,458,249

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	Dec 31 2022	Dec 31 2021
Interest-bearing non-current liabilities	29,848	28,332
Interest-bearing current liabilities	4,296	4,116
Reversal provisions	-1,362	-1,610
Cash & cash equivalents, current investments and restricted funds	-1,274	-881
Derivatives	-401	-275
Net debt	31,108	29,681
Reversal:		
Lease liabilities	-5,460	-5,414
Economic net debt	25,647	24,268

Organic

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

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

Reconciliation of figures is presented in an excel document (Q4 2022-financials to the market) on Tele2's website www.tele2.com.

Other financial metrics

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

ASPU

Average monthly spending per user for the referenced period. ASPU is calculated by dividing the monthly end-user service revenue by the average number of RGUs for the same period. The average number of RGUs is calculated as the number of RGUs on the first day in the period plus the number of RGUs on the last day of the respective period, divided by two.

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.

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 (financial 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.

Operating profit/loss (EBIT)

Revenue less operating expenses.

RGU

Revenue generating units, which refer to each service subscribed to by a unique customer. A unique customer who has several services is counted as several RGUs but one unique customer.

TSR

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

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