

# 2023

Interim Report  
First Quarter



TELE2



# Q1 2023 HIGHLIGHTS

- End-user service revenue of SEK 5.1 billion increased by 4% organically compared to Q1 2022 due to strong performance in the Baltics and Sweden B2B. Total revenue of SEK 7.0 billion increased by 3% organically compared to Q1 2022.
- Underlying EBITDAaL of SEK 2.5 billion remained unchanged organically compared to Q1 2022 as end-user service revenue growth and cost savings related to the Business Transformation Program were offset by inflation pressures.
- Net profit from total operations of SEK 0.8 (2.5) billion and earnings per share of SEK 1.23 (3.59). The decline is mainly related to the capital gain of SEK 1.6 billion from the T-Mobile Netherlands divestment in Q1 2022.
- Equity free cash flow of SEK 1.1 (0.9) billion. Over the last twelve months, SEK 3.7 billion was generated, equivalent to approximately SEK 5.30 per share.
- Full-year 2023 and mid-term financial guidance is reiterated.

## Key financial data

SEK million	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
<b>Continuing operations</b>				
End-user service revenue	5,113	4,881	4%	20,097
Revenue	7,009	6,744	3%	28,102
Operating profit	1,264	2,903		6,596
Profit after financial items	1,051	2,673		5,907
Underlying EBITDAaL	2,492	2,471	0%	10,060
Capex excluding spectrum and leases	1,063	670		3,171
Operating cash flow	1,429	1,801		6,889
Operating cash flow, rolling 12 months	6,517	6,670		6,889
Equity free cash flow	1,119	910		3,461
Equity free cash flow, rolling 12 months	3,670	5,851		3,461
<b>Total operations</b>				
Net profit	849	2,474		5,574
Earnings per share (SEK)	1.23	3.59		8.07
Equity free cash flow	1,119	910		3,461
Economic net debt to underlying EBITDAaL	2.4x	1.5x		2.5x



### Continuing and discontinued operations

Figures presented in this report refer to the period January-March 2023 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2022. For discontinued operations, 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](http://www.tele2.com) or see section *Other financial metrics*.

# CEO LETTER – Q1 2023



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They say spring is the season of rebirth and growth, and I am looking forward to seeing the results of our efforts.

## Building for the future while keeping growth momentum

This year is an important one for Tele2. We aim to build Sweden's best 5G network, while also executing on an IT transformation that will improve every step of the digital customer journey and experience.

We are progressing well and aim to bring all our main brands together on the same platform by the end of the year. These efforts will improve our go-to-market speed, reduce system risks and bottlenecks, and further improve our cyber security preparedness. This work is also fundamentally important to our next step FMC ambitions that will define much of our value agenda going forward.

While building for the future, it is of essence to keep our growth momentum here and now. Hence, I'm pleased to see Tele2's overall growth in Q1, mainly driven by Sweden B2B and the Baltics. On the consumer side we have taken actions in Q1 to address the inflationary pressure and consequences of higher interest rates, and it will contribute to the revenues as the year progresses.

## Rolling out real 5G with optimized inventories

When we entered 2023, there was a lot of attention to the working capital development in the industry-at-large, including Tele2. We are now back to a far more predictable situation regarding supply-chain risks and handset financing.

When it comes to building 5G networks, we are mostly doing so from inventories as of February this year and we will operate with a lower stock balance within a few months, as we trim these inventories and optimize the supply-chain. From a working capital point-of-view, the effect will come gradually as we invoice these installations through our Net4Mobility joint venture.

We are progressing well with our build-out of real 5G, by which we mean services delivered over higher frequency bands with capacities well beyond the 4G networks. Marketing area coverage based on low band gives a higher number, but the user experience is not the same. This line of thinking is the starting point for our realistic ambition of building the best 5G network in Sweden.

## Compensating efforts to tackle inflationary pressure

After a temporary pause in Q4, the external handset financing is now resumed and the financial terms with our financing partner are improved.

During Q1 we have introduced an installment fee for offering handset financing to our customers. Given the price level for smartphones and the increased interest rates, this is a natural cost compensation initiative for offering a substantial customer value.

General inflationary pressures are exacerbated in Sweden by the very weak Swedish krona. This is visible for some network and network equipment categories, handsets, and installation services. We did foresee most of this in our plans and with our compensating efforts, our overall trajectory is in line with expectations when we presented our guidance.

In Q1 2022, low content costs coupled with an overall strong performance in the business was, of course, very welcome, even though this has led to tough comparisons for Q1 2023. Again, this is in line with our expectations.

## People and predictability enable acceleration

I strongly believe in the power of a diverse workplace where equality is prioritized. While we are still not yet satisfied and have tons of work to do, I am very proud that Tele2 is now ranked Sweden's top performing company by Equileap. In addition, we are seeing an increasing employee engagement, and more people returning to the office more days per week, creating the vibrant, high-pace setting that we want our offices to be. This is key to reach our high ambitions.

We are off to a good start this year, and our ambition of being a growing business based on customer value creation is as relevant as ever before. Like many other companies and industries, we are dealing with the secondary effects of supply-chains, energy prices, inflation and interest rates. This does take an extra effort, but the good news is that from where we stand now, predictability is improving and that gives us the opportunity to devise the right mix of initiatives to continue delivering and moving towards our ambitions.

They say spring is the season of rebirth and growth, and I am looking forward to seeing the results of our efforts in the past year gradually come to life in the coming months.

**Kjell Johnsen**  
President and Group CEO

# Financial overview

## Analysis of revenue

Continuing operations SEK million	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
Mobile	1,428	1,409	1%	5,862
- Postpaid	1,207	1,179	2%	4,880
- Prepaid	221	230	-4%	983
Fixed	1,423	1,426	0%	5,726
- Fixed broadband	717	704	2%	2,826
- Digital TV	669	669	0%	2,707
- Cable & Fiber	429	419	2%	1,706
- DTT	240	250	-4%	1,001
- Fixed telephony & DSL	37	53	-29%	193
Landlord & Other	166	170	-3%	664
<b>Sweden Consumer</b>	<b>3,017</b>	<b>3,006</b>	<b>0%</b>	<b>12,252</b>
Sweden Business	1,019	973	5%	3,977
Baltics	1,077	903	12%	3,867
<b>End-user service revenue</b>	<b>5,113</b>	<b>4,881</b>	<b>4%</b>	<b>20,097</b>
Operator revenue	545	595	-9%	2,416
Equipment revenue	1,351	1,268	5%	5,590
<b>Revenue</b>	<b>7,009</b>	<b>6,744</b>	<b>3%</b>	<b>28,102</b>

**End-user service revenue** increased by 4% organically primarily driven by continued strong performance in the Baltics and Sweden B2B. International roaming revenue had a positive effect of around SEK 20 million compared to Q1 2022.

- **Sweden Consumer** was flat in the quarter as growth in Mobile, Fixed broadband and Digital TV Cable & Fiber was offset by continued decline in legacy services.
- **Sweden Business** grew by 5% as growth in mobile and solutions exceeded decline in fixed.
- **Baltics** grew by 12% 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 3% organically driven by growth in end-user service revenue and equipment revenue whereas operator revenue declined.

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

## Analysis of income statement

Continuing operations SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Revenue	7,009	6,744	28,102
<b>Underlying EBITDAaL</b>	<b>2,492</b>	<b>2,471</b>	<b>10,060</b>
Reversal lease depreciation and interest	361	327	1,335
<b>Underlying EBITDA</b>	<b>2,853</b>	<b>2,798</b>	<b>11,395</b>
Items affecting comparability	-68	-46	-294
<b>EBITDA</b>	<b>2,785</b>	<b>2,752</b>	<b>11,101</b>
Depreciation/amortization	-1,520	-1,520	-6,176
- of which amortization of surplus from acquisitions	-420	-433	-1,725
- of which lease depreciation	-317	-306	-1,231
- of which other depreciation/amortization	-783	-781	-3,221
Result from shares in associated companies and joint ventures	0	1,671	1,672
<b>Operating profit</b>	<b>1,264</b>	<b>2,903</b>	<b>6,596</b>
Net interest and other financial items	-213	-231	-689
Income tax	-201	-201	-694
<b>Net profit</b>	<b>850</b>	<b>2,471</b>	<b>5,213</b>

**Underlying EBITDAaL** was unchanged organically in the quarter as higher end-user service revenue and cost savings from the Business Transformation Program were offset by general inflation pressures including the weak Swedish krona, and higher content costs.

**Items affecting comparability** of SEK -68 (-46) million was mainly driven by restructuring costs related to the Business Transformation Program in Sweden. Refer to Note 3 for more details.

**Result from shares in associated companies and joint ventures** of SEK 0 (1,671) million decreased compared to Q1 2022 as a result of the divestment of T-Mobile Netherlands.

**Net interest and other financial items** of SEK -213 (-231) million decreased somewhat compared to Q1 2022. Higher financing costs for outstanding debt were more than offset by lower costs for other financial items as Q1 2022 was burdened by exchange rate losses from hedges related to the T-Mobile Netherlands transaction.

## Analysis of cash flow statement

SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
<b>Continuing operations</b>			
Underlying EBITDA	2,853	2,798	11,395
Items affecting comparability	-68	-46	-294
Amortization of lease liabilities	-386	-382	-1,226
Capex paid	-926	-753	-3,561
Changes in working capital	58	-224	-1,380
Net financial items paid	-191	-108	-389
Taxes paid	-254	-389	-1,215
Other cash items	35	14	132
<b>Equity free cash flow</b>	<b>1,119</b>	<b>910</b>	<b>3,461</b>
Equity free cash flow, rolling 12 months <sup>1)</sup>	3,670	5,851	3,461

No equity free cash flow has been reported related to discontinued operations.

<sup>1)</sup> Reconciliation of equity free cash flow rolling 12 months are presented in an excel document (Q1 2023-financials to the market) on Tele2's website [www.tele2.com](http://www.tele2.com).

**Capex paid** of SEK -926 (-753) million increased compared to Q1 2022 due to higher network investments.

**Changes in working capital** of SEK 58 (-224) million was positively impacted by lower inventory levels.

**Net financial items paid** of SEK -191 (-108) million increased compared to Q1 2022 due to higher interest rates both on loans and leases.

**Taxes paid** of SEK -254 (-389) million declined compared to Q1 2022, which was negatively impacted by timing of final tax payments relating to 2020.

**Equity free cash flow from continuing operations** over the last twelve months amounted to SEK 3.7 billion, equivalent to approximately SEK 5.30 per share.

## Analysis of financial position

Total operations SEK million	Mar 31 2023	Dec 31 2022
Bonds	21,100	22,475
Commercial papers	596	796
Financial institutions and other liabilities	4,053	4,050
Cash and cash equivalents	-722	-1,116
Other adjustments	-430	-558
<b>Economic net debt</b>	<b>24,597</b>	<b>25,647</b>
Lease liabilities	5,004	5,460
<b>Net debt</b>	<b>29,601</b>	<b>31,108</b>
<b>Underlying EBITDAaL, rolling 12 months<sup>1)</sup></b>	<b>10,081</b>	<b>10,060</b>
<b>Economic net debt to Underlying EBITDAaL</b>	<b>2.4x</b>	<b>2.5x</b>
Unutilized overdraft facilities and credit lines	8,688	8,582

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

**Economic net debt** of SEK 24.6 (25.6 by the end of 2022) billion decreased by SEK 1.1 billion driven by the cash flow generated in the quarter.

**Economic net debt to underlying EBITDAaL** (financial leverage) of 2.4x (2.5x by the end of 2022) was below the lower end of the target range of 2.5-3.0x by the end of Q1 2023.

# Financial guidance

## Financial guidance

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

### Full-year 2023 (unchanged)

- 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	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
<b>END-USER SERVICE REVENUE</b>				
Sweden	4,036	3,978	1%	16,230
Lithuania	577	497	9%	2,113
Latvia	333	261	20%	1,142
Estonia	166	145	8%	612
<b>Total</b>	<b>5,113</b>	<b>4,881</b>	<b>4%</b>	<b>20,097</b>
<b>REVENUE</b>				
Sweden	5,431	5,364	1%	22,112
Lithuania	909	812	6%	3,483
Latvia	471	386	15%	1,713
Estonia	230	211	2%	911
Internal sales, elimination	-33	-29	8%	-116
<b>Total</b>	<b>7,009</b>	<b>6,744</b>	<b>3%</b>	<b>28,102</b>
<b>UNDERLYING EBITDAaL</b>				
Sweden	1,886	1,965	-4%	7,890
Lithuania	360	305	11%	1,307
Latvia	196	154	19%	668
Estonia	50	47	1%	196
<b>Total</b>	<b>2,492</b>	<b>2,471</b>	<b>0%</b>	<b>10,060</b>
<b>CAPEX</b>				
Sweden	880	610	44%	2,649
Lithuania	85	29	173%	234
Latvia	44	11	279%	153
Estonia	54	20	159%	135
<b>Capex excluding spectrum and leases</b>	<b>1,063</b>	<b>670</b>	<b>58%</b>	<b>3,171</b>
Spectrum	—	4		170
Right-of-use assets (leases)	206	162		1,370
<b>Total</b>	<b>1,269</b>	<b>836</b>		<b>4,711</b>
<i>of which:</i>				
– Network	720	360		1,981
– IT	212	180		729
– Customer equipment	123	104		386
– Other	8	26		75
<b>Capex excluding spectrum and leases</b>	<b>1,063</b>	<b>670</b>		<b>3,171</b>

# Overview by segment

## Sweden

Tele2 Sweden end-user service revenue increased by 1% in the first quarter driven by a strong performance in B2B and a stable development in B2C. International roaming revenue continued to recover with a positive effect of SEK 15 million compared to Q1 2022.

Optimization within legacy IT and Network was executed in the quarter as part of the Business Transformation Program. Annualized run rate savings for the program reached SEK 925 million at the end of the quarter and the effect on underlying EBITDAaL was approximately SEK 215 million with a net effect of SEK 75 million year-on-year.

Underlying EBITDAaL declined by 4% in the quarter as higher end-user service revenue and continued execution of the Business Transformation Program was more than offset by general inflation pressures including the weak Swedish krona, and continued margin pressure from product mix changes as legacy services decline.

Capex excluding spectrum and leases amounted to SEK 880 million, a significant increase of SEK 270 million compared to Q1 2022 as our network investments have gradually intensified.

Financials SEK million	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
<b>End-user service revenue</b>	<b>4,036</b>	<b>3,978</b>	<b>1%</b>	<b>16,230</b>
Revenue	5,431	5,364	1%	22,112
Underlying EBITDA	2,193	2,242		9,026
<b>Underlying EBITDAaL</b>	<b>1,886</b>	<b>1,965</b>	<b>-4%</b>	<b>7,890</b>
Underlying EBITDAaL margin	35%	37%		36%
<b>Capex</b>				
Network	572	320		1,575
IT	187	165		644
Customer equipment	118	102		375
Other	3	24		55
<b>Capex excluding spectrum and leases</b>	<b>880</b>	<b>610</b>		<b>2,649</b>
Spectrum	—	—		40
Right-of-use assets (leases)	174	127		1,217
<b>Capex</b>	<b>1,054</b>	<b>737</b>		<b>3,906</b>
Capex excluding spectrum and leases / revenue	16%	11%		12%



## Sweden Consumer

The quarter has been characterized by operators responding to high inflation and growing cost bases by wide price announcements on broadband, fees for handset sales on installments, and inaugural list price increases in the mobile no-frills segment. While overall market competitiveness has been modest, aggressive campaigning has persisted on the mobile side, particularly through telemarketing. Total end-user service revenue was flat in the quarter, mostly as growth in broadband and mobile offsetting legacy drags.

Mobile postpaid net intake was positive with 4,000 RGUs in the quarter. Mobile end-user service revenue grew by 1% as postpaid RGU growth and a largely stable postpaid ASPU offset RGU and revenue losses on prepaid,

which were exacerbated by the registration requirement from 1 February. In Q1 2022, mobile end-user service revenue was impacted by a negative one-off of roughly SEK 10 million.

Fixed broadband end-user service revenue saw a 2% growth driven by volume. ASPU was largely flat year-on-year but should be supported as price increases come into effect in coming quarters.

Digital TV end-user service revenue stabilized and held flat as the rollout of new Viaplay-infused packages and associated price increases managed to offset the decline in the legacy DTT business.

	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
<b>RGUs (thousands)</b>	<b>Net intake</b>		<b>RGU base</b>			
Mobile	-40	-14	2,888	2,933	-2%	2,927
– Postpaid	4	-2	2,008	1,945	3%	2,004
– Prepaid	-44	-12	880	988	-11%	924
Fixed	-13	-12	1,983	2,030	-2%	1,996
– Fixed broadband	4	4	953	931	2%	949
– Digital TV	-9	-8	879	918	-4%	888
– Cable & Fiber	-1	-2	631	637	-1%	633
– DTT	-8	-7	248	282	-12%	256
– Fixed telephony & DSL	-8	-8	150	180	-17%	158
<b>Total RGUs</b>	<b>-53</b>	<b>-26</b>	<b>4,870</b>	<b>4,962</b>	<b>-2%</b>	<b>4,923</b>
Addressable fixed footprint	75	56	3,788	3,657	4%	3,713

	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
<b>ASPU (SEK)</b>				
Mobile	164	160	2%	166
– Postpaid	201	202	-1%	206
– Prepaid	82	77	6%	85
Fixed	238	234	2%	236
– Fixed broadband	251	253	-1%	251
– Digital TV	252	242	4%	249
– Cable & Fiber	226	219	3%	224
– DTT	318	293	9%	306
– Fixed telephony & DSL	81	96	-15%	93
<b>Revenue (SEK million)</b>				
Mobile	1,428	1,409	1%	5,862
– Postpaid	1,207	1,179	2%	4,880
– Prepaid	221	230	-4%	983
Fixed	1,423	1,426	0%	5,726
– Fixed broadband	717	704	2%	2,826
– Digital TV	669	669	0%	2,707
– Cable & Fiber	429	419	2%	1,706
– DTT	240	250	-4%	1,001
– Fixed telephony & DSL	37	53	-29%	193
Landlord & Other	166	170	-3%	664
<b>End-user service revenue</b>	<b>3,017</b>	<b>3,006</b>	<b>0%</b>	<b>12,252</b>
Operator revenue	183	188		763
Equipment revenue	477	438		1,880
<b>Revenue</b>	<b>3,678</b>	<b>3,632</b>	<b>1%</b>	<b>14,895</b>

## Sweden Business and Wholesale

In Sweden B2B, we continue to execute on our strategy and all segments are contributing to the solid end-user service revenue growth of 5% during the quarter. Again, our growth areas performed well and offset the decline in the legacy services. During the quarter we had a one-off deal, which impacted the fixed area positively with SEK 8 million. Adjusted for that, the underlying end-user service revenue growth was 4%.

We have focused on executing our strategy by securing tactical and operational initiatives. One important tool for the business is our quality certificates, and during the quarter our diploma issued by 'Svensk Kvalitetsbas' has been renewed and we have completed our ISO 14001 certification

related to our environmental management system. We have also initiated a new marketing campaign with focus on how our services are enabling our customers to manage their end customers experience.

Mobile net intake was positive in the quarter with 12,000 RGUs supported by growth in all segments.

The macroeconomic situation, which we continuously follow closely, is affecting some of our customer groups more than others, but so far without any significant impact on our business.

Sweden Wholesale revenue declined 8% during the first quarter, mainly as we exited the legacy international voice business during 2022.

### Sweden Business

	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
	Net intake		RGU base			
RGUs (thousands)						
Mobile (excluding IoT)						
– Postpaid	12	32	1,116	1,037	8%	1,103

	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
ASPU (SEK)				
Mobile (excluding IoT)				
– Postpaid	132	134	-1%	134
Revenue (SEK million)				
Mobile	536	487	10%	2,037
Fixed	204	212	-4%	820
Solutions	279	274	2%	1,120
<b>End-user service revenue</b>	<b>1,019</b>	<b>973</b>	<b>5%</b>	<b>3,977</b>
Operator revenue	24	25		100
Equipment revenue	456	458		2,016
Internal sales	1	1		3
<b>Revenue</b>	<b>1,501</b>	<b>1,457</b>	<b>3%</b>	<b>6,096</b>

### Sweden Wholesale

Financials SEK million	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
Operator revenue	252	274		1,115
Internal sales	1	1		5
<b>Revenue</b>	<b>253</b>	<b>275</b>	<b>-8%</b>	<b>1,121</b>

# Baltics

## Lithuania

In Lithuania, we continued to execute on our more-for-more strategy by upselling and prolonging existing customers and by offering bundles to new customers. We also accelerated our 5G network rollout. The market environment was highly competitive in the quarter with key focus on 5G, B2B and mobile broadband.

Net intake in mobile postpaid was positive with 12,000 RGUs driven by successful marketing and retention activities in both consumer and business segments.

Mobile ASPU grew by 6% in local currency due to price adjustments based on our more-for-more strategy and continued customer base mix shift towards more postpaid.

End-user service revenue grew by 9% in local currency driven by ASPU and volume growth.

Underlying EBITDAaL increased by 11% in local currency driven by end-user service revenue growth and successful cost management.

	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
<b>RGUs (thousands)</b>	<b>Net intake</b>		<b>RGU base</b>			
Mobile	-0	4	2,009	1,948	3%	2,009
– Postpaid	12	15	1,339	1,277	5%	1,327
– Prepaid	-13	-12	670	671	0%	682

	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
<b>ASPU (EUR)</b>				
Mobile	8.5	8.0	6%	8.3
– Postpaid	10.4	9.9	5%	10.3
– Prepaid	4.7	4.5	5%	4.7
<b>Revenue (SEK million)</b>				
Mobile	574	495	9%	2,102
– Postpaid	467	398	10%	1,693
– Prepaid	107	96	5%	409
Fixed	3	2	18%	11
<b>End-user service revenue</b>	<b>577</b>	<b>497</b>	<b>9%</b>	<b>2,113</b>
Operator revenue	39	52		205
Equipment revenue	274	248		1,104
Internal sales	18	14		61
<b>Revenue</b>	<b>909</b>	<b>812</b>	<b>6%</b>	<b>3,483</b>
Underlying EBITDA	382	326		1,386
<b>Underlying EBITDAaL</b>	<b>360</b>	<b>305</b>	<b>11%</b>	<b>1,307</b>
Underlying EBITDAaL margin	40%	38%		38%
Capex	93	47		381
<b>Capex excluding spectrum and leases</b>	<b>85</b>	<b>29</b>		<b>234</b>
Capex excluding spectrum and leases / revenue	9%	4%		7%

## Latvia

In Latvia, the market environment continued to be intense. Inflation rates in the high teens affected customer behavior while operators aggressively sought to increase and protect their market shares. Despite inflation, both our consumer and business segments achieved good results thanks to a combination of successful new sales and customer retention. We also continued upgrading our core network and increased 5G population coverage.

Net intake in mobile postpaid was positive with 4,000 RGUs in the quarter driven by a combination of new sales and continued migration from mobile prepaid, which lost 12,000 RGUs in the quarter. However, we see lower postpaid RGU growth rates, especially in our B2C business.

Mobile ASPU grew by 19% in local currency driven by our more-for-more strategy and previous price adjustments in both consumer and business segments, as well as customer base mix shift towards more postpaid.

End-user service revenue grew by 20% in local currency mainly due to ASPU, but to some extent also due to a larger postpaid base.

Underlying EBITDAaL grew by 19% in local currency driven by end-user service revenue growth more than offsetting inflationary pressures.

	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
<b>RGUs (thousands)</b>	<b>Net intake</b>		<b>RGU base</b>			
Mobile	-8	7	1,007	1,000	1%	1,015
– Postpaid	4	7	799	765	4%	795
– Prepaid	-12	-0	208	235	-11%	221

	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
<b>ASPU (EUR)</b>				
Mobile	9.8	8.2	19%	8.9
– Postpaid	11.3	9.7	17%	10.3
– Prepaid	4.1	3.5	16%	4.0
<b>Revenue (SEK million)</b>				
Mobile	332	260	20%	1,138
– Postpaid	303	234	22%	1,022
– Prepaid	30	26	6%	116
Fixed	1	1	-9%	4
<b>End-user service revenue</b>	<b>333</b>	<b>261</b>	<b>20%</b>	<b>1,142</b>
Operator revenue	27	35		143
Equipment revenue	102	81		391
Internal sales	9	10		37
<b>Revenue</b>	<b>471</b>	<b>386</b>	<b>15%</b>	<b>1,713</b>
Underlying EBITDA	209	166		717
<b>Underlying EBITDAaL</b>	<b>196</b>	<b>154</b>	<b>19%</b>	<b>668</b>
Underlying EBITDAaL margin	41%	40%		39%
Capex	56	24		224
<b>Capex excluding spectrum and leases</b>	<b>44</b>	<b>11</b>		<b>153</b>
Capex excluding spectrum and leases / revenue	9%	3%		9%

## Estonia

In Estonia, we continued to grow our customer base across most products and segments during the quarter. We also launched new tariffs with price guarantee messages both for new and existing customers, with price adjustments, enhanced security value add, movies and 5G for our premium plans.

According to the research agency Kantar Emor's annual Net Promoter Score (NPS) survey, Tele2 was the highest rated telco in the country.

Mobile net intake was positive with 4,000 RGUs driven by postpaid RGUs.

Mobile ASPU grew by 4% in local currency driven by price adjustments and continued customer base mix shift towards more postpaid.

End-user service revenue grew by 8% in local currency driven by both ASPU and volume growth in mobile postpaid.

Underlying EBITDAaL grew by 1% in local currency driven by higher end user service revenue, offsetting the pressure from an increased cost base due to high inflation.

	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
<b>RGUs (thousands)</b>	<b>Net intake</b>		<b>RGU base</b>			
Mobile	4	8	459	445	3%	455
– Postpaid	5	3	409	386	6%	404
– Prepaid	-1	5	50	59	-14%	52

	Jan-Mar 2023	Jan-Mar 2022	Organic %	Full year 2022
<b>ASPU (EUR)</b>				
Mobile	9.8	9.4	4%	9.7
– Postpaid	10.6	10.3	3%	10.5
– Prepaid	3.4	3.4	1%	3.9
<b>Revenue (SEK million)</b>				
Mobile	151	132	8%	554
– Postpaid	145	126	9%	528
– Prepaid	6	6	-8%	26
Fixed	15	13	10%	58
<b>End-user service revenue</b>	<b>166</b>	<b>145</b>	<b>8%</b>	<b>612</b>
Operator revenue	19	21	-15%	90
Equipment revenue	42	43	-9%	200
Internal sales	3	2	9%	9
<b>Revenue</b>	<b>230</b>	<b>211</b>	<b>2%</b>	<b>911</b>
Underlying EBITDA	69	63		266
<b>Underlying EBITDAaL</b>	<b>50</b>	<b>47</b>	<b>1%</b>	<b>196</b>
Underlying EBITDAaL margin	22%	22%		21%
Capex	67	28		200
<b>Capex excluding spectrum and leases</b>	<b>54</b>	<b>20</b>		<b>135</b>
Capex excluding spectrum and leases / revenue	23%	9%		15%

# 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. 27-29 and Note 2 on p. 111-115 in Tele2's Annual and Sustainability Report 2022 for more information about Tele2's risk exposure and risk management.

## Events during the quarter

### January 18. Tele2 connects one of Europe's most modern warehouses

Tele2 is extending its collaboration with grocery company Axfood by building and maintaining a wireless network in the group's new logistics facility. The wireless network will be used to connect robots, machines and other IT systems. The logistics center currently being built by Dagab, Axfood's procurement and logistics company, is one of Europe's most modern hubs for achieving more effective and sustainable supply chains in grocery retail and e-commerce.

### March 2. Tele2 ranked #1 in Sweden for gender equality

Tele2 has been ranked the number one company in Sweden and number thirty-two globally for gender equality by Equileap, the leading organization providing data and insights on gender equality in the corporate sector. In the 2023 report, Tele2 jumped 41 places from 2022 in the global gender equality ranking of more than 3,700 companies, putting it in the top 1% of companies worldwide.

### March 23. Tele2 Sweden expands its work with ECPAT to combat child vulnerability online

In 2022, 2 569 602 attempts to access websites containing child sexual abuse material were blocked on Tele2's Swedish network. The blocking has until now been based on lists from the Swedish Police and Interpol. As a result of its long-standing cooperation with ECPAT, Tele2 has now supplemented these with lists from the Canadian Project Arachnid in order to further block child abuse material. Since the trial began, this list accounts for around 30% of the number of blocks.

## Events after the end of the first quarter 2023

No significant events expected to have a material impact on Tele2's financial statements have occurred after the end of the first quarter 2023.

## Financial calendar

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, April 21, 2023  
Tele2 AB (publ)

Kjell Johnsen  
President and CEO

## Q1 2023 PRESENTATION

Tele2 will host a teleconference and webcast with presentation at 10:00 CEST (09:00 BST, 04:00 EDT) on Friday 21 April 2023. The presentation will be held in English.

Registration for the webcast and a separate registration for the teleconference will be available at [www.tele2.com/investors](http://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 Friday 21 April, 2023.

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# Condensed consolidated income statement

SEK million	Note	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Revenue	2	7,009	6,744	28,102
Cost of services provided and equipment sold	3	-4,172	-3,998	-16,887
<b>Gross profit</b>		<b>2,837</b>	<b>2,747</b>	<b>11,215</b>
Selling expenses	3	-1,099	-975	-4,228
Administrative expenses	3	-527	-532	-2,183
Result from shares in associated companies and joint ventures	4	-0	1,671	1,672
Other operating income	3	87	45	283
Other operating expenses	3	-32	-54	-163
<b>Operating profit</b>	3	<b>1,264</b>	<b>2,903</b>	<b>6,596</b>
Interest income		16	6	33
Interest expenses		-223	-117	-611
Other financial items		-6	-119	-111
<b>Profit after financial items</b>		<b>1,051</b>	<b>2,673</b>	<b>5,907</b>
Income tax		-201	-201	-694
<b>Net profit, continuing operations</b>		<b>850</b>	<b>2,471</b>	<b>5,213</b>
Net profit discontinued operations	10	-1	3	361
<b>Net profit, total operations</b>		<b>849</b>	<b>2,474</b>	<b>5,574</b>
<b>Continuing operations</b>				
<i>Attributable to:</i>				
Equity holders of the parent company		850	2,471	5,213
<b>Net profit, continuing operations</b>		<b>850</b>	<b>2,471</b>	<b>5,213</b>
Earnings per share (SEK)	8	1.23	3.58	7.55
Earnings per share, after dilution (SEK)	8	1.22	3.56	7.51
<b>Total operations</b>				
<i>Attributable to:</i>				
Equity holders of the parent company		849	2,474	5,574
<b>Net profit, total operations</b>		<b>849</b>	<b>2,474</b>	<b>5,574</b>
Earnings per share (SEK)	8	1.23	3.59	8.07
Earnings per share, after dilution (SEK)	8	1.22	3.57	8.03



# Condensed consolidated comprehensive income

SEK million	Note	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
<b>NET PROFIT</b>		<b>849</b>	<b>2,474</b>	<b>5,574</b>
<b>Components not to be reclassified to net profit</b>				
Pensions, actuarial gains/losses		87	-4	189
Pensions, actuarial gains/losses, tax effect		-18	1	-39
<b>Components not to be reclassified to net profit/loss</b>		<b>69</b>	<b>-3</b>	<b>150</b>
<b>Components that may be reclassified to net profit</b>				
Translation differences in foreign operations		76	53	441
Reversed cumulative translation differences from divested companies	3	-1	—	—
Translation differences in associated companies	4	0	-6	-4
<b>Translation differences</b>		<b>76</b>	<b>47</b>	<b>437</b>
Hedge of net investments in foreign operations		-48	57	-199
Tax effect on above		10	-12	41
<b>Hedge of net investments</b>		<b>-38</b>	<b>45</b>	<b>-158</b>
<b>Exchange rate differences</b>		<b>38</b>	<b>93</b>	<b>278</b>
Profit/loss arising on changes in fair value of hedging instruments		-19	62	130
Reclassified cumulative profit/loss to income statement		4	-8	-27
Tax effect on cash flow hedges		3	-11	-21
<b>Cash flow hedges</b>		<b>-12</b>	<b>43</b>	<b>82</b>
<b>Components that may be reclassified to net profit/loss</b>		<b>26</b>	<b>136</b>	<b>360</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>94</b>	<b>132</b>	<b>510</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>944</b>	<b>2,607</b>	<b>6,084</b>
<i>Attributable to:</i>				
Equity holders of the parent company		944	2,607	6,084
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>944</b>	<b>2,607</b>	<b>6,084</b>

# Condensed consolidated balance sheet

SEK million	Note	Mar 31 2023	Dec 31 2022
<b>ASSETS</b>			
Goodwill		29,939	29,905
Other intangible assets		13,340	13,835
<b>Intangible assets</b>		<b>43,280</b>	<b>43,740</b>
Tangible assets		8,592	8,220
Right-of-use assets		5,040	5,422
Shares in associated companies and joint ventures	4	6	6
Other financial assets	5	918	957
Capitalized contract costs		666	633
Deferred tax assets		58	81
<b>Non-current assets</b>		<b>58,560</b>	<b>59,060</b>
Inventories		1,116	1,254
Trade receivables		1,855	1,986
Other current receivables		3,754	4,029
Current investments		126	156
Cash and cash equivalents	6	722	1,116
<b>Current assets</b>		<b>7,573</b>	<b>8,542</b>
<b>Assets classified as held for sale</b>	10	<b>55</b>	<b>54</b>
<b>TOTAL ASSETS</b>		<b>66,189</b>	<b>67,656</b>
<b>EQUITY AND LIABILITIES</b>			
Attributable to equity holders of the parent company		24,653	23,683
<b>Equity</b>	8	<b>24,653</b>	<b>23,683</b>
Liabilities to financial institutions and similar liabilities	5	24,326	24,080
Lease liability		3,873	4,289
Provisions		1,227	1,286
Other interest-bearing liabilities		197	193
<b>Interest-bearing liabilities</b>		<b>29,623</b>	<b>29,848</b>
Deferred tax liability		3,753	3,807
<b>Non-interest-bearing liabilities</b>		<b>3,753</b>	<b>3,807</b>
<b>Non-current liabilities</b>		<b>33,376</b>	<b>33,655</b>
Liabilities to financial institutions and similar liabilities	5	752	2,550
Lease liability		1,130	1,172
Provisions		76	76
Other interest-bearing liabilities		474	498
<b>Interest-bearing liabilities</b>		<b>2,433</b>	<b>4,296</b>
Trade payables		1,836	2,165
Other current non interest-bearing liabilities		3,801	3,766
<b>Non-interest-bearing liabilities</b>		<b>5,637</b>	<b>5,931</b>
<b>Current liabilities</b>		<b>8,070</b>	<b>10,227</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	10	<b>90</b>	<b>91</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>66,189</b>	<b>67,656</b>

# Condensed consolidated cash flow statement

Total operations SEK million	Note	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
<b>Operating activities</b>				
Net profit		849	2,474	5,574
Adjustments for non-cash items in net profit		1,524	-205	4,056
Changes in working capital		58	-224	-1,380
<b>Cash flow from operating activities</b>		<b>2,431</b>	<b>2,046</b>	<b>8,250</b>
<b>Investing activities</b>				
Additions to intangible and tangible assets		-926	-753	-3,561
Acquisition and sale of shares and participations	9	-2	8,987	8,977
Other financial assets, lending		31	—	-156
<b>Cash flow from investing activities</b>		<b>-896</b>	<b>8,234</b>	<b>5,259</b>
<b>Financing activities</b>				
Proceeds from loans		283	1,347	5,211
Repayments of loans		-2,217	-3,052	-5,220
Dividends paid	8	—	—	-13,629
<b>Cash flow from financing activities</b>		<b>-1,934</b>	<b>-1,705</b>	<b>-13,638</b>
<b>Net change in cash and cash equivalents</b>		<b>-399</b>	<b>8,575</b>	<b>-129</b>
Cash and cash equivalents at beginning of period		1,116	880	880
Exchange rate differences in cash and cash equivalents		5	112	366
<b>Cash and cash equivalents at end of the period</b>	6	<b>722</b>	<b>9,567</b>	<b>1,116</b>

# Condensed consolidated statements of changes in equity

Total operations SEK million	Note	Mar 31, 2023					
		Attributable to equity holders of the parent company					
		Share capital	Other paid-in capital	Hedge reserve	Translation reserve	Retained earnings	Total equity
<b>Equity at January 1</b>		869	27,378	-378	589	-4,775	23,683
Net profit		—	—	—	—	849	849
Other comprehensive income for the period, net of tax		—	—	-50	76	69	94
<b>Total comprehensive income for the period</b>		—	—	-50	76	918	944
<b>Other changes in equity</b>							
Share-based payments	8	—	—	—	—	23	23
Share-based payments, tax effect	8	—	—	—	—	3	3
New shares issues	8	2	—	—	—	—	2
Repurchase of own shares	8	—	—	—	—	-2	-2
<b>Equity at end of the period</b>		870	27,378	-428	665	-3,832	24,653

Total operations SEK million	Note	Mar 31, 2022					
		Attributable to equity holders of the parent company					
		Share capital	Other paid-in capital	Hedge reserve	Translation reserve	Retained earnings	Total equity
<b>Equity at January 1</b>		866	27,378	-301	152	3,047	31,142
Net profit		—	—	—	—	2,474	2,474
Other comprehensive income for the period, net of tax		—	—	88	47	-3	133
<b>Total comprehensive income for the period</b>		—	—	88	47	2,471	2,607
<b>Other changes in equity</b>							
Share-based payments	8	—	—	—	—	16	16
Share-based payments, tax effect	8	—	—	—	—	3	3
New share issues	8	3	—	—	—	—	3
Repurchase of own shares	8	—	—	—	—	-3	-3
<b>Equity at end of the period</b>		869	27,378	-213	199	5,534	33,768

# Parent company

## Condensed income statement

SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Revenue	13	13	49
Administrative expenses	-29	-26	-95
<b>Operating loss</b>	<b>-16</b>	<b>-13</b>	<b>-47</b>
Dividend from group company	—	—	6,300
Interest revenue and similar income	48	51	189
Interest expense and similar costs	-216	-213	-837
<b>Profit/loss after financial items</b>	<b>-184</b>	<b>-176</b>	<b>5,605</b>
Appropriations	—	—	1,867
Tax on profit/loss	38	28	-251
<b>Net profit</b>	<b>-147</b>	<b>-147</b>	<b>7,222</b>

## Condensed balance sheet

SEK million	Note	Mar 31 2023	Dec 31 2022
<b>ASSETS</b>			
Financial assets		73,521	73,337
<b>Non-current assets</b>		<b>73,521</b>	<b>73,337</b>
Current receivables		2,447	2,444
Current investments		126	157
<b>Current assets</b>		<b>2,573</b>	<b>2,601</b>
<b>TOTAL ASSETS</b>		<b>76,094</b>	<b>75,938</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity	8	5,856	5,854
Unrestricted equity	8	32,790	32,927
<b>Equity</b>		<b>38,645</b>	<b>38,781</b>
<b>Untaxed reserves</b>		<b>610</b>	<b>610</b>
Interest-bearing liabilities	5	29,433	29,341
Non-interest-bearing liabilities		—	4
<b>Non-current liabilities</b>		<b>29,433</b>	<b>29,346</b>
Interest-bearing liabilities	5	7,232	6,951
Non-interest-bearing liabilities		173	251
<b>Current liabilities</b>		<b>7,406</b>	<b>7,202</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>76,094</b>	<b>75,938</b>

# Notes

## NOTE 1 ACCOUNTING PRINCIPLES AND DEFINITIONS

The interim financial information for the Group for the three month period ended March 31, 2023 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 March 31, 2023 in accordance with the accounting policies and principles applied in the Annual and Sustainability Report 2022. The description of these principles and definitions are found in Note 1 in the Annual and Sustainability Report 2022. 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, 2023 have no effects to Tele2's financial reports for the three month period ended March 31, 2023.

Figures presented in this report refer to January 1 – March 31 (Q1), 2023 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2022.

## NOTE 2 REVENUE AND SEGMENTS

### Revenue per segment

Continuing operations SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Sweden	5,431	5,364	22,112
Lithuania	909	812	3,483
Latvia	471	386	1,713
Estonia	230	211	911
<b>Total including internal sales</b>	<b>7,041</b>	<b>6,773</b>	<b>28,219</b>
Internal sales, elimination	-33	-29	-116
<b>TOTAL</b>	<b>7,009</b>	<b>6,744</b>	<b>28,102</b>

### Internal sales

Continuing operations SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Sweden	2	2	9
Lithuania	18	14	61
Latvia	9	10	37
Estonia	3	2	9
<b>TOTAL</b>	<b>33</b>	<b>29</b>	<b>116</b>

### Revenue split per category

Continuing operations SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
<b>Sweden Consumer</b>			
End-user service revenue	3,017	3,006	12,252
Operator revenue	183	188	763
Equipment revenue	477	438	1,880
<b>Total</b>	<b>3,678</b>	<b>3,632</b>	<b>14,895</b>
<b>Sweden Business</b>			
End-user service revenue	1,019	973	3,977
Operator revenue	24	25	100
Equipment revenue	456	458	2,016
Internal sales	1	1	3
<b>Total</b>	<b>1,501</b>	<b>1,457</b>	<b>6,096</b>
<b>Sweden Wholesale</b>			
Operator revenue	252	274	1,115
Internal sales	1	1	5
<b>Total</b>	<b>253</b>	<b>275</b>	<b>1,121</b>
<b>Lithuania</b>			
End-user service revenue	577	497	2,113
Operator revenue	39	52	205
Equipment revenue	274	248	1,104
Internal sales	18	14	61
<b>Total</b>	<b>909</b>	<b>812</b>	<b>3,483</b>
<b>Latvia</b>			
End-user service revenue	333	261	1,142
Operator revenue	27	35	143
Equipment revenue	102	81	391
Internal sales	9	10	37
<b>Total</b>	<b>471</b>	<b>386</b>	<b>1,713</b>
<b>Estonia</b>			
End-user service revenue	166	145	612
Operator revenue	19	21	90
Equipment revenue	42	43	200
Internal sales	3	2	9
<b>Total</b>	<b>230</b>	<b>211</b>	<b>911</b>
Internal sales, elimination	-33	-29	-116
<b>CONTINUING OPERATIONS</b>			
End-user service revenue	5,113	4,881	20,097
Operator revenue	545	595	2,416
Equipment revenue	1,351	1,268	5,590
<b>TOTAL</b>	<b>7,009</b>	<b>6,744</b>	<b>28,102</b>

### Underlying EBITDAaL

Continuing operations SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Sweden	1,886	1,965	7,890
Lithuania	360	305	1,307
Latvia	196	154	668
Estonia	50	47	196
<b>TOTAL</b>	<b>2,492</b>	<b>2,471</b>	<b>10,060</b>

## NOTE 3 PROFIT AFTER FINANCIAL ITEMS

### Reconciling items to reported profit after financial items

Continuing operations SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
<b>Underlying EBITDAaL</b>	<b>2,492</b>	<b>2,471</b>	<b>10,060</b>
Reversal lease depreciation and interest	361	327	1,335
<b>Underlying EBITDA</b>	<b>2,853</b>	<b>2,798</b>	<b>11,395</b>
Restructuring costs	-43	-47	-198
Disposal of non-current assets	-12	2	-55
Other items affecting comparability	-13	—	-41
<b>Items affecting comparability</b>	<b>-68</b>	<b>-46</b>	<b>-294</b>
<b>EBITDA</b>	<b>2,785</b>	<b>2,752</b>	<b>11,101</b>
Depreciation/amortization	-1,520	-1,520	-6,176
Result from shares in associated companies and joint ventures	-0	1,671	1,672
<b>Operating profit</b>	<b>1,264</b>	<b>2,903</b>	<b>6,596</b>
Net interest and other financial items	-213	-231	-689
<b>Profit after financial items</b>	<b>1,051</b>	<b>2,673</b>	<b>5,907</b>

In Q1 2022 Tele2 AB and Deutsche Telekom completed the divestment of T-Mobile Netherlands, 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 last year.

### Restructuring costs

Continuing operations SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Redundancy costs	-6	-6	-58
Other employee and consultancy costs	-8	-14	-35
Exit of contracts and other costs	-28	-27	-105
<b>Restructuring costs</b>	<b>-43</b>	<b>-47</b>	<b>-198</b>
Reported as:			
– Cost of services provided	-18	-8	-36
– Selling expenses	-6	-15	-59
– Administrative expenses	-19	-25	-103

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

### Disposal of non-current assets

Continuing operations SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Closure of projects and systems	-9	—	-12
Network equipment scrapping	-4	—	-36
Other	2	2	-7
<b>Disposal of non-current assets<sup>1)</sup></b>	<b>-12</b>	<b>2</b>	<b>-55</b>

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

In Q1 2023, a business development project was closed in Sweden and the related assets were scrapped, resulting in a negative effect on operating profit of SEK -9 million.

### Other items affecting comparability

Continuing operations SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Legal disputes and settlements	1	—	-18
Inventory adjustment	—	—	-13
Legacy prepaid voucher value adjustment	—	—	9
Legacy roaming discount reconciliation	—	—	-20
Legacy insurance costs	-16	—	—
Other	2	—	2
<b>Total</b>	<b>-13</b>	<b>—</b>	<b>-41</b>
Reported as:			
– Cost of services provided	—	—	-35
– Selling expenses	-13	—	-17
– Administrative expenses	—	—	3
– Other Operating Income	—	—	9

In Q1 2023, a non-recurring expense of SEK 16 million was recognized related to legacy insurance costs incurred from 2020 to 2022.

## NOTE 4 SHARES IN ASSOCIATED COMPANIES AND JOINT VENTURES

As of March 31, 2023, Tele2 had no material associated companies.

## NOTE 5 FINANCIAL ASSETS AND LIABILITIES

### Financing

SEK million	Mar 31 2023	Dec 31 2022
Bonds SEK	6,793	8,392
Bonds EUR	14,308	14,083
Commercial papers	596	796
Other interest-bearing liabilities	3,382	3,359
<b>Total liabilities to financial institutions</b>	<b>25,079</b>	<b>26,630</b>

Average maturity and average interest rate (including derivatives) for outstanding debt to financial institutions at March 31, 2023 amounted to 3.5 years and 2.40 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 trade payables. For the category "Liabilities to financial institutions and similar liabilities" the reported value amounted on March 31, 2023 to SEK 25,079 (December 31, 2022: 26,630) million and the fair value to SEK 23,972 (December 31, 2022: 25,350) million.

During 2023, 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 and Net4Mobility HB, Sweden, including subsidiaries) for which Tele2 has limited disposal rights was included in the Group's cash and cash equivalents and amounted at March 31, 2023 to SEK 237 (December 31, 2022: 135) million. Other transactions with joint operations and other related parties mainly consists of the same items as prior year end and are presented in Note 34 of the Annual and Sustainability Report 2022.

## NOTE 7 CONTINGENT LIABILITIES

As of March 31, 2023, Tele2 had no material contingent liabilities.

## NOTE 8 EQUITY, NUMBER OF SHARES AND INCENTIVE PROGRAMS

### Number of shares

	Mar 31 2023	Dec 31 2022
Total number of shares	696,221,597	695,021,597
Number of treasury shares	-5,210,230	-4,010,230
<b>Number of outstanding shares</b>	<b>691,011,367</b>	<b>691,011,367</b>
Number of outstanding shares, weighted average	691,011,367	690,647,136
Number of shares after dilution	695,061,937	695,074,506
Number of shares after dilution, weighted average	695,068,221	694,353,388

In Q1 2023, Tele2 issued, and immediately repurchased, 1,200,000 new C shares to be used for future exercises of long-term incentive programs (LTI), resulting in an increase in share capital of SEK 1.5 million. Changes in shares during previous year are stated in Note 23 in the Annual and Sustainability Report 2022.

### Outstanding share right programs

	Mar 31 2023	Dec 31 2022
LTI 2022	1,458,770	1,460,226
LTI 2021	1,436,525	1,441,908
LTI 2020	1,155,275	1,161,005
<b>Total outstanding share rights</b>	<b>4,050,570</b>	<b>4,063,139</b>

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 2022 Annual and Sustainability Report. During the three months in 2023, the total cost including social security costs for the programs amounted to SEK 32 (34) million before tax.

### LTI 2020

The exercise of the share rights in LTI 2020 was conditional upon the fulfilment of certain retention and performance based conditions. The TSR criteria (serie A and B below) were measured from April 1, 2020 until March 31, 2023, while operating cashflow (serie C below) was measured from January 1, 2020 to December 31, 2022. The outcome of these performance conditions was in accordance with below and 621,710 share rights are expected to be exchanged for shares in Tele2 during Q2 2023.

Serie	Performance criteria	Minimum level	Stretch level	Vesting at minimum	Target fulfilment	Allotment
A	Total Shareholder Return (TSR) - Tele2	0%	N/A	100%	2.5%	100%
B	Total Shareholder Return (TSR) - Tele2 vs. peers	0%	20%	50%	-16.4%	0%
C	Operating cash flow vs. target	90%	110%	30%	104.4%	80.3%

### 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.

## NOTE 9 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
<b>Acquisitions</b>			
Other minor acquisitions	—	-6	-6
<b>Total acquisition of shares and participations</b>	<b>—</b>	<b>-6</b>	<b>-6</b>
<b>Divestments</b>			
Tele2 Germany	—	—	49
T-Mobile Netherlands	—	8,993	8,956
Tele2 Switzerland, Swisscom	—	—	-17
Other minor divestments	-2	—	-5
<b>Total sale of shares and participations</b>	<b>-2</b>	<b>8,993</b>	<b>8,983</b>
<b>TOTAL CASH FLOW EFFECT</b>	<b>-2</b>	<b>8,987</b>	<b>8,977</b>

No material acquisitions or divestments have been made in Q1 2023.

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 2022 is provided in the Annual and Sustainability Report 2022, 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. No payments have been received in Q1 2023. On March 31, 2023 the estimated fair value of the future cash flows amounted to SEK 55 million (December 31, 2022: SEK 54 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 in November 2022, the Administrative Court of Appeal ruled completely in favour of Tele2. The judgment became final in 2022 and Tele2 decided to release the provision of in total SEK 363 million, divided on interest expenses SEK 25 million and income tax on capital gain SEK 337 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.

Further information about effects in the income statement under discontinued operations in 2022 is provided in Note 33 of the Annual and Sustainability Report 2022.

Discontinued operations SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Interest expenses	—	-1	22
<b>Profit/loss after financial items</b>	<b>—</b>	<b>-1</b>	<b>22</b>
<b>Net profit/loss from the operation</b>	<b>—</b>	<b>-1</b>	<b>22</b>
<b>Profit/loss on disposal of operation including sales costs and cumulative exchange rate gain</b>	<b>-1</b>	<b>4</b>	<b>2</b>
– of which Germany	1	4	13
– of which Croatia	-1	-0	-8
– of which Netherlands	-0	-0	-2
<b>Income tax from capital gain</b>	<b>—</b>	<b>—</b>	<b>337</b>
– of which Kazakhstan	—	—	337
<b>NET PROFIT</b>	<b>-1</b>	<b>3</b>	<b>361</b>
<i>Attributable to:</i>			
Equity holders of the parent company	-1	3	361
<b>NET PROFIT</b>	<b>-1</b>	<b>3</b>	<b>361</b>
Earnings per share (SEK)	0.00	0.01	0.52
Earnings per share, after dilution (SEK)	0.00	0.01	0.52

## Balance sheet

Assets and liabilities associated with assets held for sale as of March 31, 2023 refer to earnouts, provisions and other liabilities related to divested operations.

Discontinued operations SEK million	Mar 31 2023	Dec 31 2022
<b>ASSETS</b>		
Financial assets	26	32
<b>Non-current assets</b>	<b>26</b>	<b>32</b>
Current receivables	30	22
<b>Current assets</b>	<b>30</b>	<b>22</b>
<b>Assets classified as held for sale</b>	<b>55</b>	<b>54</b>
<b>LIABILITIES</b>		
Interest-bearing liabilities	26	26
<b>Non-current liabilities</b>	<b>26</b>	<b>26</b>
Interest-bearing liabilities	60	61
Non-interest-bearing liabilities	4	4
<b>Current liabilities</b>	<b>64</b>	<b>65</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>90</b>	<b>91</b>

## Cash flow statement

Discontinued operations SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Cash flow from investing activities	-2	—	27
<b>Net change in cash and cash equivalents</b>	<b>-2</b>	<b>—</b>	<b>27</b>

# Non-IFRS measures

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

## EBITDA

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

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

## Underlying EBITDA

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

*Underlying EBITDA:* EBITDA excluding items affecting comparability.

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

## Underlying EBITDAaL and underlying EBITDAaL margin

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

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

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

Continuing operations SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Operating profit	1,264	2,903	6,596
Reversal:			
Result from shares in associated companies and joint ventures	0	-1,671	-1,672
Depreciation and amortization	1,520	1,520	6,176
<b>EBITDA</b>	<b>2,785</b>	<b>2,752</b>	<b>11,101</b>
Reversal, items affecting comparability:			
Restructuring costs	43	47	198
Disposal of non-current assets	12	-2	55
Other items affecting comparability	13	—	41
<b>Total items affecting comparability</b>	<b>68</b>	<b>46</b>	<b>294</b>
<b>Underlying EBITDA</b>	<b>2,853</b>	<b>2,798</b>	<b>11,395</b>
Lease depreciation	-317	-308	-1,240
Lease interest costs	-44	-19	-94
<b>Underlying EBITDAaL</b>	<b>2,492</b>	<b>2,471</b>	<b>10,060</b>
Revenue	7,009	6,744	28,102
<b>Revenue excluding items affecting comparability</b>	<b>7,009</b>	<b>6,744</b>	<b>28,102</b>
<b>Underlying EBITDAaL margin</b>	<b>36%</b>	<b>37%</b>	<b>36%</b>

### Non-IFRS measures – Capex paid and capex

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

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

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

SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
<b>CONTINUING OPERATIONS</b>			
Additions to intangible and tangible assets	-927	-756	-3,581
Sale of intangible and tangible assets	1	3	20
<b>Capex paid</b>	<b>-926</b>	<b>-753</b>	<b>-3,561</b>
This period's unpaid capex and reversal of paid capex from previous period	-136	81	240
Reversal received payment of sold intangible and tangible assets	-1	-3	-20
<b>Capex intangible and tangible assets</b>	<b>-1,063</b>	<b>-674</b>	<b>-3,341</b>
Additions to right-of-use assets	-206	-162	-1,370
<b>Capex</b>	<b>-1,269</b>	<b>-836</b>	<b>-4,711</b>

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	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Underlying EBITDAaL	2,492	2,471	10,060
Capex excluding spectrum and leases	-1,063	-670	-3,171
<b>Operating cash flow</b>	<b>1,429</b>	<b>1,801</b>	<b>6,889</b>

### Non-IFRS measures – Equity free cash flow

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

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

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

SEK million	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
<b>CONTINUING OPERATIONS</b>			
Cash flow from operating activities	2,431	2,046	8,250
Capex paid	-926	-753	-3,561
Amortization of lease liabilities	-386	-382	-1,226
<b>Equity free cash flow (eFCF)</b>	<b>1,119</b>	<b>910</b>	<b>3,461</b>
eFCF per share (SEK)	1.62	1.32	5.01
eFCF per share after dilution (SEK)	1.61	1.31	4.98
<b>OUTSTANDING SHARES</b>			
Number of shares	691,011,367	689,909,491	691,011,367
Number of shares after dilution	695,061,937	693,369,682	695,074,506

No equity free cash flow has been reported related to discontinued operations.

### 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	Mar 31 2023	Dec 31 2022
Interest-bearing non-current liabilities	29,623	29,848
Interest-bearing current liabilities	2,433	4,296
Reversal provisions	-1,303	-1,362
Cash & cash equivalents, current investments and restricted funds	-849	-1,274
Derivatives	-303	-401
<b>Net debt</b>	<b>29,601</b>	<b>31,108</b>
Reversal:		
Lease liabilities	-5,004	-5,460
<b>Economic net debt</b>	<b>24,597</b>	<b>25,647</b>

### Organic

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

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

Reconciliation of figures is presented in an excel document (Q1 2023-financials to the market) on Tele2's website [www.tele2.com](http://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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