2022

Annual and Sustainability Report

TELE2

Contents

This is Tele2

What we do

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

What we offer

Tele2 believes in unleashing the unlimited opportunities that connectivity provides to all our customers. Our fast networks enable mobile and fixed connectivity, telephony, data network services, TV, streaming and global IoT solutions for millions of customers.

How we deliver

Consumer

Connectivity and entertainment services for individuals and households

Business

Communication and integrator solutions and IoT for businesses and the public sector

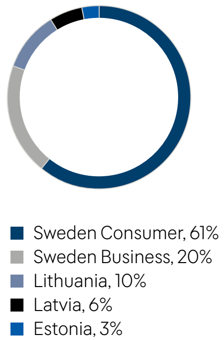
Wholesale

National and international wholesale, carrier services, and SMS services

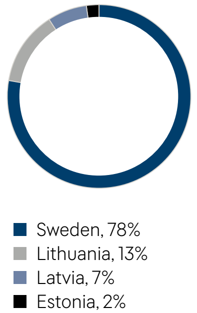
Where we operate

Our footprint is focused on our core markets in Sweden and the Baltics, where we can achieve sustainable growth and good profitability.

End-user service revenue, 2022



Underlying EBITDAaL, 2022

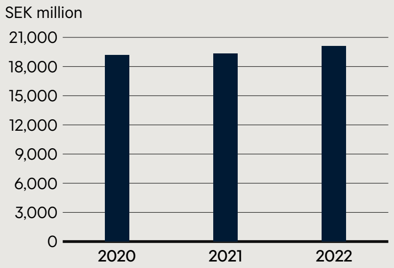


2022 in brief

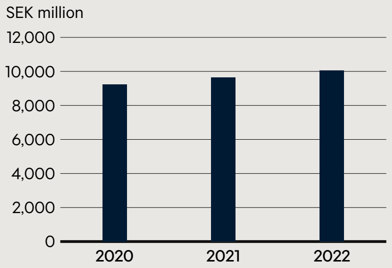
REVENUE	EMPLOYEES	EMISSIONS
28,102	4,438	95%
SEK million	fearless employees	scope 1 and 2 reduction since 2019

- End-user service revenue of SEK 20,097 million increased by 3% compared to full year 2021 on an organic basis driven by a strong performance in the Baltics, Sweden B2B and slight tailwind from roaming.
- Total revenue of SEK 28,102 million increased by 4% compared to 2021 on an organic basis.
- Underlying EBITDAaL of SEK 10,060 million increased by 3% organically compared to 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 5,574 (4,306) million and earnings per share of SEK 8.07 (6.25).
- Tele2 became the first telco in the Nordics and Baltics to set approved Net-Zero science-based target for emissions.
- Intensified rollout of 5G network in Sweden and the Baltics, which will enable us to deliver faster, more reliable and secure services to our customers.
- Signed strategic partnership with Viaplay providing our customers with access to a wide selection of Viaplay channels and streaming services as part of our pay TV subscriptions.
- Divestment of T-Mobile Netherlands was finalized in the spring of 2022, allowing Tele2 to focus on Sweden and the Baltics as its core markets.
- The Board of Directors of Tele2 proposes an ordinary dividend of SEK 6.80 (6.75) per share, to be decided at the 2023 AGM.

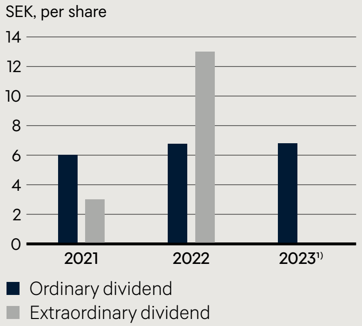
End-user service revenue



Underlying EBITDAaL



Dividend paid



[1] Proposed dividend.

Extraordinary challenges call for extraordinary performance

Tele2's purpose is to enable a society of unlimited possibilities. The outbreak of the coronavirus was followed by unprecedented constraints for most people, and the importance of connectivity and digital communication became greater than ever before, both at work and privately. This was a reminder of Tele2's important purpose.

When we entered 2022, we did so with optimism and hope for a fresh start. Instead, the world has been thrown into a new tumble of uncertainty and sad news. The heinous attack on Ukraine has affected us all, not least me who previously lived in both Kyiv and Moscow. Alongside the war, rampant electricity prices, inflation and uncertain macro conditions have had a major impact on people's everyday lives, and we can conclude that 2022 did not become what the world had hoped for.

As for most companies, the global situation and uncertainty posed many challenges for Tele2 too. I am very impressed by the way our employees handled change, adapted to new situations, solved problems and never lost their focus on our customers. I am also proud of the employee initiatives that led to us sending mobile power plants to Ukraine and enabling free calls to and from the country so that people who had fled could stay in touch with friends and family.

Strong financial performance

When summarizing 2022, I am pleased to see that we have been able to adapt to these new realities to deliver yet another strong performance at Tele2. End-user service revenue grew by 3% reaching SEK 20 billion for the year, and underlying EBITDAaL increased by 3.4% to SEK 10 billion. Revenue growth was mainly driven by a strong performance in the Baltics and Sweden B2B, while the positive effects on results from higher revenues and internal efficiency measures were partly offset by the soaring energy prices. Adjusting for the unexpected increase in energy prices, we grew our underlying EBITDAaL by 4.9%, in line with our mid-term financial guidance.

Our operations in the Baltics deserve a special mention for strong performance in a very challenging situation. Despite inflation over 20% and soaring energy prices, we have delivered impressive growth in both top-line and bottom-line, while securing key spectrum and rolling out 5G services.

> *I am very impressed by the way our employees handled change, adapted to new situations, solved problems and never lost their focus on our customers.*

Tele2 has a history of delivering high and stable shareholder returns. In 2022, we distributed some SEK 13.6 billion back to our owners in the form of an ordinary dividend of SEK 6.75 per share plus an extraordinary dividend of SEK 13 per share, as the proceeds from the divestment of T-Mobile Netherlands were fully distributed to our shareholders. In light of our strong performance in 2022, our Board of Directors proposes an increase in the ordinary dividend to SEK 6.80 per share to be decided at the 2023 Annual General Meeting in May.

TELE2

Sustainability is a central part of our growth strategy

While our services can have a positive environmental impact, we must also make efforts to minimize our negative impact. We have set a clear ambition to be a leader in sustainability, and in 2022 we further strengthened that position. During the year, we set a target to achieve net zero emissions across our value chain by 2035, and we became the first company in Sweden to have our target approved by the Science Based Targets initiative. Our ambitious sustainability agenda not only increases Tele2's attractiveness among talent and other stakeholders, but also among existing and potential business partners. Expectations and demands on the telecoms industry are increasing rapidly, and we will contribute to this by constantly raising the bar of what can be expected from a telecoms operator with a leading sustainability agenda.

Accelerated expansion to become Europe's best 5G network

Energy consumption is a critical part of our sustainability efforts, and it will become even more relevant as the 5G network expands. Tele2's network partnership, Net4Mobility, is enabling the deployment of a network that is not only the most cost-effective network in Europe, but also the most energy-efficient. The existing 3G network partnerships are being phased out, which will soon make Net4Mobility the only network sharing vehicle on the Swedish mobile market. The relative value this creates for Tele2 and our customers is massive. The 5G rollout was rapid in 2022 and will accelerate further in 2023. By the second half of 2024, we aim to offer Europe's best 5G network based on speed, coverage, energy and cost efficiency, products and services.

Quality and expertise drive B2B business growth

The importance of our 5G network is growing as our business customers begin to discover the possibilities offered by its speed and stability. It is very exciting to follow our customers' efficiency and growth journeys as they are enabled by innovation based on our 5G connectivity. What seemed like vague hypotheses a few years ago is now reality. However, Tele2's attractiveness in the business segment is also growing for other reasons. We have put a lot of effort and resources into becoming an insight-driven partner that focuses on solving real problems and demonstrating opportunities, rather than being just a replaceable provider of off-the-shelf products. This has paid off. The B2B unit has turned a negative trend into growth in a short period of time and I am very excited about the future potential.

> “
> *By the second half of 2024, we aim to offer Europe's best 5G network based on speed, coverage, energy and cost efficiency, products and services.*

Focus on value creation increases loyalty and willingnessto pay

We have also seen a good performance in our consumer business in 2022. The consolidation and refinement of the brands has served us well, with Comviq targeting a price-sensitive audience and Tele2 a quality-conscious one. As a result, we now have services and offers for all needs and budgets. We also drive and lead developments in the TV market. Our strategy of acting as an aggregator has been well received by both content providers and consumers, with more and more people tired of jumping between streaming services. Simply a win-win-win.

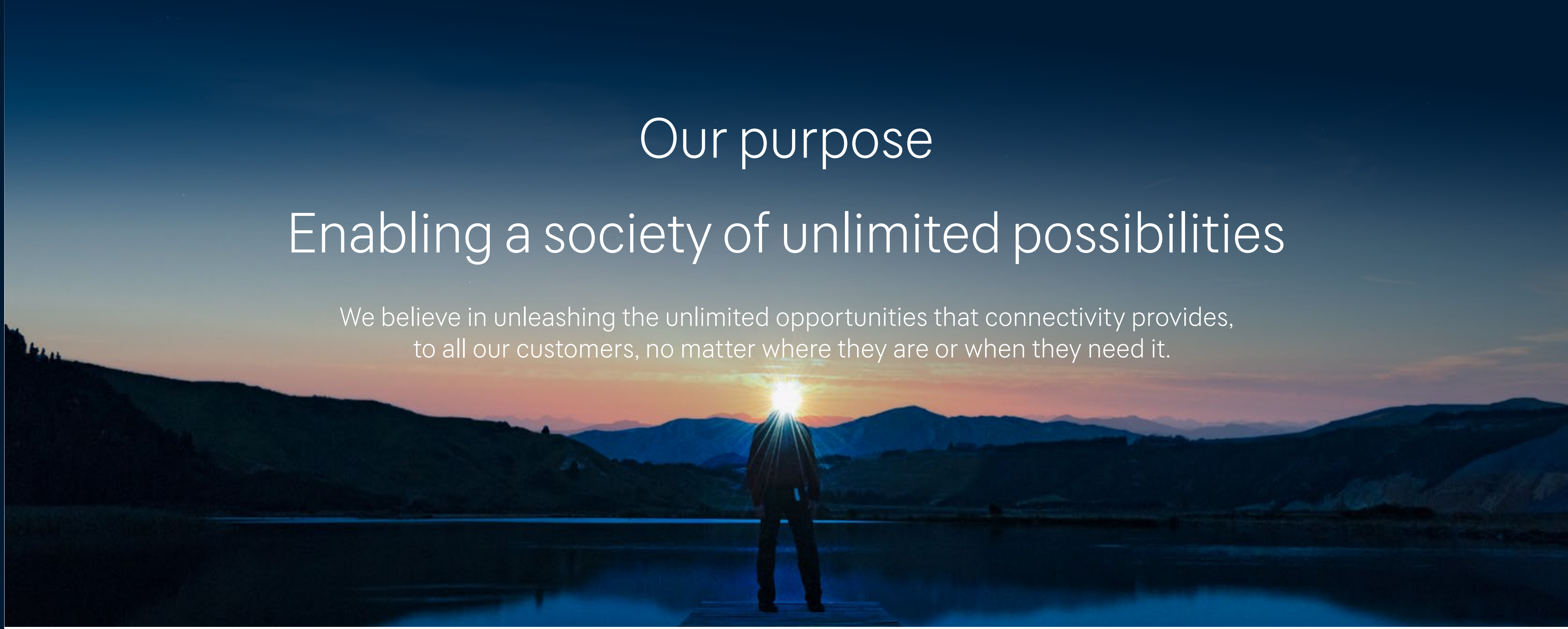
Competition for consumers' wallets is fierce and market players are trying every method to win and keep customers. Unfortunately, all too often we see examples of short-term solutions where services and products are given away in a way that creates neither loyalty nor profitability. We are convinced that a long-term profitable and growing business must be based on value creation. That is why I am extremely happy when we repeatedly win the SKI (Swedish quality index) award for customer satisfaction, or when Empati Grand Prix recently named us the most empathetic company in the industry. These are small symbols of hard work that is already paying off, but will become even more important and distinctive in the future.

Tele2 is equipped for future growth

What gives me the most confidence for the future is that we were able to deliver such strong results in 2022 while putting a lot of time and resources on internal development. As part of our Business Transformation Program, we embarked on a major project with the aim of getting rid of legacy IT structures and equipping ourselves for a digital customer journey where we bring our brands and our customer data together in one place to optimize service and sales. The project will be completed in 2023 and will put us in a much better position to meet the new needs and demands of our customers.

Finally, I would like to stress how happy I am that our employees are returning to the offices. We continue to offer flexibility, but many are clearly longing for the pulse and energy that comes from face-to-face meetings and problem-solving together. Tele2 has always been, and will continue to be, a place where talent can be challenged and grow – with unlimited possibilities.

Kjell Johnsen
President and CEO



Our purpose

Enabling a society of unlimited possibilities

We believe in unleashing the unlimited opportunities that connectivity provides, to all our customers, no matter where they are or when they need it.

OUR AMBITION :

The leading telco in the Nordic and Baltic region

Driven by our purpose, our medium-term ambition is to be the leading telco in the Nordic and Baltic region. This ambition recognises the strength of our brands and our position in the markets where we operate as well as our history of industry leadership and proven ability to generate value for our customers, investors, employees and society.

We focus on:

Superior customer experience: Giving our customers what they want with a single-minded focus on service and delivering on the premium position the Tele2 brand holds for its fixed-mobile convergence offering.

Best industry shareholder returns: An efficient organisation and operations that together with an effective capital allocation model creates the conditions for sustainable and attractive shareholder remuneration.

High employee engagement: An organisation that gives us a competitive advantage, motivated by our purpose and ambition and led by our values reliable, insight driven, and collaborative.

Lead in sustainability: Achieving our ambitious sustainability goals and a sustainability strategy integrated into our business that meets the demands of stakeholders, including customers, investors, and our employees.

Our growth strategy

Our strategy builds on the deep insights we have into what our customers want more of, on our leading brands, and leverages the investments we have made in our networks and information technology. The strategy reflects our focus on value balanced with volume for long-term and sustainable growth. We will continue to implement our more-for-more approach that creates more value for our customers by giving them more of what they want and thereby bringing more value to our business.

TELE2

Reignite growth in Sweden Consumer

Sweden is our largest market, and we have a long history of innovation and challenging the status quo. With our strong brand portfolio and leading-edge fixed and mobile networks, our Sweden Consumer business is positioned to deliver sustainable growth in the next phase of fixed-mobile convergence.

Distinctly positioned leading brands

We have consumer brands that target distinct market segments. One of Sweden's most recognized names in connectivity, Tele2 is a premium brand offering our customers the full suite of combined mobile, broadband, and entertainment services.

Comviq is a much-loved brand targeting the mid-price segment that aims to deliver sustainable volume growth. Our Comviq customers benefit from our latest mobile network investments and both pre-paid and post-paid mobile services.

Win the household through fixed-mobile convergence and an excellent customer experience

With a customer base of more than 2 million people in Sweden, we are ideally placed to leverage trends in fixed-mobile convergence. Through the Tele2 brand, we will offer additional personalized services to existing customers, providing a premium-level quality of service and superior connectivity. At the same time, the strength of the Tele2 brand allows us to attract new customers and build our position in the Swedish market.

Accelerate digitalization of customer journeys

Our digital first approach will create a unified and seamless customer experience. By investing in our information technology systems, we will give our customers one invoice and one customer point of contact for all services.

Recognized leader in Sweden Business and IoT

The products and services we provide are in line with our vision to enable society with unlimited possibilities. At the same time they are an important foundation for achieving our medium-term ambition. To serve our customers well and achieve sustainable growth, we have adopted a multi-segment approach to the market. We will leverage all our expertise and technology capabilities to deliver solutions and services that enable our customers to do better businesses and improve their operations.

To be the trusted digitalization and communication partner

We want to be the partner that delivers reliable and premium services and be our customers' friendly expert. With rapidly changing technologies and increasing demands on our customers, being a trusted partner is more important than ever. We build trust by providing reliable services, being able to support change in our customers' businesses, and ensuring easy access to services and support.

Multi-segment approach with a value creation focus

To support our customers in the best possible way, we have adopted a target-oriented multi-segment approach divided into small & medium sized enterprises, large private enterprises, and the public sector. We will create value for all customers and Tele2 by clearly differentiating the needs of these segments, the types of services and solutions they want, and how they are delivered. We will also be able to take advantage of the different strengths we already have in each segment.

Lead through fixed-mobile convergence and future proof business models & technologies

To meet the future needs of our customers in each segment, we will provide the latest services in our field. We will exploit the latest technologies and utilize new business models, including potential partnerships with businesses outside our industry or with different technology providers.

Continued growth in the Baltics

In Estonia, Latvia and Lithuania we are focused on delivering our more-for-more approach for the mobile-centric bundle of telephony and broadband services we provide. We will continue to invest in our mobile networks and in fixed networks where we see demand for fixed-mobile convergence offerings.

Lead in customer satisfaction and brand reputation

We will continue to lead and build our brand reputation based on the strength of our service offerings and a superior customer experience where we are already a pacesetter.

Develop next generation household offerings

Building on the investments in our network, we will give our customers more of what they want. This includes expanding our mobile-centric offerings and growing our fixed-mobile convergence services where they are already available and exploring the potential where there is demand.

Strengthen our position in business-to-business

There is significant potential in the Baltic markets for business-to-business services. Using existing offerings and a market segmentation approach, we will tailor services to the needs of our customers and become a trusted digitalization and communication partner.

Our strategic enablers

Our medium-term ambition and growth strategy will be delivered through strategic enablers that provide the competencies, connectivity and operational excellence we need.

Unique people and culture

Achieving our mid-term ambition will place high demands on our people. We place great responsibility on our employees, and we are evolving our unique culture to give us a competitive advantage and create a workforce that is engaged and aligned around our strategy. We want to retain our already talented and driven staff and be able to attract new performance driven people with emerging skills that will future proof our business. We strive to achieve a diverse and inclusive workplace that will add to our competitive advantage and reflect our customers and the communities in which we operate.

Reliable connectivity

As a premium provider, we are investing in our mobile and fixed networks to provide faster and more reliable connectivity. Our network operations act as partners with the commercial business units and are relentlessly focused on the needs of our customers. Through investments in our networks and information technology systems, we will create the architecture that enables us to be a leading digital telco.

Next generation operations

We are constantly looking for new ways to deliver to our consumer and business customers. By simplifying and streamlining our operational and technical landscape, and digitising our processes and customer experience, we will create a cost-effective and fit-for-purpose organisation.

Our culture

Our culture is at the centre of what we do and has evolved to help us stay ahead and continue to be a point of competitive advantage.

We take great pride in our role of delivering customer value by being Reliable, Insight Driven and Collaborative – it is called the Tele2 Way. We focus on simplicity in every task we undertake, aim to creating unlimited possibilities beyond expectations.

Reliable

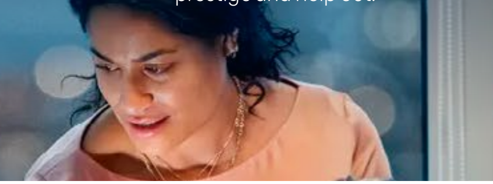
We deliver on our promises both to customers and colleagues.

Collaborative

We believe in teamwork, being open and generous in sharing knowledge and experience. We have no prestige and help out.

Insight driven

We have a data driven end-to-end view in everything we do – making us even more customer centric.



Executing on our growth strategy

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

Tele2 is a strong cash generative company and shareholder remuneration is at the core of Tele2's equity strategy. From 2012 to 2022 we have distributed roughly SEK 70.2 billion to shareholders through dividends. Going forward we are committed to maintaining leverage within the 2.5–3.0x range as underlying EBITDAaL grows and distribute at least 80% of equity free cash flow to shareholders.

In 2022, following the completion of the divestment of our 25% ownership in T-Mobile Netherlands (TMNL), we also completed our strategy to focus Tele2's geographic presence exclusively on our core Baltic Sea region, where we have market positions and scale to drive sustainable growth.

Tele2's vision is to be a leader in sustainability, and we have continued to implement our strategy launched in 2021. In 2022, we took several steps to demonstrate leadership in sustainability in our industry, and a key event was the setting of our net zero target by 2035. This made us the first company in Sweden, and the second telecom company globally, to receive such approval from the Science-Based Targets initiative. Tele2 also made progress in terms of sustainable finance by launching a green and sustainability-linked financing framework, which was used to issue a sustainability-linked bond and signing a sustainability-linked revolving credit facility. We were able to maintain or improve top ratings from ESG-rating agencies.

In 2022, Tele2 accelerated the nationwide roll-out of 5G in Sweden and the Baltic states. To this point we provide 5G connectivity in more than 100 municipalities and even more cities in Sweden, with a nationwide population coverage of 21%. We have received positive results from Open Signal positioning Tele2 as one of the Global Winners for 5G Video Experience. We have also secured important 5G spectrum in Lithuania and Estonia during the year, after acquiring spectrum in Latvia in December 2021. We expect further 5G spectrum auctions to take place in Sweden during 2023.

Sweden

During the year, we continued to execute on the Business Transformation Program which was launched in the beginning of 2020. So far, the program has realized an annual run-rate saving of SEK 825 million with a target of SEK 1 billion in annualized run-rate savings by the end of H1 2023. The program yields substantial cost savings but also improve organizational efficiencies by reducing internal complexity, simplified product portfolio and reduce time customers spend with customer service.

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

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

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

The Baltics

In the Baltics we were able to show continued strong top and bottom-line growth by successfully executing on our mobile-centric-convergence and more-for-more strategy, despite a challenging situation with high inflation and rising energy cost during the year. We will increase focus on fixed mobile converged opportunities either through own infrastructure or wholesale. In Lithuania we launched a fiber pilot project to trial a capex light approach by utilizing existing ducts to provide fixed services to customers.

Netherlands

In March 2022, we completed the divestment of our 25% ownership in TMNL to funds advised by Apax Partners LLP and Warburg Pincus LLC. The cash proceeds from the transaction amounted to SEK 9.0 billion, which were distributed back to our shareholders as an extraordinary dividend of SEK 13 per share in May 2022.

Board of Directors' report

The Board of Directors and the CEO herewith present the annual report and consolidated financial statements for Tele2 AB (publ), corporate reg. no. 556410-8917 for the financial year 1 January – 31 December 2022.

The sustainability information reviewed by the auditors comprises pages 46-92, which also includes the statutory sustainability report.

Figures presented in this report refer to continuing operations unless otherwise stated, with comparable figures for the previous year in parentheses. For information about discontinued operations, see Note 33.

Operations

Tele2 Group is an integrated provider of fixed and mobile connectivity and entertainment services. Its primary geographical markets are Sweden and the three Baltic States; Lithuania, Latvia, and Estonia. Since Tele2 was founded in 1993 it has continued to challenge prevailing norms and dusty monopolies. Today, the group's network enables mobile and fixed connectivity, telephony, data network services, TV, streaming and global IoT solutions for millions of customers. Customer satisfaction and smart combined offerings are driving growth. Tele2 has been listed on Nasdaq Stockholm since 1996 and has around 4,400 employees.

Revenue

In 2022, revenue increased by 3.9% organically to SEK 28,102 (26,789) million for the group driven by continued strong growth in the Baltics, Sweden B2B and a slight tailwind from roaming. End-user service revenue increased by 3.0% organically to SEK 20,097 (19,349) million helped by a continued strong growth in the Baltics and Sweden B2B, while Sweden B2C showed a flat development on an aggregated level as growth in mobile and fixed broadband was offset by the decline in the legacy business.

Underlying EBITDAaL

Underlying EBITDAaL grew by 3.4% organically to SEK 10,060 (9,639) million driven by end-user service revenue growth, continued execution of the Business Transformation Program in Sweden and less headwinds from the pandemic, which were partly offset by increased energy costs. During 2022 the energy costs were approximately 50% higher than the year earlier as the market prices on electricity has risen sharply in all Tele2's markets.

Operating profit and net profit

Operating profit increased by 37% to SEK 6,596 (4,787) million. Growth in underlying EBITDAaL and a SEK 1,589 million capital gain from the divestment of T-Mobile Netherlands contributed to the increase in operating profit.

Financial income and expenses amounted to SEK -689 (-480) million.

Net profit amounted to SEK 5,574 (4,306) million during 2022, and earnings per share were SEK 8.07 (6.25). Tele2 has been released from a tax claim of SEK 363 million, including tax surcharge and interest, related to Tele2's former joint venture in Kazakhstan, which has been included in net profit for 2022.

Investments

Capital expenditures excluding spectrum and leases amounted to SEK 3,171 (3,158) million. Capex mainly consisted of 5G related network investments, upgrade of the fixed network in Sweden, and IT investments related to the Business Transformation Program.

Financial position and cash flow

The group's financial leverage was 2.5x (2.5x) as of 31 December 2022. Economic net debt amounted to SEK 25.6 (24.3) billion, an increase of SEK 1.4 billion compared to a year earlier. During 2022, Tele2 has paid cash dividend of in total SEK 13.6 billion.

Equity free cash flow from continuing operations decreased to SEK 3,461 (5,760) million or SEK 5.01 (8.35) per share, mainly as a result of higher working capital, network investments and higher taxes paid. Equity free cash flow from total operations amounted to SEK 3,461 (5,785) million.

The Board of Directors proposes an ordinary dividend of SEK 6.80 per share, or SEK 4.7 billion in total, to be decided at the 2023 Annual General Meeting in May.

Significant events during 2022

- In March 2022, Tele2's divestment of its 25% holding in T-Mobile Netherlands was finalized. The transaction marks a completion of the international consolidation, allowing Tele2 to focus on Sweden and the Baltics. The cash proceeds from the divestment were distributed to Tele2's shareholders, after being resolved at the 2022 Annual General Meeting, through an extraordinary dividend of SEK 13.00 per share (in total SEK 9.0 billion) in May 2022.
- Tele2 entered a strategic partnership with Viaplay, providing Tele2's customers with access to a wide selection of Viaplay channels and streaming services as part of our pay-TV and streaming packages.
- Tele2 signed an agreement with electric boat company X Shore to build a private 5G network in their newly build factory in Nyköping, Sweden. Tele2 also announced collaborations with Amazon Web Services to enhance the cloud services and cloud management portfolio that Tele2 offers to its customers.

- 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.
- Tele2 issued its first sustainability-linked bond of SEK 1.6 billion demonstrating our commitment to lead in sustainability. Tele2 also signed its first sustainability-linked RCF of EUR 700 million with a five-year tenor and two one-year extension options, replacing the former RCF of EUR 760 million.
- Tele2 became the first telco in the Nordics and Baltics to receive SBTi approval for our net-zero emissions target. Also, out of nearly 15,000 companies evaluated globally, Tele2 was one of only 297 companies to receive a top rating (A) from CDP for our ambitious climate efforts.
- During the year, Tele2 intensified the roll-out of 5G network delivering faster, more reliable, and more secure services. New unlimited 5G data subscriptions were launched to consumers and businesses targeting small and medium sized enterprises, where customers themselves choose the data speed they want.
- Tele2 won a tax case, allowing for deduction of exchange losses in connection with the establishment of Tele2's previous joint venture in Kazakhstan. The ruling meant that Tele2 was released from a tax claim of SEK 363 million including tax surcharge and interest. Consequently, all related provisions were released.
- 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.

Employees

On 31 December 2022, the number of employees in Tele2 was 4,438 (4,435). Please refer to Note 31 for additional information regarding the number of employees, gender distribution and personnel costs.

Guidance

Tele2 provides financial guidance for the year ahead and on a mid-term basis (three-year horizon) for continuing operations in constant currencies.

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.

Tele2's mid-term guidance is a low single digit growth in end-user service revenues, mid single digit growth in underlying EBTIDAaL and capex excluding spectrum and leasing assets of SEK 2.8-3.3 billion per year during roll-out of 5G and Remote-PHY.

Parent company

Tele2 AB is the parent company of the Tele2 Group. The operations include group management. In 2022, net sales in the parent company were SEK 49 (46) million. Net result for the full year was SEK 7,222 (7,907) million and consisted mainly of dividend from group companies.

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 in the Board of Directors' report and Note 2 for more information about Tele2's risk exposure and risk management.

Sustainability report

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

Four-year summary

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

SEK million	2022	2021	2020	2019
CONTINUING OPERATIONS				
End-user service revenue	20,097	19,349	19,184	19,466
Revenue	28,102	26,789	26,554	27,203
Underlying EBITDA	11,395	10,900	10,484	10,309
EBITDA	11,101	10,517	12,329	9,598
Operating profit	6,596	4,787	7,371	3,812
Profit after financial items	5,907	4,307	6,855	3,367
Net profit	5,213	3,960	7,233	2,431
Underlying EBITDAaL	10,060	9,639	9,239	9,043
CapEx excluding spectrum and leases	3,171	3,158	2,717	2,387
Operating cash flow	6,889	6,482	6,523	6,656
Equity free cash flow	3,461	5,760	4,799	4,159
Key ratios				
End-user service revenue growth, organic	3%	1%	-1%	0%
Underlying EBITDAaL growth, organic	3%	5%	2%	6%
Underlying EBITDAaL margin	36%	36%	35%	33%
Operating profit margin	23%	18%	28%	14%
Value per share (SEK)				
Equity free cash flow	5.01	8.35	6.97	6.05

SEK million	2022	2021	2020	2019
TOTAL OPERATIONS				
Net profit	5,574	4,306	7,408	5,134
Total assets	67,656	74,251	75,411	79,784
Equity	23,683	31,142	32,751	34,805
Equity free cash flow	3,461	5,785	4,879	4,840
Key ratios				
Economic net debt to Underlying EBITDAaL	2.5x	2.5x	2.6x	2.5x
Value per share (SEK)				
Net profit/loss	8.07	6.25	10.76	7.28
Net profit/loss, after dilution	8.03	6.21	10.71	7.24
Equity	34.27	45.14	47.56	50.59
Equity free cash flow	5.01	8.39	7.09	7.04
Dividend, ordinary	6.80[1]	6.75	6.00	5.50
Dividend, extraordinary	-	13.00	3.00	3.50
Market price at closing day	85,10	129,10	108,60	135,85

[1] Proposed dividend.

Group summary

Continuing operations SEK million	2022	2021	Organic %
END-USER SERVICE REVENUE			
Sweden	16,230	16,065	1%
Lithuania	2,113	1,779	13%
Latvia	1,142	958	14%
Estonia	612	546	7%
Total	**20,097**	**19,349**	**3%**
REVENUE			
Sweden	22,112	21,522	3%
Lithuania	3,483	3,028	10%
Latvia	1,713	1,508	8%
Estonia	911	850	2%
Internal sales, elimination	-116	-119	-6%
Total	**28,102**	**26,789**	**4%**
UNDERLYING EBITDAaL			
Sweden	7,890	7,756	2%
Lithuania	1,307	1,112	12%
Latvia	668	592	8%
Estonia	196	179	4%
Total	**10,060**	**9,639**	**3%**

Continuing operations SEK million	2022	2021	Organic %
CAPEX			
Sweden	2,649	2,773	-4%
Lithuania	234	175	27%
Latvia	153	105	40%
Estonia	135	105	23%
Capex excluding spectrum and leases	**3,171**	**3,158**	**0%**
Spectrum	170	355	
Rights-of-use assets (leases)	1,370	1,306	
Total	**4,711**	**4,819**	
of which:			
– Network	1,981	1,825	
– IT	729	878	
– Customer equipment	386	374	
– Other	75	81	
Capex excluding spectrum and leases	**3,171**	**3,158**	

Shareholder information

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

Share performance

During 2022, the Tele2 B share price decreased by 34.1%, from SEK 129.10 to SEK 85.10, while the OMX Stockholm PI decreased by 24.6%. The global sector index S&P 500 Telecommunications Services fell 40.4%. The highest closing price for the Tele2 B share in 2022 was SEK 152.15 on 27 April and the lowest closing price was SEK 84.16 on 20 December. The average closing price during 2022 was SEK 115.83.

Total shareholder return (share price development including reinvested dividends) for Tele2 B shares was -23% in 2022, in line with the development for the overall stock market during the year. The OMX Stockholm All-Share Gross Index (OMXSGI) decreased -22% in 2022.

The total shareholder return for the Tele2 B share for the last five years has been 27%, and for the last ten years 131%.

During 2022, 24% of the trade in Tele2 B shares took place on Nasdaq Stockholm, while 76% of the trade took place on other trading venues.

Shareholder remuneration

During 2022, shareholders were remunerated by a total of SEK 13,6 billion in the form of ordinary dividend of SEK 6.75 per share and extraordinary dividend of SEK 13.00 per share.

For the financial year 2022, the Board of Directors of Tele2 AB has decided to recommend to the Annual General Meeting (AGM) on 15 May 2023 to resolve on an ordinary dividend of SEK 6.80 per A and B share, in total SEK 4.7 billion. The dividend shall be paid in two tranches of SEK 3.40 each, in May and October 2023. The proposed dividend corresponds to 135% of the equity free cash flow during 2022.

Financial policy

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

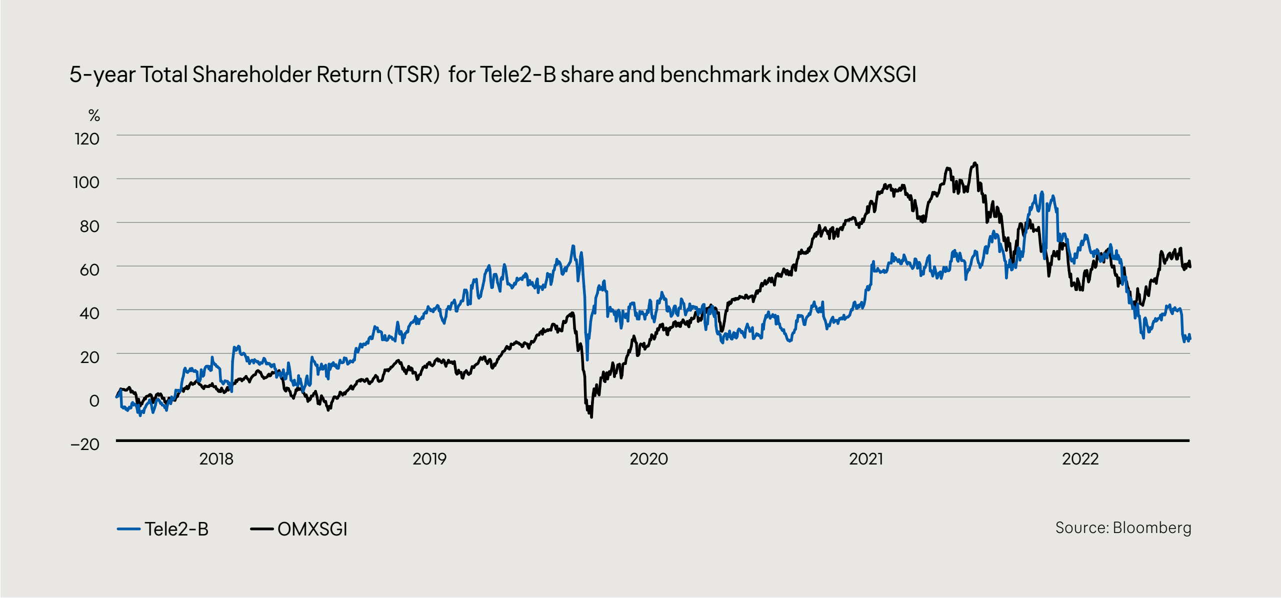
- An ordinary dividend of at least 80% of equity free cash flow; and
- Extraordinary dividends and/or share repurchases, based on remaining equity free cash flow, proceeds from asset sales and releveraging of underlying EBITDAaL growth.

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

Share capital

The share capital in Tele2 AB is divided into three classes of shares: class A, B and C shares. All classes of shares have a quota value of SEK 1.25 per share. The A and B shares have the same rights to the company's net assets and profits while the C shares are not entitled to dividends. The A shares entitle the holder to 10 voting rights per share and the B and C shares to one voting right per share.

The purpose of the C shares is to enable future deliveries of B shares to senior executives and other key employees participating in Tele2's retention and performance-based incentive programs. The C shares will be converted into B shares prior to delivery.



Based on an authorization from the 2021 Annual General Meeting, the Board of Directors decided on a directed issue of 2,200,000 C shares and a subsequent buyback for a total of SEK 3 million.

As of December 31, 2022, there were 22.6 million registered A shares, 670.3 million B shares (of which 1.8 million held in treasury), and 2.2 million C shares (all of which held in treasury).

The Tele2 A and B shares are listed on Nasdaq Stockholm. For detailed information about the share capital and number of outstanding shares refer to Note 23.

Shareholders

During 2022, the number of shareholders in Tele2 increased by 12% to 113,767 per 31 December 2022. The market capitalization of the company was SEK 60.3 billion at year end.

In May 2022, Tele2's largest owner Kinnevik AB decreased its holding in Tele2 by selling 50 million B shares for a total amount of SEK 6.1 billion in a book building process. After the transaction, Kinnevik's holding in Tele2 represents 19.8% of the capital and 36.1% of the votes. No other shareholder owns, directly or indirectly, more than 10% of the shares in Tele2.

On 31 December 2022, the 15 largest shareholders represented 45.8% of the share capital and 56.2% of the votes. Foreign shareholders held 48.6% of the share capital and 37.8% of the votes.

Top 15 shareholders

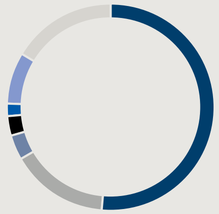
As of December 31, 2022	Capital (%)	Votes (%)
Kinnevik	19,8	36,1
BlackRock	6,2	4,8
Vanguard	2,8	2,2
Handelsbanken Fonder	2,7	2,1
Nordea Fonder	2,1	1,6
Norges Bank	1,9	1,5
Janus Henderson Investors	1,5	1,2
Schroders	1,5	1,2
Swedbank Robur Fonder	1,3	1,0
Länsförsäkringar Fonder	1,2	0,9
Avanza Pension	1,0	0,8
Folksam	1,0	0,8
Deka Investments	0,9	0,7
Storebrand Fonder	0,9	0,7
Eurizon Capital	0,8	0,7
Total top 15	**45,8**	**56,2**
Others	54,2	43,8
Total	**100,0**	**100,0**

Source: Modular Finance

Owner type

As of December 31, 2022	Capital (%)	Votes (%)
Swedish institutional owners	35,5	48,4
Foreign institutional owners	31,8	24,6
Swedish private individuals	13,6	12,0
Unknown owner type	16,4	12,7
Other	2,8	2,2
Total	**100,0**	**100,0**

Ownership by country based on capital



Sweden	51%
United States	15%
United Kingdom	4%
Finland	3%
Norway	2%
Others	8%
Anonymous ownership	16%

Source: Modular Finance

Overview by segment

Sweden

2022 in brief

End-user service revenue increased by 1% compared to 2021 driven by a solid performance within the Business operations. International roaming revenue increased as the society started to open up after covid restrictions were eased. Higher revenues and cost savings from the Business Transformation Program were converted to an increase in underlying EBITDAaL by 2%, and managed to offset some of the increase in energy costs.

Continued optimization, primarily in the Digital Capabilities and Technology (DCT) organization, was executed during the year as part of the Business Transformation Program, which achieved annualized run-rate savings of SEK 825 million by year end. The program had an impact of approximately SEK 650 million on underlying EBITDAaL in 2022, resulting in a net impact of SEK 295 million year-on-year.

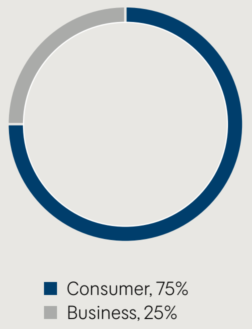
2023

The Business Transformation Program is expected to achieve the remaining SEK 175 million in savings during the first six months of 2023, and to be completed by mid-2023 with a total target of SEK 1 billion in annualized run-rate savings. The main focus will be on decommissioning SUNAB, our 3G joint venture with Telia, decommissioning IT systems, move customers to the target IT stacks, and further organizational optimizations.

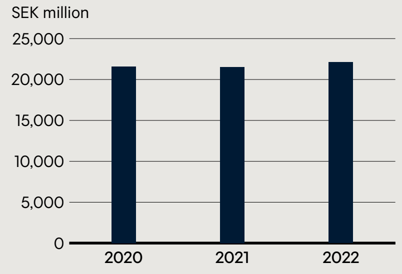
The 5G roll-out will continue at full run rate during the year. In parallel, the fixed network is being upgraded with Remote-PHY, which is a cost-effective way to modernize the network and meet current and future demand for speed tiers and backhaul capacity.

Financials SEK million	2022	2021	Organic %
End-user service revenue	**16,230**	**16,065**	**1%**
Revenue	22,112	21,522	3%
Underlying EBITDA	9,026	8,839	
Underlying EBITDAaL	**7,890**	**7,756**	**2%**
Underlying EBITDAaL margin	36%	36%	
Capex			
Network	1,575	1,546	
IT	644	807	
Customer equipment	375	364	
Other	55	56	
Capex excluding spectrum and leases	**2,649**	**2,773**	
Spectrum	**40**	**333**	
Right-of-use-assets (leases)	1,217	1,073	
Capex	**3,906**	**4,179**	
Capex excluding spectrum and leases / revenue	12%	13%	

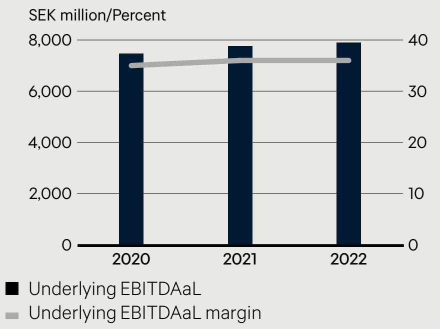
End-user service revenue per business area, 2022



Revenue



Underlying EBITDAaL



Sweden Consumer

2022 in brief

In 2022, Sweden Consumer returned to growth, underpinned by strategic brand positioning, portfolio enrichment, returning roaming revenues and the more-for-more pricing strategy. Tele2 enforced its position as a premium convergent brand and Comviq cemented its market leading position in its segment.

The FMC journey continued with accelerated cross- and up-sell, focusing on households with an existing Tele2 relationship. The new Viaplay partnership was launched as part of our upgraded Entertainment portfolio to stabilize the Digital TV business and strengthen our streaming aggregator model. In August the new Tele2 mobile frontbook was launched, introducing a 5G Unlimited portfolio based on speed-tiering (speed-based pricing) to the Swedish market.

Price adjustments were effectively implemented on both the mobile and fixed customer base on the back of both product- and customer experience improvements, such as bundling of streaming content, broadband quality, and mobile data upgrades, enabled by 5G and accelerated Remote-PHY roll-out throughout Sweden.

End-user service revenue returned to growth with mobile connectivity and fixed broadband fully offsetting decline in legacy services. This was supported by a stabilization of Digital TV revenues in the second half of the year.

2023

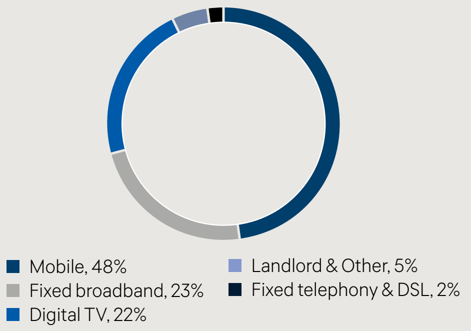
In 2023, the aim for Sweden Consumer is to attain a sustainable growth position in the Swedish market based on execution of a balanced commercial strategy for volume and value built on more-for-more pricing, product innovation, digitalization of customer journey and continued service quality enhancements for both Tele2 and Comviq.

Tele2 aims to implement appropriate consumer price adjustments relative to the high inflationary environment and its impact on our underlying operating costs.

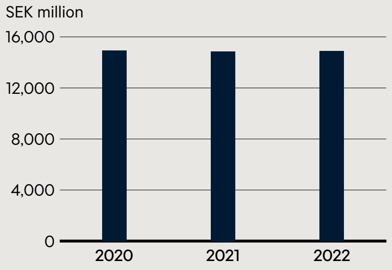
The next phase of FMC, roll-out of the new 5G speed-tiering portfolio, further implementation of pre-paid registration and continued enhancements to the entertainment portfolio, in combination with speed and quality upgrades to our broadband portfolio, should further strengthen Tele2's and Comviq 's brand appeal.

Finally, operational excellence through the Business Transformation Program will continue, with the modernized FMC IT stack enabling simplification of customer journeys and improved digital capabilities.

End-user service revenue per service, 2022



Revenue



	2022	2021	Organic %
RGUs (thousands) [1]			
Mobile	2,927	2,946	-1%
– Postpaid	2,004	1,946	3%
– Prepaid	924	1,000	-8%
Fixed	1,996	2,042	-2%
– Fixed broadband	949	927	2%
– Digital TV	888	927	-4%
– Cable & Fiber	633	638	-1%
– DTT	256	288	-11%
– Fixed telephony & DSL	158	188	-16%
Total RGUs	**4,923**	**4,988**	**-1%**
Addressable fixed footprint	3,713	3,600	3%
ASPU (SEK) [1]			
Mobile	166	163	2%
– Postpaid	206	207	-1%
– Prepaid	85	80	7%
Fixed	236	231	2%
– Fixed broadband	251	251	0%
– Digital TV	249	241	3%
– Cable & Fiber	224	216	4%
– DTT	306	296	4%
– Fixed telephony & DSL	93	94	-1%
Revenue (SEK million)			
Mobile	5,862	5,791	1%
– Postpaid	4,880	4,821	1%
– Prepaid	983	970	1%
Fixed	5,726	5,763	-1%
– Fixed broadband	2,826	2,766	2%
– Digital TV	2,707	2,760	-2%
– Cable & Fiber	1,706	1,684	1%
– DTT	1,001	1,076	-7%
– Fixed telephony & DSL	193	237	-19%
Landlord & Other	664	676	-2%
End-user service revenue	**12,252**	**12,229**	**0%**
Operator revenue	763	733	
Equipment revenue	1,880	1,901	
Internal sales	0	1	
Revenue	**14,895**	**14,864**	**0%**

[1] Unaudited.

TELE2

Sweden Business

2022 in brief

We have continued executing our strategy set out in 2021 by differentiating our approach in the SME, large private, and public segments.

In 2022, the focus on cyber security increased further due to the changing geopolitical environment, and we have supported our customers with advice and solutions to adress these threats and challenges. Furthermore, supply chain uncertainties have impacted our delivery times and it has been a challenge to plan and execute our deliveries, especially in the large private and public segments. Thanks to our capabilities and our good understanding of our customers' needs, we have managed the situation without any major impact on our customers' experience.

A pillar of our strategy is to create profitable growth, and during the year we have focused on several areas to achieve this, and have seen improvements as planned and expected.

Our ambition for 2022 was to stabilize revenues and we have returned to 4% end-user service revenue growth for the full year 2022, and six consecutive quarters with year-on-year growth. This growth comes from our ability to support our customers' businesses in different ways. All segments have contributed, and we saw a combination of increased net intake from both new and existing customers, which improved the mix and reduced the churn.

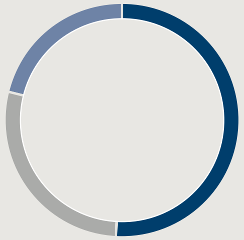
2023

In 2023, our ambition is to continue to stabilize and grow the Sweden business segment by continuing to execute our strategy. In the SME segment, the aim is to grow, and in the large private and public segments we aim to improve profitability by building on existing relationships and growing engagement.

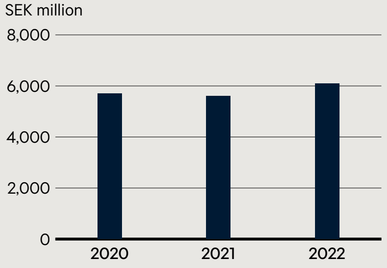
We will continue our efforts to decommission legacy copper services, and migrate customers to modern services with better profitability. Another focus area is to support and create awareness around sustainability and how our services can support creating a better future and deliver on our purpose of enabling society with unlimited possibilities. Our plans for the coming year are based on a somewhat improved supply chain environment, although not yet fully back to pre-covid conditions.

We are following the macro environment carefully and how it impacts our customers. We are convinced that from a long-term perspective there will be continued demand for our services based on increased digitalization and our customers' needs to improve their businesses. This is also underpinned by different market trends and our ability to leverage these trends and act as a digitalization partner for our customers.

End-user service revenue per service, 2022



Revenue



Sweden Business

	2022	2021	Organic %
RGUs (thousands) 1)			
Mobile (excluding IoT)			
– Postpaid	1,103	1,006	10%
ASPU (SEK) 1)			
Mobile (excluding IoT)			
– Postpaid	134	134	0%
Revenue (SEK million)			
Mobile	2,037	1,848	10%
Fixed	820	910	-10%
Solutions	1,120	1,077	4%
End-user service revenue	**3,977**	**3,836**	**4%**
Operator revenue	100	97	
Equipment revenue	2,016	1,664	
Internal sales	3	3	
Revenue	**6,096**	**5,600**	**9%**

Sweden Wholesale

Financials SEK million	2022	2021	Organic %
Operator revenue	1,115	1,052	
Internal sales	5	6	
Revenue	**1,121**	**1,058**	**6%**

1) Unaudited.

TELE2

Baltics

Lithuania

2022 in brief

In 2022, Tele2 Lithuania mainly focused on executing on its mobile-centric-convergence more-for-more strategy, 5G auctions and commencing a nationwide roll out of 5G. The auction of 3500MHz spectrum ended in June and the auction of 700MHz spectrum was finalized in July.

A commercial launch of a fiber network pilot project took place, which provided valuable insights of the possibility to build a full-scale fiber network utilizing existing ducts, available on the market.

During the year, Tele2 Lithuania reached the important milestone of 2 million customers driven by a positive intake of postpaid customers. The competition was mainly focused on mobile broadband and the B2B segment, where we successfully managed to maintain and attract new customers. The ASPU increased by 9% in 2022 which was mainly driven by appealing more-for-more data campaigns.

The main challenges in 2022 were the increasing energy prices and inflation. Although there have been only minor changes in consumer behavior so far, the record high inflation may start to affect customer confidence and the telco industry as well. Tele2 Lithuania managed to grow underlying EBITDAaL by 12% in 2022, which was mainly driven by higher end-user service revenue.

Due to the war in Ukraine, we initiated numerous activities to support Ukrainian refugees in Lithuania: free roaming and calls to Ukraine; nationwide collection of second-hand phones to be granted to Red Cross; call center help on support lines for Ukrainian refugees.

2023

In 2023, Tele2 Lithuania will continue its more-for-more strategy based on insight-driven competences, and aims to strengthen its positions in the mobile broadband and B2B markets in a sustainable way.

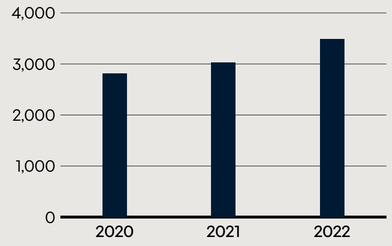
The deployment of 5G to improve network coverage is one of the key priorities, along with improvements in operational efficiency.

	2022	2021	Organic %
RGUs (thousands) [1]			
Mobile	2,009	1,945	3%
– Postpaid	1,327	1,262	5%
– Prepaid	682	683	0%
ASPU (EUR) [1]			
Mobile	8.3	7.6	9%
– Postpaid	10.3	9.4	9%
– Prepaid	4.7	4.4	7%
Revenue (SEK million)			
Mobile	2,102	1,774	13%
– Postpaid	1,693	1,404	15%
– Prepaid	409	370	5%
Fixed	11	5	95%
End-user service revenue	**2,113**	**1,779**	**13%**
Operator revenue	205	220	
Equipment revenue	1,104	968	
Internal sales	61	60	
Revenue	**3,483**	**3,028**	**10%**
Underlying EBITDA	1,386	1,181	
Underlying EBITDAaL	**1,307**	**1,112**	**12%**
Underlying EBITDAaL margin	38%	37%	
Capex	381	309	
Capex excluding spectrum and leases	**234**	**175**	
Capex excluding spectrum and leases / revenue	7%	6%	

[1] Unaudited.

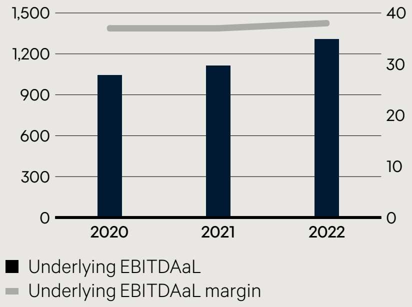
Revenue

SEK million



Underlying EBITDAaL

SEK million/Percent



Latvia

2022 in brief

Tele2 Latvia continued to show good growth in 2022 with both commercial successes and important development activities.

Mobile net intake was positive in 2022 driven by mobile postpaid. Mobile ASPU increased by 11% in local currency driven by continued monetization of increased demand for data. End-user service revenue increased 14% in local currency driven by the ASPU growth and volume growth. Underlying EBITDAaL increased by 8% due to higher end-user service revenues, partly offset by increased energy costs.

Following the spectrum acquisition in December 2021, Tele2 Latvia continued the nationwide rollout of 5G to strengthen its position as a leading mobile connectivity provider. The execution of the more-for-more strategy was done by monetizing data demand and migrating from prepaid to postpaid while optimizing the digital channels.

2023

Tele2 Latvia's focus will remain on data monetization, mobile centric convergence, the more-for-more strategy, digitalizing key processes and migrating customers from prepaid to postpaid.

The massive rollout of 5G coverage will continue alongside upgrades to the core network to meet the growing demand for mobile data and to develop new services.

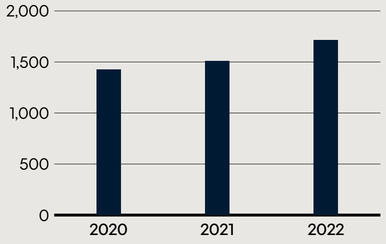
Tele2 Latvia will continue to address the situation of rising energy costs by implementing energy saving initiatives, and will also continue to evaluate the use of alternative energy sources.

	2022	2021	Organic %
RGUs (thousands) [1]			
Mobile	1,015	993	2%
– Postpaid	795	758	5%
– Prepaid	221	235	-6%
ASPU (EUR) [1]			
Mobile	8.9	8.0	11%
– Postpaid	10.3	9.5	9%
– Prepaid	4.0	3.8	6%
Revenue (SEK million)			
Mobile	1,138	955	14%
– Postpaid	1,022	841	16%
– Prepaid	116	115	-4%
Fixed	4	3	32%
End-user service revenue	**1,142**	**958**	**14%**
Operator revenue	143	166	
Equipment revenue	391	344	
Internal sales	37	39	
Revenue	**1,713**	**1,508**	**8%**
Underlying EBITDA	717	637	
Underlying EBITDAaL	**668**	**592**	**8%**
Underlying EBITDAaL margin	39%	39%	
Capex	224	176	
Capex excluding spectrum and leases	**153**	**105**	
Capex excluding spectrum and leases / revenue	9%	7%	

1) Unaudited.

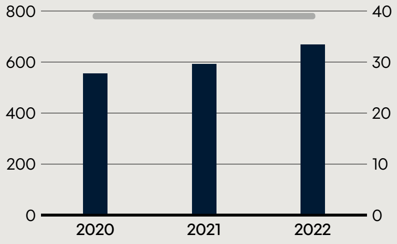
Revenue

SEK million



Underlying EBITDAaL

SEK million/Percent



Underlying EBITDAaL
Underlying EBITDAaL margin

Estonia

2022 in brief

In 2022, Tele2 Estonia continued to see good commercial momentum with successful customer acquisitions while focusing on operational efficiencies to offset inflationary pressures.

End-user service revenue grew by 7% driven by both an increase in volume and ASPU. All telecom operators have implemented price adjustments during the autumn to compensate for higher costs. Underlying EBITDAaL increased by 4% due to higher end-user service revenues, partly offset by increased energy costs.

In 2022, the auctions of 5G spectrum in the 3.5 GHz and 700 MHz bands took place. Tele2 won the desired blocks at the minimum price in both auctions. Tele2 Estonia continued to expand fiber coverage, and gained customers through both own fiber and wholesale accesses, both in the business and consumer segment.

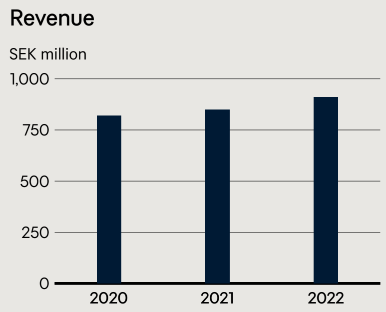
2023

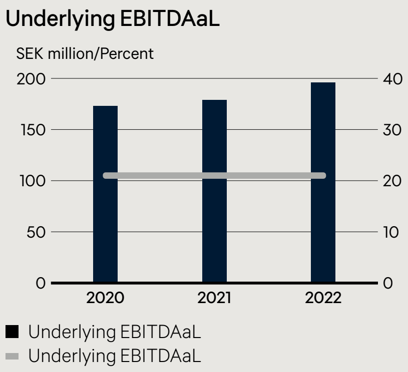
Tele2 Estonia will focus on continuing its more-for-more FMC strategy by expanding the fixed footprint, while leveraging the positive momentum in the mobile market.

The rollout of the 5G network has started following the spectrum acquisition that took place in 2022.

	2022	2021	Organic %
RGUs (thousands) [1]			
Mobile	455	437	4%
– Postpaid	404	384	5%
– Prepaid	52	54	-4%
ASPU (EUR) [1]			
Mobile	9.7	9.4	4%
– Postpaid	10.5	10.2	3%
– Prepaid	3.9	3.4	15%
Revenue (SEK million)			
Mobile	554	498	6%
– Postpaid	528	476	6%
– Prepaid	26	22	14%
Fixed	58	48	15%
End-user service revenue	**612**	**546**	**7%**
Operator revenue	90	99	-13%
Equipment revenue	200	194	-2%
Internal sales	9	10	-12%
Revenue	**911**	**850**	**2%**
Underlying EBITDA	266	242	
Underlying EBITDAaL	**196**	**179**	**4%**
Underlying EBITDAaL margin	21%	21%	
Capex	200	155	
Capex excluding spectrum and leases	**135**	**105**	
Capex excluding spectrum and leases / revenue	15%	12%	

[1] Unaudited.





Employees

Unique People and Culture

At Tele2 we believe in the power of the people. We believe that coming together unleashes the full potential in all of us and builds an ever-stronger sense of team and belonging. With this we hope to achieve a strong culture which embraces collaboration, engagement, and well-being. At Tele2 we trust our people with great responsibility and accountability. Engaged employees perform better and are personally motivated to make Tele2 an even better place to work. As part of Tele2's ambition to become a leading Telco in the Nordic & Baltic region we have defined four strategic enablers, each with defined KPI's and targets that we track on a quarterly basis.

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

Walk the Talk Leadership that aligns and engages

Our strategy and mid-term ambition will place high demands on our people, on us as an organization, and on our ways of working. Great leadership that aligns and engages our employees around our strategy will be key. We will promote leaders who walk-the-talk, who understand that they have an important role to serve as ambassadors and role models for Tele2's culture and values. This year we have continued our efforts of developing new leaders by taking them through the My Leadership @ Tele2 program as well as offered refreshment sessions for existing leaders. Our efforts continue to pay off, managers at Tele2 are again and again highly regarded by our employees and continue to be rated at high performing benchmark levels which is shown in our internal survey "MyVoice".

Evolve Tele2:s culture to maintain competitive advantage

The Tele2 culture has been our competitive advantage for years and enabled us to quickly adapt to the market challenges and customer needs. Change is in the DNA of Tele2 and our company and our people will always continue transforming and moving forward. This year we have launched our evolved culture concept to remain a differentiator and deliver on our strategic objectives. We believe that the right attitude, enthusiasm, and the ability to work according to Tele2's values – Reliable, Insight Driven and Collaborative – are more important than an impressive resume. During this year we have conducted a number of Tele2 Way trainings and workshops.

Our culture – the Tele2 Way – is at the center of what we do and to stay ahead – providing superior customer experience – becoming more fact-based, increasing collaboration and not the least keeping up the Tele2 spirit – we are "Vinnarskallar" who challenge to win.

Attract and retain performance driven people with future proof competencies

To continue to win, we challenge ourselves to always be better, adapt to customer needs and always strive to deliver maximum customer value. Through high expectations on ourselves and others, we want to make an impact and make a difference. We encourage a growth mindset with relevant feedback and continuous performance dialogue between manager and employee, as well as between peers. The approach seeks to ensure that all employees have clear and updated goals, and frequent and meaningful conversations with their manager around their aspirations, performance, and drivers for engagement. We believe in learning by doing, through exposure to challenging assignments together with good coaching, collaboration and learning from others. At the same time, we expect our people to have high ambitions and contribute to their own best abilities. During this year we implemented an Aspiration Program. The purpose of the program is to unleash the participants' strengths and potential as leaders, both in terms of self-leadership as well as leading others. Our Executive Trainee program continue to provide a great entry point for young professionals.

At Tele2 we will always do our best to make sure our employees are safe, motivated and happy working for Tele2. We believe in a healthy work-life balance and do not measure excellence in the number of hours worked and we have zero tolerance to harassment of any kind.

Diverse and inclusive workplace to be proud of

As part of Tele2's ambition to become a leading Telco in the Nordic & Baltic region is also to lead in sustainability. To achieve this ambition, we have four prioritized areas, each having clear accountability within the Group Leadership Team, long-terms goals and defined KPIs to measure our progress - Diversity & Inclusion is one of these areas. We have great ambitions to build an inclusive culture where everyone can bring their full self and unique perspectives to work, a fair playing field where everyone will have the same chance to progress and develop to fulfill their potential. To maintain the D&I activities we have implemented a structured yearly calendar of events.

Tele2's ambition is always to employ the best talent that the market has to offer; considering values, experience and competence that match with our values. Our culture and workplace is central in achieving this and Tele2 is committed to providing a workplace that facilitates diversity, productivity and working together. We are making progress, in our employee "MyVoice" survey our employees are scoring high on Inclusion, above high performing benchmarks. With our ambitious agenda to become a gender balanced company we still have some way to go. At the same time, we are happy to see that we have reached 50/50 gender balance in our stores.

Changes in the Tele2 Group Leadership Team

During the year some changes in the leadership has been announced that will bring an important and diverse perspective to Tele2.

Johan Gustafsson has taken on the role as EVP Communication and Sustainability from the 1 January 2023. Johan brings important experiences from his former roles in the media industry and in hyper-growth environments such as Klarna.

Jenny Garneij has been appointed EVP People & Change. Jenny will start her position in May 2023 and succeeds Karin Svensson who has decided to leave Tele2 later this year. Jenny brings valuable experience from her former roles at Nordea and Nordnet Bank, primarily within human resources and communication.

Remuneration guidelines

Guidelines for remuneration to senior executives

The current guidelines for remuneration to senior executives were approved by the Annual General Meeting 2020 and are presented in Note 31. The Boards' proposal for the Annual General Meeting in 2023 to resolve on updated Guidelines for remuneration to senior executives is presented below.

Applicability

Senior executives covered by the provisions of these guidelines include the CEO and members of the Group Leadership Team ("senior executives"). For the purpose of these guidelines, senior executives also include Board Members, elected at General Meetings, to the extent such Board Members perform services within their respective areas of expertise outside of their Board duties. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2023. These guidelines do not impose restrictions to any remuneration decided or approved by General Meetings. Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Our approach to the remuneration guidelines

The remuneration policy provides a structure that aligns remuneration with the successful delivery of our long-term business strategy, interests and sustainability. A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests and its sustainability, is that the company is able to attract and retain driven and engaged talent. To this end, it is necessary that the company offers competitive remuneration packages to attract, motivate and retain key employees within the context of an international peer group. The aim is to create incentives for the management to execute strategic plans and deliver excellent operating results, and to align management's incentives with the interests of the shareholders. For more information regarding the company's business strategy, please see www.tele2.com and the company's annual and sustainability report.

General Meetings in Tele2 have separately resolved on long-term share and share-price related incentive plans. Going forward, any new long-term share and share-price related incentive plans will be resolved upon separately by General Meetings and are therefore not covered by these guidelines since these guidelines do not impose restrictions to any remuneration decided or approved by General Meetings. The performance criteria used to assess the outcome of these long-term share and share-price related incentive plans are distinctly linked to the business strategy and thereby to the company's long-term value creation, including its sustainability. At present, these performance criteria comprise Tele2's absolute TSR and Tele2's TSR vs a defined Peer Group and Tele2s cashflow. However, such criteria may change in future long-term share and share-price related incentive plans. Current plans are also conditional upon the participant's own investment and certain holding periods of several years. For more information regarding these long-term share-related incentive plans, including the performance criteria which the outcome depends on, please see www.tele2.com.

Remuneration elements

Remuneration to the senior executives should comprise annual fixed base salary, variable short-term remuneration, variable long-term incentives, pension benefits and other benefits. For defining the total remuneration, for the senior executives, the Remuneration Committee uses external benchmarks within the Telecom, Hi-Tech and General industry and reviewing peer companies.

Annual fixed base salary

The Board considers the remuneration of employees and the average annual increases an important element in determining the annual salary increase for senior executives.

Variable short-term remuneration, including criteria for awarding

The variable short-term remuneration ("STI") shall be linked to predetermined and measurable criteria, measured over a period of maximum one year, which can be financial, such as EBITDA or revenue, or non-financial, such as sustainability. In addition, they may be individualized, quantitative or qualitative objectives. For senior executives, the financial criteria are weighted 80 percent and the non-financial criteria are weighted 20 percent. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the senior executive's long-term development. The variable short-term remuneration can amount to a maximum of 100 percent of the annual fixed base salary. To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated and/or determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable cash remuneration to the senior executives. The evaluation for financial objectives shall be based on the latest financial information made public by the company.

Variable long-term incentives, including criteria for awarding

The structure of any variable long-term incentives shall ensure a long-term commitment for Tele2's development and value creation and may be both share and share-price related as well as cash based. Going forward, any long-term share and share-price related incentive plans will be resolved upon separately by General Meetings and are therefore not covered by these guidelines.

Pension benefits

The senior executives are offered defined contribution pension plans, including health insurance. Defined contributions for pensions to the CEO and the other senior executives can amount to a maximum of 20 percent premium based on the annual fixed base

TELE2

salary and the STI, which could maximum lead to 40 percent contribution of the annual fixed base salary.

Other benefits

Other benefits may include e.g. car benefit, health care insurance and for expatriated senior executives e.g. housing benefits for a limited period of time. Such benefits may amount to not more than five percent of the annual fixed base salary.

Termination of employment

The maximum period of notice of termination of employment shall be twelve months in the event of termination by the CEO and six months in the event of termination by any of the other senior executives. In the event of termination by the company, the maximum notice period during which compensation is payable is eighteen months for the CEO and twelve months for any of the other senior executives. Additionally, remuneration may be paid for non-compete undertakings and such remuneration shall compensate loss of income. The remuneration shall be paid during the time the non-compete undertaking applies, however not for more than six months. With regard to the CEO, the remuneration shall amount to not more than 60 percent of the CEO's average monthly remuneration (both fixed and variable) paid by the company during the twelve months preceding the time of termination and with regard to other senior executives, the remuneration shall amount to not more than 80 percent of the senior executive's monthly base salary at the time of the termination.

Salary and employment conditions for employees

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report.

The decision-making process to determine, review and implement the guidelines

The Board has established a remuneration committee. The committee's tasks include preparing the Board's decision to propose guidelines for remuneration to senior executives. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by a General Meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the senior executives, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other senior executives do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Description of material changes to the guidelines and how the views of shareholders' have been taken into consideration

The remuneration committee and the Board have consulted with shareholders and proxy advisors and have followed up on comments and questions. The remuneration committee and the Board have resolved to propose adjustments to the company's remuneration guidelines, entailing that the introductory section is adjusted to reference to the company's business strategy as described at the company's webpage and annual and sustainability report. Further, the short-term incentive goals and the process for requiring benchmarking of remuneration have been clarified.

The proposed adjustments have been reflected in these guidelines which will be subject to the shareholders' approval at the General Meeting 2023.

Enterprise risk management

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

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

Strategic risk management

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

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

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

The strategic risk management process

The most important strategic risks

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

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

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

Corporate governance report

Introduction

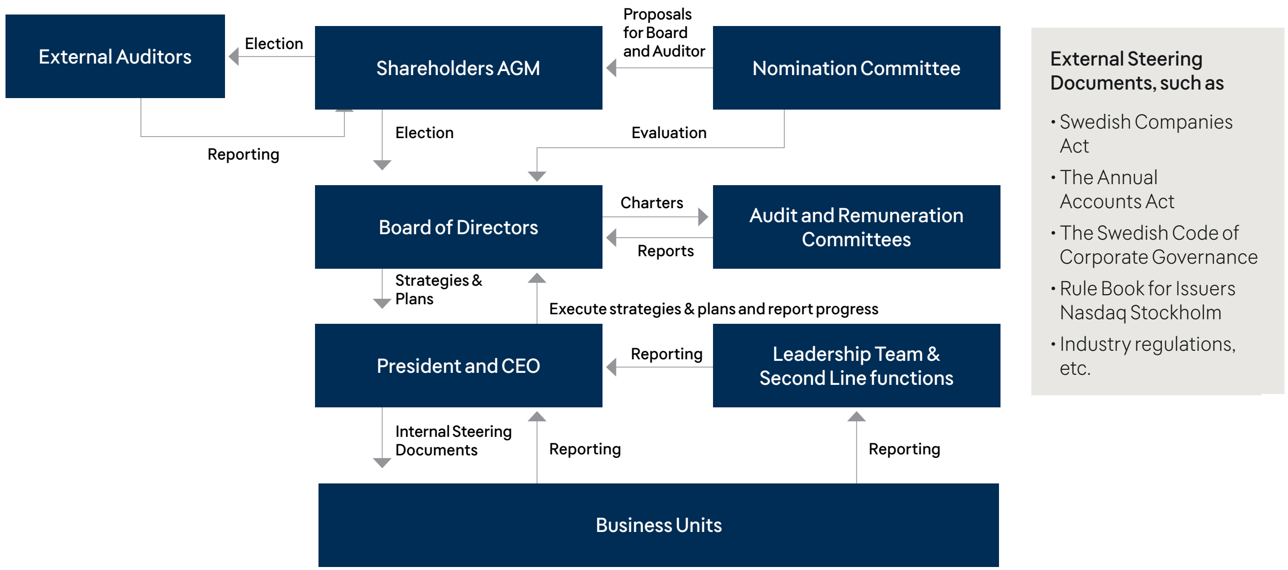
The Corporate Governance Report is prepared in accordance with the Swedish Annual Accounts Act and the provisions of the Swedish Corporate Governance Code. Listing information is described in the Shareholder information section of the Board of Directors' report. Corporate Governance Reports prior to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

The Code is based on the principle of comply or explain, which means that companies can deviate from single rules in the Code, provided that they offer an explanation for the deviation. Tele2 has not deviated from the Code during 2022.

Overview of corporate governance at Tele2

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

Tele2's governance structure



General Meetings and Nomination Committee

Annual General Meeting

The 2022 Annual General Meeting ("AGM") was held on April 28, 2022. At the meeting, 996 shareholders were in attendance, personally or by proxy, representing 59,1 percent of the votes. Due to the prevailing extraordinary situation of COVID-19, Tele2's Annual General Meeting was, in order to reduce the risk of spreading the virus and having regard to the authorities' regulations and advice on avoiding public gatherings, carried out both through advance voting (postal voting) pursuant to temporary legislation as well as in person at Tele2's head office in Kista. David Andersson, an external lawyer was elected Chairman of the meeting. Noted as present was the Head of Legal Helena Wanhainen.

The following significant resolutions were adopted by the AGM:

- Approval of the Annual and Sustainability Report for 2021 and resolution on ordinary dividend of SEK 6.75 per share in two tranches of 3.40 and 3.35 SEK per share. The record date for the first dividend was decided as May 2, 2022 and the second as October 11, 2022. The dividend was paid out to the shareholders on May 5, 2022 and October 14, 2022 respectively. The meeting further resolved on an extraordinary dividend of SEK 13.00 per share. The record date was decided as May 2, 2022 and the dividend was paid out to the shareholders on May 5, 2022;
- Discharge the directors of the Board and the CEO from liability for the financial year 2021;
- Approval of remuneration to the Board and auditor and procedures for the Nomination Committee;
- Re-election of Andrew Barron, Georgi Ganev, Eva Lindqvist, Lars-Åke Norling, Carla Smits-Nusteling, Stina Bergfors and Sam Kini as directors of the Board and re-election of Carla Smits-Nusteling as Chairman of the Board;
- Re-election of Deloitte as auditor until close of the 2024 AGM with Didrik Roos as the auditor-in-charge; and
- Approval of guidelines for the remuneration to senior executives as well as the principles and scope for Tele2's long term share related incentive program 2022.
- The Board of Directors were authorised by the Annual General Meeting 2022 to (i) resolve to issue up to 1,200,000 Class C shares, (ii) resolve to repurchase own Class C shares, (iii) resolve to sell own Class B shares and (iv) resolve to repurchase up to 10% of the company's own shares. The authorisations are valid to the next Annual General Meeting. The detailed conditions for the authorisations are set out in the minutes from the AGM.

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

Nomination Committee for the 2022 AGM

For the 2022 AGM, the Nomination Committee, consisted of; Anna Stenberg appointed by Kinnevik AB; John Hernander appointed by Nordea Funds and Frank Larsson appointed by Handelsbanken Funds. The Committee held a number of meetings during 2022 in person and by phone, with additional contact over email and interviews with Board members between meetings.

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

The Committee also had the benefit of an internal performance review of the Board and its individual members, presented to the Committee by the Chairman of the Board. In its work, the Nomination Committee applied rule 4.1 of the Swedish Corporate Governance Code as its diversity policy. Accordingly, the Committee gave particular consideration to the importance of an increased diversity on the Board, including gender, age and nationality, as well as depth of experiences, professional backgrounds and business disciplines.

The Committee believed the composition of the Board to be fit-for-purpose in respect of the various dimensions of diversity, and will continue to pursue a high degree of diversity and gender balance in its efforts to compose the most capable Board.

The Committee submitted proposals to the 2022 AGM for the election of the Board and auditor, and their remuneration, Chairman of the AGM and the procedure for the Nomination Committee.

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

Nomination Committee for the 2023 AGM

In accordance with the procedures for the Nomination Committee as decided by, and in force since the 2018 AGM, Anna Stenberg, as representative for Kinnevik AB, has convened a Nomination Committee consisting of members appointed by the largest shareholders in terms of voting interest in Tele2 AB. The members of the Nomination Committee for the 2023 AGM are shown in the table below:

Name	Representing	Share of votes
Anna Stenberg (Chairman)	Kinnevik AB	36.1%
Viktor Kockberg	Nordea Fonder	1.2%
Frank Larsson	Handelsbanken Fonder	1.7%

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The Board

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

At the 2022 AGM, Tele2's shareholders re-elected Andrew Barron, Georgi Ganev, Eva Lindqvist, Lars-Åke Norling, Carla Smits-Nusteling, Stina Bergfors and Sam Kini as directors of the Board. Furthermore, Carla Smits-Nusteling was re-elected as Chairman of the Board. At the constitutional board meeting following the 2022 AGM, the Board re-elected Andrew Barron as Deputy Chairman of the Board.

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

Independence of the Board

The Board's assessment regarding each member's position of independence in relation to the company, its shareholders and the management is mentioned in the Board member profiles in the Board of directors section. None of the Board members are part of the senior management of the company, nor are they union representatives. Four of the total seven Board members as at end of 2022 were women.

Tele2 meets the Code's requirement that the majority of the members be independent in relation to the company and its executive management. Six of the total seven Board members as at the end of 2022 are independent of the company, its executive management and, additionally, its major shareholders.

The Board's responsibility and work procedures

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

The Board:

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

The Board's work in 2022

During the 2022 financial year, the Board has met thirteen (13) times – three (3) times in Stockholm, two (2) times through a combination of video meetings and in person, two (2) times via video and six (6) per capsulam meetings.

Below is a summary of the main topics handled by the Board during 2022:

- Review and approval of financial reports,
- Review and follow-up of internal controls, risk management and corporate governance,
- Treasury matters,
- Corporate responsibility matters, including data privacy, corruption risks and ethical business practices,
- Human resources matters, including talent management, succession planning and remuneration guidelines,
- Strategy review, including review of growth opportunities, product portfolio, business model challenges and marketing strategies,
- Review of the budget for 2023,
- Evaluation of the Board,
- Auditors' reports.

Attendance of Board members

Name	Board meetings	Audit Committee	Remuneration Committee
Number of meetings, including video and per capsulam meetings	13	8	5
Carla Smits-Nusteling	13/13	8/8	-
Georgi Ganev	13/13	-	-
Lars-Åke Norling	12/13	8/8	5/5
Andrew Barron	13/13	-	5/5
Eva Lindqvist	12/13	8/8	-
Stina Bergfors	13/13	-	5/5
Sam Kini	13/13	7/8	-

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

Annual Evaluation of the Board

The Chairman of the Board ensures that an annual self-assessment of the Board's work is performed, where the Board members are given the opportunity to share their views on working methods, Board material, their own and other Board members' work, as well as the scope of their assignment. The assessment was performed in 2022.

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

An assessment of the Audit Committee is also done annually to ensure fulfilment of the Committee's written charter. Input is collected from the Committee members themselves, selected members of Tele2 management and the external auditor.

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Committees and auditor

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

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

Audit Committee

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

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

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

At the statutory Board Meeting following the 2022 AGM, the Board re-appointed Eva Lindqvist as the Chairman of the Audit Committee, and Carla Smits-Nusteling, Lars-Åke Norling and Sam Kini as ordinary members. Tele2 meets the independence requirements of the Code vis-à-vis the Audit Committee, also mentioned in the Board member profiles in the Board of directors section.

The Audit Committee usually meets in connection with Board meetings or in order to review, assess and approve the release of the group's external financial results. The Audit Committee has met eight (8) times in 2022 – one (1) time per capsulam and seven (7) times through a combination of video and in person (in Stockholm) participation. The President and CEO and the CFO together with the Head of Legal, Head of Internal Audit, Head of Financial Reporting and Operations, Head of Investor Relations and the company's external auditors were also present at the meetings, as required. Other management representing IT and Network, Sustainability and Security were also present in part or some of the meetings.

In 2022, the primary matters dealt with by the Audit Committee were the approval of financial reports, capital structure, extraordinary dividend, crisis management, tax, reports from the external auditor, follow-up of internal audits and risk assessments, corporate responsibility, compliance and information regarding significant financial and control projects. The Audit Committee, through its Chairman, also meets with the external auditor independently to exchange views regarding the company's accounting and control environment. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are reported regularly to the Board of Directors.

Remuneration Committee

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

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

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

The Board appoints the members and the Chairman of the Remuneration Committee. At the statutory Board meeting following the 2022 AGM, Andrew Barron was appointed Chairman of the Remuneration Committee and Stina Bergfors and Lars-Åke Norling were appointed members of the Committee.

During 2022, the Remuneration Committee held five (5) meetings.

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

Auditor

At the AGM 2022, the audit firm Deloitte AB, Sweden, was elected as external auditor until the AGM 2024 in compliance with the proposal from the Nomination Committee. Didrik Roos is the auditor in charge. He is an authorized public accountant and partner at Deloitte. In addition to his assignment at Tele2, he is amongst others, in charge of the audits of Boozt, H&M and Systembolaget.

During 2022, Deloitte performed a sustainability assurance assignment for Tele2 besides the ordinary audit assignments. These audit related services have been approved by the Audit Committee. Refer to Note 32 for information regarding fee to the auditors.

Internal control over financial reporting

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

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

Control environment

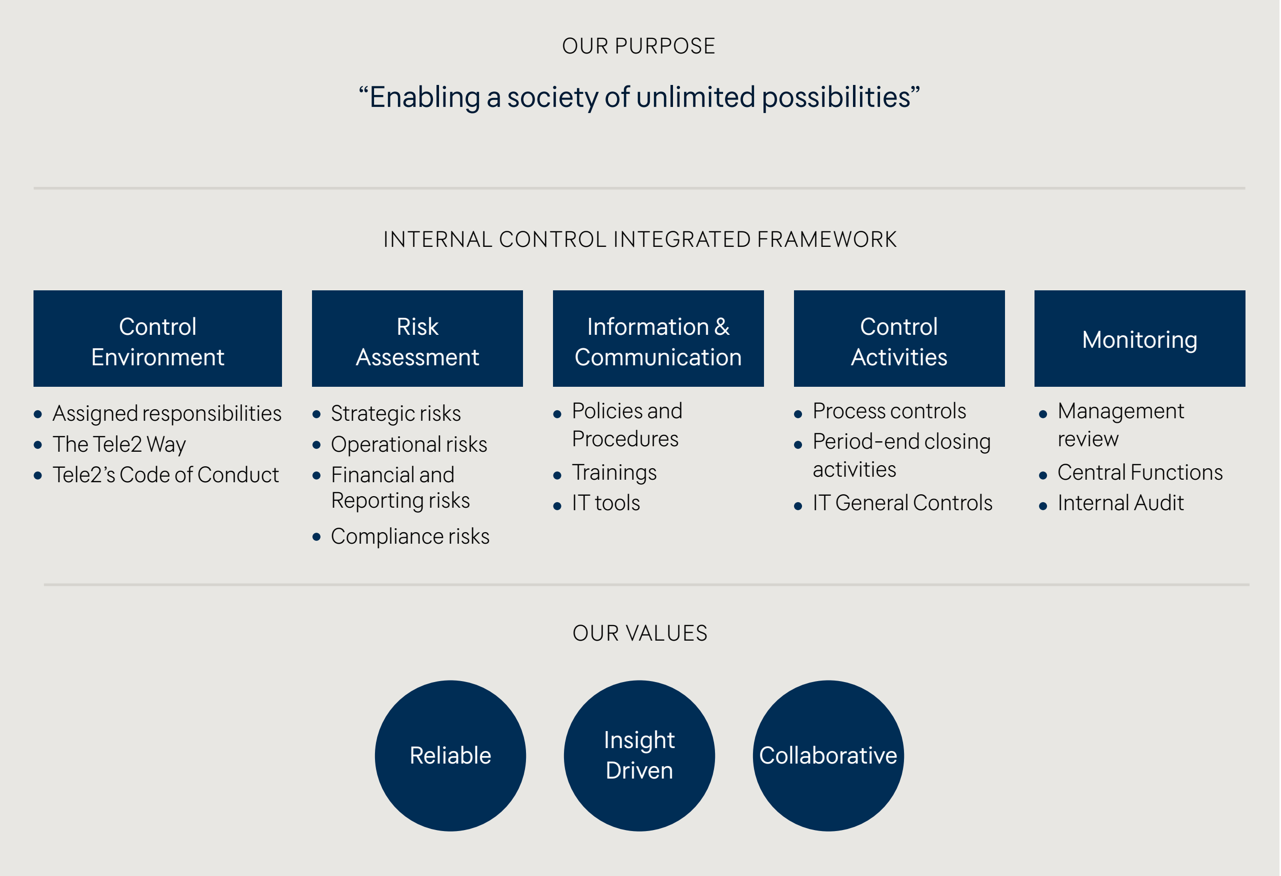
The Board of Directors bears overall responsibility for internal controls related to financial reporting. As a result, the Board has established a written work plan, "Work and delegation procedures for the Board of Directors of Tele2 AB", that clarifies its responsibilities and regulates the Board's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

Responsibilities for maintaining Internal Control over Financial Reporting

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

Control environment, Tele2 values and the Tele2 Code of Conduct

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



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

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

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

Risk assessment

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

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

Information and communication

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

Tele2 Company risks

Strategic risks — Financial risks — Compliance risks — Operational risks

Strategic risks

- Vision and Mission
- Strategic initiatives
- Financial targets

Financial risks

- Financial reporting
- Treasury
- Tax

Compliance risks

- Legal and regulatory
- Corporate responsibility and ethical conduct

Operational risks

- Service delivery
- Customer management
- Billing
- Sales
- IT
- Marketing
- Sales channel
- Product management
- Supply chain
- Network
- Asset management
- HR
- Security
- Fraud

process and are preceded by monthly meetings with all senior finance managers. Feedback is also provided to the reporting subsidiaries regarding their financial reporting processes. The company management reports regularly to the Audit Committee and the Board according to established procedures.

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

Control activities

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

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

For the Baltics, similar responsibility lies with the country CEOs and their line managements.

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

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

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

Monitoring

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

Follow-up within the Swedish operations

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

Follow-up within the Baltics

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

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

Follow-up assisted by Internal Audit

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

Board of directors

Carla Smits-Nusteling

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

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

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

Holdings in Tele2: 1,687 B shares

Committee work: Member of the Audit Committee

Other current assignments: Board member of Nokia Oyj, Stitching Continuiteit Ahold Delhaize and Allegro.eu

Previous assignments: CFO of Koninklijke KPN N.V., Board member of ASML, Lay judge of the Enterprise Court of the Amsterdam Court of Appeal

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

Andrew Barron

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

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

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

Holdings in Tele2: 7,035 B shares

Committee work: Chairman of the Remuneration Committee

Other current assignments: Board member of Verisure, Openreach, Astound Broadband and Delta Fiber

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

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

Stina Bergfors

Board member, elected in 2021

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

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

Holdings in Tele2: Does not hold any shares or rights

Committee work: Member of the Remuneration Committee

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

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

Education: B.Sc. in Business and Economics and an honorary doctorate from Luleå University of Technology

Georgi Ganev

Board member, elected in 2016

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

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

Holdings in Tele2: 1,030 B shares

Committee work: –

Other current assignments: CEO of Kinnevik, Board member of Global Fashion Group and Babylon Health

Previous assignments: CEO of Dustin Group and Bredbandsbolaget, CMO at Telenor Sweden

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

Sam Kini

Board member, elected in 2021

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

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

Holdings in Tele2: Does not hold any shares or rights

Committee work: Member of the Audit Committee

Other current assignments: CIO at Unilever

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

Education: BA in Administrative Management from the University of Lincoln

Eva Lindqvist

Board member, elected in 2018

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

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

Holdings in Tele2: 2,891 B shares

Committee work: Chairman of the Audit Committee

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

Previous assignments: Board member of Sweco, ACAST, Chip First, Tarsier Studios, Mr Green & Co, Kährs Holding, Com Hem Holding, Assa Abloy, Alimak Group and Caverion Oy. Senior Vice President of TeliaSonera's mobile operations, CEO of TeliaSonera International Carrier and senior positions at Ericsson

Education: M.Sc. Engineering Physics, MBA

Lars-Åke Norling

Board member, elected in 2018

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

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

Holdings in Tele2: 3,000 B shares

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

Other current assignments: CEO of Nordnet

Previous assignments: Investment Director at Kinnevik with responsibility for the TMT sector, Board director of Millicom, CEO of Dtac and Digi, Executive Vice President of Developed Asia at Telenor, CEO of Telenor Sweden, CTO/COO of Bredbandsbolaget

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

Leadership team

Kjell Johnsen

President and CEO

Joined the company in 2020

Born:1968

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

Holdings in Tele2[1]: 120,000 B shares

100,000 share rights (LTI 2020)

200,000 share rights (LTI 2021)

200,000 share rights (LTI 2022)

Charlotte Hansson

Executive Vice President, Group CFO

Joined the company in 2022

Born: 1969

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

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

60,000 share rights (LTI 2022)

Hendrik de Groot

Executive Vice President, Chief Commercial Officer

Joined the company in 2021

Born: 1965

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

Holdings in Tele2[1]: 17,500 B shares

60,000 share rights (LTI 2021)

60,000 share rights (LTI 2022)

Johan Gustafsson

Executive Vice President, Communications & Sustainability

Joined the company in 2023

Born: 1986

Johan has worked with multiple different high profile brands in a variety of sectors and roles, including communications consultant at Prime Weber Shandwick, Head of Corporate Communications at TV4 and C More and recently Director of Policy and External Relations at Klarna.

Holdings in Tele2[1]: 0

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

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Kim Hagberg

Executive Vice President, Chief Operations

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

Born: 1966

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

Holdings in Tele2[1]: 36,734 B shares

27,000 share rights (LTI 2020)

27,000 share rights (LTI 2021)

27,000 share rights (LTI 2022)

Yogesh Malik

Executive Vice President, CTIO

Joined the company in 2021

Born: 1972

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

Holdings in Tele2[1]: 9,000 B shares

27,000 share rights (LTI 2021)

27,000 share rights (LTI 2022)

Torkel Sigurd

Executive Vice President, Corporate Affairs

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

Born: 1975

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

Holdings in Tele2[1]: 41,606 B shares

12,000 share rights (LTI 2020)

27,000 share rights (LTI 2021)

27,000 share rights (LTI 2022)

Karin Svensson

Executive Vice President, People & Change

Joined the company in 2018

Born: 1965

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

Holdings in Tele2[1]: 62,500 B shares

27,000 share rights (LTI 2020)

27,000 share rights (LTI 2021)

27,000 share rights (LTI 2022)

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

Stefan Trampus

Executive Vice President, Tele2 B2B

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

Born: 1969

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

Holdings in Tele2[1]: 65,902 B shares

12,000 share rights (LTI 2020)

27,000 share rights (LTI 2021)

27,000 share rights (LTI 2022)

Nathalie Dahmm

Adjunct member of the Group Leadship Team

Chief Culture & HR Business Advisory

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

Born: 1973

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

Holdings in Tele2[1]: 29,056 B shares

12,000 share rights (LTI 2020)

12,000 share rights (LTI 2021)

27,000 share rights (LTI 2022)

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

Remuneration report

Introduction

This report describes how the guidelines for executive remuneration of Tele2 AB (publ), adopted by the annual general meeting 2020, were implemented in 2022. The report also provides information on remuneration to the CEO and a summary of the company's outstanding long-term share and share-price related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Stock Market Self-Regulation Committee's Remuneration Rules.

Further information on executive remuneration is available in note 31 (Employees and personnel costs) in the Annual and Sustainability Report 2022. Information on the work of the remuneration committee in 2022 is set out in the corporate governance report available in the Annual and Sustainability Report 2022.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 31 in the Annual and Sustainability Report 2022.

Key developments 2022

The CEO summarizes the company's overall performance in his statement in the CEO word in the Annual and Sustainability Report 2022.

The company's remuneration guidelines: scope and purpose

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

Under the remuneration guidelines, executive remuneration shall be on market terms and remuneration to the senior executives should comprise annual fixed base salary, variable short-term remuneration, variable long-term incentives, pension benefits and other benefits. For analyzing the remuneration of senior executives, the remuneration committee utilize external vendor benchmark both within the Telecom and General industry sector for Senior Executives. The Board considers the remuneration and the average annual increases of all employees an important element in determining the annual salary increase for senior executives. The variable short-term remuneration ("STI") shall be linked to predetermined and measurable criteria, measured over a period of maximum one year, which can be financial, such as EBITDA or revenue, or non-financial, such as sustainability. In addition, they may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy, "The Tele2 Way" or promote the senior executive's long-term development.

The guidelines are found in note 31 in the Annual and Sustainability Report 2022. The remuneration guidelines, adopted unanimously by the annual general meeting 2020, have been fully implemented. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share and share-price related incentive plans.

CEO remuneration for 2022 is presented in the table below.

Total CEO remuneration in 2022

kSEK	Fixed remuneration		Variable remuneration			
Name of director	Base salary [1]	Other benefits	One-year variable	Pension expense [2]	Total remuneration	Proportion of fixed and variable remuneration
Kjell Johnsen	9,004	44	4,902	3,100	17,049	71/29

[1] Including holiday pay of kSEK 211.
[2] Pension expense, which in its entirely relates to Base salary and is premium defined, has been counted entirely as fixed remuneration.

Share-based remuneration

Outstanding share-related and share price-related incentive plans

The company has during 2022 vested the 2019 long-term share based incentive plan (LTI) and implemented the 2022 LTI Plan as well as having 2020 and 2021 LTI Plans ongoing. The long term incentive plans are offered to senior executives and a selected number of other key employees within the Tele2 Group. Subject to the employee having made an own investment in shares in the company (savings shares), the employee has been awarded a number of retention shares and performance shares.

The current Tele2 CEO, Kjell Johnsen, is participating in the LTI program 2020,LTI program 2021 and LTI program 2022. For the plans of participation, the CEO has invested in 10,000 savings shares in LTI program 2020 and each 20,000 saving shares in LTI program 2021 and 2022 and thus been awarded 10,000 retention rights and 90,000 performance rights for LTI program 2020 and been awarded each 20,000 retention rights and 180,000 performance rights for LTI program 2021 and 2022. Retention rights and performance rights have been awarded free of charge (but subject to own investment) and are subject to a vesting period of three years and continued employment. Vesting of retention- and performance rights is also subject to the satisfaction of performance conditions, for the 2020, 2021 and 2022 year program – Absolute TSR and Relative TSR vs Peer Group during the three-year period, and Operating Cashflow measured on cumulative basis for the consolidated Tele2 Group during the Operating Cash flow measurement period. The Absolute TSR measurement will give maximum one retention share, as for the performance rights allocation, the Relative TSR and the Operating Cashflow has a weight on 50% each, enabling the maximum possibility of nine performance shares per saving share for the CEO.

Share awards plans (CEO)

SEK

		The main conditions of share option plans				Opening balance	Information regarding the reported financial year: During the year	Information regarding the reported financial year: Closing balance
Name of director	Name of plan	Performance period	Award date	Vesting date	End of retention period	Share awards held at beginning of year[1]	Awarded[1]	Awarded and unvested at year end[1]
Kjell Johnsen	LTI 2020	2020-2023	2020-09-15	2023-Q2	2023-Q2	13,827,154	2,319,094	16,146,248
	LTI 2021	2021-2024	2021-05-10	2024-Q2	2024-Q2	23,256,522	3,900,826	27,157,349
	LTI 2022	2022-2025	2022-05-16	2025-Q2	2025-Q2	0	27,304,537	27,304,537

[1]Value is calculated as the market share price at the time of the award (2020: 121.91, 2021: 110.69, 2022: 131.63) multiplied with the number of maximum shares each right entitle to, including compensation for dividends executed during the year.

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

Name of director	Name of plan	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/ remuneration outcome
Kjell Johnsen	LTIP 2020	Absolute TSR	10%	N/A[1]
		Relative TSR	45%	N/A[1]
		Operating cashflow	45%	N/A[1]
	LTIP 2021	Absolute TSR	10%	N/A[1]
		Relative TSR	45%	N/A[1]
		Operating cashflow	45%	N/A[1]
	LTIP 2022	Absolute TSR	10%	N/A[1]
		Relative TSR	45%	N/A[1]
		Operating cashflow	45%	N/A[1]

[1] Performance period still running.

Short term variable remuneration

Application of performance criteria

The performance measures for the CEO's variable remuneration have been established to deliver the company's strategy and to encourage behavior which is in the long-term interest of the company. In the determination of performance measures, the strategic objectives and short-term and long-term business priorities for 2022 have been taken into account. The non-financial performance measures individual performance of business related goals and sustainability goals and further contribute to alignment with sustainability as well as the company values. Due to the commercial sensitiveness, the company cannot reveal the exact target measurements of the goal part of the Short-term Incentive plan until it has been paid out. Each financial goal has a minimum, target and maximum level, based on a target range and the table shows the exact outcome of each financial goal. The sustainability goals achievements and individual goals achievement are aggregated into one performance outcome per respective goal category. The CEO participates in the company's One Time Transformation Program which was implemented in 2021 with a vesting period until Q2 2023 with payment in 2023, as further described in the remuneration report 2021.

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

Kjell Johnsen					
Measure	Weighting	Threshold performance level	Target performance level	Maximum performance level	Actual Performance
		kSEK outcome at threshold performance	kSEK outcome at target performance	kSEK outcome at maximum performance	kSEK outcome
Underlying EBITDAaL	30%	90%	100%	105%	101%
		0	1,583	2,638	1,783
End User Service Revenue	30%	95%	100%	105%	101%
		0	1,583	2,638	1,757
Operating cash flow	20%	90%	100%	110%	87%
		0	1,055	1,759	0
Sustainability Goals[1]	5%	96%	100%	104%	99%
		0	264	440	176
Individual Goals[2]	15%	0%	60%	100%	90%
		0	791	1,319	1,187
Total	**100%**	0	**5,276**	**8,793**	**4,902**

[1] Sustainability goals for 2022 are measuring percentage of female employees and CO2 emission reductions.
[2] Individual goals include a weighted assessment of personal business impact goals as well as living up to Tele2 values and Tele2 code of conduct.

Deviations from the remuneration guidelines

According to the remuneration guidelines, the Board may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. No derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on www.tele2.com/ governance/general-shareholders-meetings/.

Comparative information on the change of remuneration and company performance

Remuneration and company performance

kSEK	2022	2021	2020
Kjell Johnsen CEO remuneration (from 2020-09-15)	17,049	18,241	5,036
Anders Nilsson CEO remuneration (1/1-14/9 2020)	0	0	13,766
Underlying EBITDAaL	10,060,000	9,639,000	9,239,000
Average remuneration on a full time equivalent basis of employees within Sweden, excluding parent company. [1]	781	750	743
Ratio Average remuneration CEO vs Employee	**21.84**	**24.32**	**25.30**

[1] Average remuneration includes base salary, holiday pay, benefits, variable pay at target and pension.

Sustainability report

We are a part of the solution for a sustainable future

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

Connecting a circular society

We are committed to a shift to a circular economy

Not only in our own operations, but by acting as a driving force of circularity in our industry and in society as a whole. This way we can greatly reduce our own impact and that of our industry, while actively empowering a shift to a society that is truly unlimited.

Read more on our site

Net-zero 2035

Science-Based Targets

Tele2 has set a new target for net-zero emissions by 2035, that has been approved by the Science-Based Targets initiative. This means that the goals are based on the latest climate science and in line with the 1.5°C target. Tele2 was the first company based in Sweden, the first telco in the Nordics and Baltics, and the second telco globally, to achieve this.

Read more on our site

120,000 CO_2e

Avoided emissions per year

Tele2 estimates this to be its annual impact on avoided emissions of carbon and energy consumption that are enabled through our products and services, related to smart buildings, smart working, living and health, and smart transport and cities. The majority of Tele2's avoided emissions are enabled by audio conferencing and remote working services, as well as electric vehicle connectivity.

Read more on our site

Introduction

The importance of sustainability for our stakeholders has continued to grow during 2022. From customers and investors to employees and regulators the interest and the demands are ever increasing. We are carefully monitoring new regulatory requirements on both operations and reporting, and aim to take action on these requirements as quickly as possible, to ensure that we are not just compliant, but show leadership in our industry. Our stakeholders' requirements offer reassurance to us that our vision for our sustainability efforts – to lead in sustainability – is aligned with the requirements that will enable us to maximize business opportunities with a win-win-win perspective for Tele2. We see this report as an important tool to communicate how we meet stakeholder demands, and how we are progressing towards our sustainability leadership ambition for our industry.

During the year, we have focused on implementing the sustainability strategy that we launched in 2021. With a series of ambitious actions and activities, we have engaged large parts of our operations in our sustainability efforts, to make progress towards the long-term ambitions that we have set for the sustainability strategy. We believe that sustainability should be an integrated part of our business for our long-term success as a company, which underlines the importance of involving different parts of our operations in our sustainability efforts.

Climate efforts continue to be a key priority for both Tele2 and our stakeholders, and we have developed a climate strategy that extends to 2035. During the year we managed to secure approval from the Science-Based Targets initiative for our net-zero target of 2035. For the 2022 evaluation, as one of only 297 companies globally out of nearly 15,000 assessed, we were awarded the top rating A from CDP for our ambitious climate efforts. These achievements show our leadership in the industry, not just in our markets, but also on a global level.

The transition to a society built on circular economy requires connectivity, which is why Tele2 has set the ambition to connect the circular society. While it continues to be important for us to reduce our own impact and that of our industry, we can actively empower a shift to a society that is truly unlimited. The introduction of a more circular flow of resources is also key for us to achieve our climate targets, since such a large part of our emissions are tied to electronic hardware. For that reason we were the first telco in the Nordics and Baltics to adopt a circular economy target for network equipment in our own operations, that had been developed by a working group within our industry association, the GSMA. Tele2 has also been the project leader for a GSMA project on circular economy for devices, which published a strategy paper and industry vision in November.

Tele2 has taken great strides forwards in terms of sustainable finance. During the year we developed a green and sustainability-linked financing framework, which received a second party opinion from Sustainalytics. We also issued the first sustainability-linked bond, and signed a sustainability-linked revolving credit facility.

To ensure that we meet stakeholder demands we have during the year updated our reporting to the new GRI Universal Standards, are reporting in line with the EU Taxonomy and the standards of the Sustainability Accounting Standards Board. We also report on our implementation of the recommendations of the Task Force on Climate-Related Financial Disclosures, and information about Principle Adverse Impacts as required by the Sustainable Finance Disclosure Regulation. To ensure the highest possible data quality, as well as in preparation of coming requirements of the EU's Corporate Sustainability Reporting Directive, Tele2 has sought limited assurance for the sustainability report.

With this report we present our most important achievements for 2022 with regards to the most material topics for our stakeholders. We trust that you will find it useful to understand how our leadership in sustainability matters is meeting increasing stakeholder demands.

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

KEY HIGHLIGHTS 2022

>2M
More than 2 million blocked attempts per year to access child sexual abuse material

A
We received an A rating from CDP

2035
Our net-zero target year, approved by the Science-Based Targets Initiative

Our approach to sustainability

With a vision to lead in sustainability, our efforts are focused on finding areas where sustainability enables business opportunities and supports our long-term success as a company – it is not about philanthropy or merely limited to compliance. Our investments in sustainability deliver returns, and maximize the creation of shared value for our customers, investors, employees and other stakeholders.

Sustainability as an integrated part of our business

To meet increasing stakeholder demands, sustainability must be an integrated part of our core business, from our technical operations to our marketing and sales. All relevant parts of our operations are actively engaged in efforts to ensure that they support the targets set in our sustainability strategy. To engage the broader group of employees, sustainability is a recurring topic at company-wide all-hands meetings held by our CEO, we regularly post sustainability-related news on our intranet, organize deep-dive session with internal and external experts that are recorded and live-streamed on our intranet, and there is a specific section on our intranet dedicated to sustainability.

To ensure that managers of all levels, including senior executives, consider sustainability topics in their daily work, 5% of the annual short-term incentive program is related to sustainability targets. For 2022 these targets were related to the performance of our emissions reduction efforts in scope 1 and 2, as well as our diversity and inclusion efforts. New targets are set for 2023, and they will be included in the short-term incentive program for all managers in Sweden, the Tele2 Group leadership team and the CEOs of our Baltic operations.

The Tele2 Sustainability Strategy

We have established a clear priority for our sustainability efforts by setting four focus areas in our sustainability strategy, to ensure that we put our resources and efforts into the areas where we have the biggest potential to create impact and business value. The four focus areas of Tele2's sustainability strategy are:

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

By delivering on the annual activities that we set, we make progress towards the long-term ambitions that we have for each focus area, thereby strengthening our position in each of these areas from year to year. In the chapter "What we did in 2022", our progress during the past year is described. More information about our focus areas, can be found in the sustainability section of our website.

Sustainability governance

Our Board of Directors is responsible for setting the sustainability strategy and its targets. To advance the Board's knowledge of sustainable development the sustainability department has given two presentations and regular written updates to the Audit Committee, and a presentation on climate change and its impact on the company was given at a Board meeting.

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

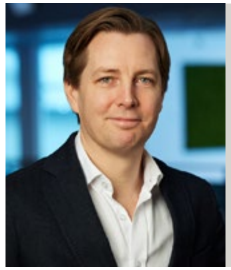
ESG targets

As has been our approach for several years, we set yearly actions and activities for each focus area, to ensure that we make progress towards the long-term goals connected to each of the focus areas. These actions and activities constitute our Environmental, Social and Governance (ESG) targets. For 2022, a majority of these targets have been of a qualitative nature. Having measurable sustainability targets helps our organization to focus on the most important issues and maximize the value that we create. In addition to this, we have set KPIs for the four focus areas that are tied to the long-term goals. Tele2 has set ambitious science-based targets for climate, and our progress towards these targets will be a key ESG target for us going forward. The outcome of our targets for 2022 can be found on the page Tele2 ESG Targets 2022 in this report.

Executive responsibility for focus areas

"By setting a target of net-zero emissions by 2035 Tele2 leads the way in our industry. Increased circularity in our business is the way to get there."

Charlotte Hansson
EVP CFO
Advance circular economy to combat climate change



"We create impact through innovative technology using connectivity, as in our partnership with Civil Rights Defenders and the AI4Green research project."

Torkel Sigurd
EVP Corporate Affairs
Boost innovation for sustainability

"Diverse teams perform better, and to be an attractive employer and supplier to current and future employees and customers, we must redouble our efforts."

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

"Tech and strategic partnerships enable us to help protect children online, and to reduce negative impact of a connected society."

Johan Gustafsson
EVP Communications & Sustainability
Protect children in a connected society

Our Sustainability Strategy

During 2022, Tele2 has continued to deliver on the sustainability strategy set in 2021. The strategy has four focus areas, where we will take a leading position that will differentiate us from our competitors. This will enable us to win new customers, investors and employees, and help us to retain our current ones. The strategy clearly reflects the very high ambition that Tele2 has for its sustainability efforts. As a sustainable business, our aim is to maximize the creation of shared value for all stakeholders. To make sure the strategy has the highest possible relevance to our stakeholders and to society it is based on a comprehensive materiality analysis, which in turn is based on a broad stakeholder dialogue. More information about this can be found in Note S11 and on the page Stakeholder dialogue.

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

Advance circular economy to combat climate change

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

Maximize potential through an inclusive and diverse workplace

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

Boost innovation for sustainability

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

Protect children in a connected society

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

Connecting a Circular Society

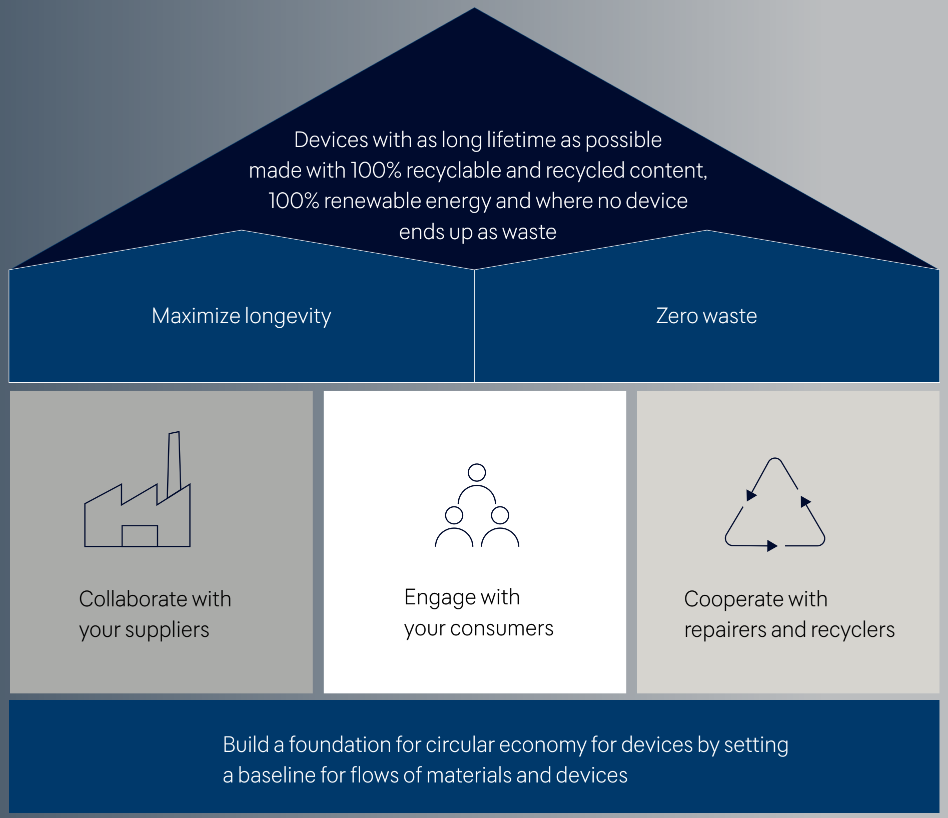
Humanity has been living as if the world's resources are limitless when, in fact, they are very limited. The take-make-waste model is at the core of climate change – along with social injustice. We have no reason to keep doing business as usual. But we have all the reasons to enter the age of resourcefulness. This is why we are committed to making the shift to a circular economy. In our own operations, as well as being a driving force of circularity in our industry and in society as a whole. This way we can greatly reduce our own impact and that of our industry, while actively empowering a shift to a society that is truly unlimited.

Tele2 currently offers a take-back program for all customer devices. In 2022 our share of reclaimed mobile phones as a percentage of distributed mobile phones for B2B and B2C in our Swedish operations was 12.7%. For our B2B Public Sector and Large Enterprise customers in Sweden we offer Device as a Service, where mobile phones are leased. The service model is attractive to our clients, since it is advantageous both from a financial and environmental perspective. Over 99% of these devices are collected from the clients, and up to 90% are refurbished and re-used, and the remaining devices are recycled.

Equipment used by our B2C customers for internet and TV access, ie routers and TV-boxes, are offered as a leased product, which we require that customers return to us at the product's end of life, or if the customer cancels their services from us. This way we are able to ensure that all of these devices are re-used, when possible, or recycled.

In 2022, Tele2 was the first telco in the Nordics and Baltics to adopt a circular economy target for network equipment in our own operations, that had been developed by a working group within our industry association, the GSMA. This target states that Tele2 commits to 100% of its network equipment being responsibly resold, reused, remanufactured or recycled and non-recyclable materials being disposed of securely.

Tele2 has during the year led the GSMA's working group on circular economy for devices. Together with the GSMA, Tele2 developed a strategy paper, which was published in November. In the strategy paper we outline a vision for the industry, as well as a model to achieve this vision, presented in the figure to the right.



Working with the Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDG) has established a framework for the most important issues in society that we collectively must address by 2030. With an ambition to lead in sustainability, we have done an analysis of which goals and targets we address, and ensure that we support all 3 dimensions; biosphere, social and economic aspects. In addition to supporting all 3 dimensions we also address SDG 17 – Partnerships for the goals, as this is a goal that all companies should work with. Below you will find a presentation of which goals, and targets within each goal, that Tele2 works with, along with a brief description of how we work with them.

SDG 5 – Gender equality

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

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

SDG 8 – Decent work and economic growth

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

SDG 9 – Industry, innovation and infrastructure

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

SDG 11 – Sustainable cities and communities

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

SDG 12 – Responsible consumption and production

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

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

SDG 13 – Climate action

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

SDG 16 – Peace, justice and strong institutions

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

SDG 17 – Partnerships for the goals

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

What we did in 2022

Showing leadership in an ambitious industry

During 2022 we have continued to deliver on the new sustainability strategy, and continued our efforts to show leadership in the areas where Tele2 is now an actor in the forefront within our industry. By delivering on our sustainability strategy we make progress towards our vision to lead in sustainability, and it should be perceived as a strong signal from Tele2 that sustainability is considered a strategic enabler for us to achieve our ambition of becoming a leading telco in the Nordics and Baltics.

To show leadership in sustainability, Tele2 aimed to be an early adopter of the new science-based net-zero standard set by the Science-Based Targets initiative (SBTi). In July our target to achieve net-zero emission by 2035 was approved by the SBTi. Tele2 was the first company based in Sweden, the first telco in the Nordics and Baltics, and only the second telco globally to get SBTi's approval for its net-zero targets. Tele2 aims to be a contributor to – and enabler of – the transformation to a net-zero world, creating unlimited possibilities for people, businesses, and societies. Our net-zero target builds on the industry-leading science-based targets that Tele2 set in 2021, which will guide our climate efforts until 2029.

Tele2 is committed to making a shift to a circular economy, in our own operations, but also by being a driving force of circularity in our industry and society at large, thereby showing leadership. Tele2 will play a key role in enabling a circular shift in a society that is truly unlimited – we call it "Connecting a circular society". Our industry association, the GSMA, estimates that the use of mobile technology and digitalization enables a global reduction in greenhouse gas emissions of almost 10 times greater than the global carbon footprint of the mobile industry itself.

Partnership will be key to solve the circularity challenges that we face as an industry. Tele2 has participated in two working groups organized by our industry association the GSMA, one focused on network equipment and one on customer devices. As a result of the work done by the network equipment working group, Tele2 has committed to 100% circularity for network equipment used in our own operations by 2025, meaning that all our network equipment will be responsibly resold, reused, remanufactured or recycled and non-recyclable materials being disposed of securely, as the first telco based in Sweden. Tele2 has led the efforts of the customer devices working group, which has published a strategy paper in which a vision for the industry has been developed. More information about our ambition of "Connecting a Circular Society" can be found on page 51.

In our efforts to integrate sustainability throughout our operations we have during the year decided to develop a green and sustainability-linked financing framework, issued the first sustainability-linked bond, as well as to sign the first sustainability-linked revolving credit facility. The bond uses our science-based targets for scope 1, 2 and 3 as the sustainability performance targets. Its issuance followed a successful investor roadshow, where Tele2 saw strong investor support for our ambition to lead in sustainability. The framework used also strengthens the sustainability goals that Tele2 has set by providing additional transparency.

In order to achieve our sustainability goals and contribute to the SDGs, Tele2 is committed to strategic partnerships that are mutually beneficial, within the sustainability area. During the year, Tele2 decided to prolong our partnership with Reach for Change, which Tele2 co-founded in 2010. Their incubator supports social entrepreneurs that work tirelessly to make the world a better place for children and youths. To deepen our partnership Tele2 has provided an opportunity for employees to participate in a volunteering program with social entrepreneurs from Reach for Change, and Tele2 has provided additional support to one of the social entrepreneurs in the incubator. Tele2 has also successfully continued its partnerships with ECPAT and Prince Carl Philip and Princess Sofia's Foundation, to ensure progress in our focus area "Protect children in a connected society".

Tracking our success

We value an external view on our performance, and the opportunity to benchmark our performance, to track the leadership we aim to show in our industry. An important way of doing this is through the reports that are made by ESG analysts for independent ratings. We continuously evaluate which ratings we should participate in, based on stakeholder demands and our materiality analysis, to ensure that our stakeholders get an accurate view on the progress that we are making. If there are any changes to this evaluation, we will consider participating in additional ratings.

In 2022 we participated in the following ratings:

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

During a year where we have shown leadership in our industry, we are content that we have managed to improve our performance in all ratings which were updated during 2022 but one, or maintain our current rating where we already held the highest possible rating. For MSCI, Sustainalytics, FTSE Russell, Equileap and CDP we are rated in the top 10%. All ratings we participate in rate us in the top quartile, which is a result indicating that we are leading in our industry.

We are particularly honored that we received the top ranking A from CDP for the first time, a result which puts us ahead of our competitors in all markets where we are active. Out of nearly 15,000 companies evaluated annually by CDP, only 297 received an A in 2022. CDP particularly highlights Tele2's strong performance in governance, target-setting, emissions reporting, reduction initiatives and integration of climate issues in business strategy, financial planning and scenario analysis. We are pleased to see that we have maintained our top rating (AAA) by MSCI, and that our FTSE Russell result has rebounded to a score in the 97th percentile, following the decrease in our score in the 2021 rating. Our result in the bi-annual rating made by ISS remained at a C+, which is considered prime, and a result in the 2nd decile, compared to the leaders in our industry, that have been awarded a B. As gender equality continues to be a key topic for Tele2, it is rewarding that our Equileap result continues to improve, and that we are now rated as the 3rd best company in Sweden and top 2% globally.

TELE2

Enabling a net-zero society by 2035

Tele2 wants to be a contributor to - and enabler in - the transformation to a net-zero world, creating unlimited possibilities for people, businesses and societies. With an ambition to be a leading telco in the Nordic and Baltic region, our vision is to lead in sustainability. Climate change is an important issue for us as a company to address. We have historically had a negative climate impact, and our future success as a company is dependent on a globally successful climate mitigation. We take our responsibility in doing our part of this mitigation. Climate change poses a number of risks to our company, and we must therefore do everything we can to try to mitigate these risks. As consumers, businesses and societies are taking steps towards mitigating climate change, there is an opportunity for us to contribute to and enable their transition to a low-carbon economy and a net-zero world.

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

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

In 2022, Tele2 has further developed its climate targets by setting an ambitious net-zero target for the year 2035. In July 2022, we became the first company in Sweden, the first telco in the Nordics and Baltics, and the second telco globally to attain approval of our net-zero target by the SBTi. This ambitious target, and our ability to attain the SBTi's approval so early, is a clear testament to the leadership that Tele2 is showing with regards to companies' climate targets and the actions that companies need to take to reduce their climate impact.

To continue making progress towards these goals we will need to focus on the activities that are required to take us to zero emissions in scope 1 and 2 by 2029, and primarily to focus on reducing our scope 3 emissions. Having seen rapid reductions in scope 1 and 2 since 2019, scope 3 now accounts for over 98% of our total greenhouse gas emissions. In scope 3, the majority of our emissions come from the category purchased goods and services. To reduce our GHG emissions in scope 3 we are actively engaging with our suppliers to communicate our expectations on them, and gather information about the plans that they have in place to reduce their greenhouse gas emissions.

Net-zero

2035

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

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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

Advance circular economy to combat climate change

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

Activities for 2022

- Measure and communicate the business value of implemented circular economy initiatives
- Map B2B NaaS product life-cycle and set process for equipment return to enable a circular business model
- Increase rate of re-use and refurbishment on hardware (B2C, B2B and DCT)
- Optimization of warehouse and depots
- Implementation of digital waybill and QR solution for return flow
- Set % re-use/recycle/landfill target for Sunab
- Lead GSMA project on Circular Economy for Mobile Phones
- Communicate new climate strategy
- Engage with top 21–40 suppliers on CO_2 reduction targets
- Set Science-based Net Zero emissions target
- Measure and report on avoided emissions

Key Performance Indicators 2022

- % devices sold in a circular business model: 24% of Sweden B2B Large Enterprise & Public segment
- % Scope 1 & 2 emissions change from 2019: -95% (-94%)
- % Scope 3 emissions change from 2019: -11% (+1.7%)

For Tele2, circular economy is at center of our efforts to reduce the climate impact of our operations and value chain. As we have rapidly reduced emissions in our own operations, our focus lies increasingly with our value chain emissions, especially from the manufacturing of electronic hardware. In 2022, we continued the development of new solutions and processes for equipment returns, to enable circular business models and increase the rate of re-use and refurbishment on hardware in all segments. These activities are progressing, and will be further developed during 2023.

In March 2022, Tele2 became the first telco in Sweden to publicly commit to 100% circularity for network equipment by 2025. Going forward, Tele2 will work closely with our suppliers and continue to create opportunities for our customers to improve their reuse and recycling behavior to lead the shift towards a circular economy.

Connecting a circular society

With the ambition to connect the circular society, Tele2 has led an industry-wide project together with our industry association GSMA with the goal to create a common industry vision for the circular economy of mobile devices. A strategy paper was published in November highlighting maximized longevity and zero waste as essential for device circularity, thereby further emphasizing the need for collaboration across our value chain in order to move forward.

Approved net-zero science-based climate targets

Tele2 continues to increase our ambitions for reduced climate impact in our operations and value chain. In July, we announced that Tele2's target to achieve net-zero emissions in our value chain by 2035 had been approved by the SBTi. This means that Tele2 is committed to reducing emissions in our operations and value chain with at least 90% and offsetting any remaining emissions through carbon removals. To help achieve both near-term and long-term emission reduction targets, Tele2 has also set the goal to become a fossil fuel free business using 100% renewable energy by 2025 for all parts of our own operations.

Continued efforts to reduce climate impact

We are proud to see the near-term results of our continued climate efforts leading towards net-zero. In 2022, after reaching our goal of 90% reduction of our scope 1 & 2 emissions compared to our base year, the emissions in our own operations remain at low levels, while we continue to focus on reducing scope 1 & 2 emissions to zero by 2029. To offset the remaining emissions until we reach this goal, we are supporting the development of carbon removals by using carbon-capture and storage technology for a part of our carbon-offsetting. As our scope 3 emissions now make up the majority of Tele2's emissions, we are increasingly focusing on the emissions caused in our value chain. During the year, we have continued our engagement with suppliers to inform them of our emission reduction targets – this year focusing on our top 21-40 suppliers. During the year, Tele2 has developed a climate strategy that extends to 2035 to map out required actions for continued rapid emissions reductions and achieving net-zero emissions by 2035.

CDP DISCLOSURE INSIGHT ACTION
A LIST 2022
CLIMATE

Top score for climate change efforts

In 2022, Tele2 achieved the score 'A' in the climate rating by CDP for our leadership in and commitment to environmental transparency on climate change. Out of the ranking of nearly 15,000 companies, Tele2 is one of only 297 companies included in CDP's Climate Change A List. The A score places Tele2 above our industry average, and above European and global average.

For more information visit tele2.com/sustainability

SDG 8.4
SDG 12.2
SDG 12.5
SDG 13.2

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

Boost innovation for sustainability

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

Activities for 2022

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

Key Performance Indicators 2022

- Measurable social and environmental impact: N/A for 2022, will be measured for 2023

We believe in the power of innovation to fuel sustainable development in our own operations, for our customers and in society at large – while also creating customer and business value. Connectivity is at center of a growing number of new technologies, such as Internet of Things (IoT) and Artificial Intelligence (AI), that can both improve resource efficiency and enable new sustainable business solutions and models.

In 2022 we have engaged in several activities that truly highlights the sustainability potential in innovation based on connectivity. Examples of this includes leading the research project AI4Green to identify potential energy savings through the use or artificial intelligence, or exploring new opportunities for technical improvement and innovation in the Natalia Project's alarm system for human rights defenders.

Our aim was to be able to measure social and environmental impact for our IoT customer cases during 2022. We were not able to do this during the year, but maintain an ambition to implement this during 2023.

Connecting human rights defenders using IoT

With a growing need to protect the freedom of speech, reliable and secure connectivity could be life-saving for activists fighting for human rights around the world. The Natalia Project is the world's first community-based security management system for human rights defenders, launched by the international human rights organization Civil Rights Defenders. The system includes a GPS-based alarm device, a security plan and thorough security training, tailored for the needs of each defender.

Tele2 has partnered with Civil Rights defenders since 2020 to provide all units in the Natalia Project's global security system with connectivity and to assist with technical support. During 2022, the partnership has further grown to include the exchange of expert knowledge from Tele2 IoT to continue the development of the alarm system and ensure the best possible service to the human rights defenders around the world.

Increasing internal efficiencies using AI

Artificial Intelligence has the potential to help manage networks intelligently, and more energy efficiently. In 2022, Tele2 has led the final stage of the European research project AI4Green, that gathers businesses, universities and international institutes from 5 different countries. The purpose of the three-year-long project was to identify and test applications of AI technology with potential to increase the energy efficiency of mobile networks.

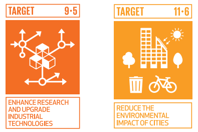
Apart from leading the project, Tele2 has provided network data to test AI assisted energy saving algorithms in 5G base stations to better predict customer's capacity needs and enable more efficient use of energy. Results show potential for substantial energy savings in Tele2's 5G network, and several energy efficiency initiatives are currently being evaluated as a result.

Natalia Project

"Natalia Project gives me a sense of security, to know that someone will help me if anything happens. I really hope I never have to use it, but it makes all the difference to have it."

Angela Maldonado, Activist in the Amazon using the Natalia Project alarm device powered by Tele2 connectivity.

For more information visit tele2.com/sustainability



SDG 9.5
SDG 11.6

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

TELE2

Maximize potential through an inclusive and diverse workplace

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

Activities for 2022

- Track and communicate progress on D&I activities, KPIs and external ratings
- Complete roll-out of re-wire for inclusion training to all managers and employees
- Continue setting fundamentals for other diversity dimensions beyond gender
- Establish a yearly calendar of D&I events
- Include D&I in Suppliers' policy
- Continue external collaborations with NGO's and networks that promote D&I

Key Performance Indicators 2022

- Inclusion score all employees > 82: 89 (87)
- Women as a % of total workforce: 44% (45%)
- Women as a % of total workforce in Sweden: 32% (33%)

At Tele2, we truly believe that a diverse and inclusive workplace is imperative to business success. By bringing together individuals from diverse backgrounds and providing each person with opportunities to develop their skills, we strive to deliver the best customer experience, provide excellent shareholder value and have highly engaged employees. We recognize that a diversified workforce is a long journey and requires ongoing and thorough efforts. Three years ago, Tele2 identified a gender imbalance among employees in Swedish Tele2 stores and decided to set a goal for having as many women as men employed in Tele2's own stores. Since then, we have worked diligently to improve jargon, attitudes and recruitment processes by adopting Tele2's recruitment principle called 2+1. This includes always hiring the best person for the job and strive to employ two women for each man in teams with fewer women. This year, the goal was achieved, and we are now continuing our efforts to ensure that we maintain gender-balance going forward.

Employee engagement and training to integrate D&I

We believe that successful work with diversity and inclusion involves both leadership and employee engagement to the diversity agenda.

Tele2 has created a diversity and inclusion (D&I) council consisting of a group of employee representatives that aims to provide feedback and insights on the strategy and goals of the roadmap that we have set for D&I, and to spread awareness among Tele2's employees. In March, the council arranged a gender equality month with seminars and activities to raise awareness on gender balance and the challenges we are facing. Other activities include conducting research on creating inclusive teams at Tele2 and collaborating with other telcos to arrange a global Pride event to increase awareness of diversity and inclusion for LGBTIQA+ employees. During the year we have continued the roll-out of Rewire for inclusion – a workshop-based training focused on unconscious bias and inclusion habits in the workplace. Between 2021 and 2022 around 1000 employees and 300 managers have participated in the sessions. In 2023, we are planning to introduce the workshop as an online training for employees in stores and customers operations.

Continued improvement in external evaluation

External evaluation of our business is an important tool to ensure that we make progress and achieve desired results. A report released by Equileap ranked Tele2 as the third best company in Sweden on gender equality and top 2% globally, based on an their assessment of gender equality performance over a wide range of topics. We also improved our score compared to 2021 which shows that we are heading in the right direction, while we recognize that we still have more work to do.

Partnering for a diverse tech industry

Girls Code is one of Sweden's largest forum for women and non-binary in tech, and Tele2 has been a partner to the organization for several years. In November, Tele2 invited members of Girls Code to share knowledge on JavaScript and create new networking opportunities. The collaboration with Girls Code is an opportunity for Tele2 to actively promote a diverse workplace by inspiring girls to start a career within IT and to highlight career opportunities at Tele2.

WOMEN IN TECH

Supporting Women in Tech

Empowering women to pursue a career in tech is one important step to close the gender gap in the sector. Tele2 is a proud co-creating partner of Women in Tech 2022, the largest conference in the Nordics aimed towards women that work within the tech industry.

For more information visit tele2.com/sustainability

SDG 5.1
SDG 5.5

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

Protect children in a connected society

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

Activities for 2022

- Define monitoring process of behavioral change and customer growth based on child protection
- Consolidate Children and the Internet Report together with suitable partner
- Communication of the Health Guide
- Monitor the usage of the Health Guide
- Information to customers about our activities to protect children through digital channels, partner events and Tele2 stores
- Implement improvements to Tele2's child sexual abuse material (CSAM) blocking solutions
- Evaluate need for development of tools directed towards children for internet safety

Key Performance Indicators 2022

- Percent customer availability of Trygg Surf (child profile) for Tele2 Sweden: 100%
- Change in percent customers using Trygg Surf (child profile) for Tele2 Sweden: +21% (+45%)
- # blocked attempts to access CSAM (avg/month): 214,000

We keep fighting for a safer online experience, so that children and youth can enjoy the benefits of a connected everyday life. By working with both preventative and proactive tools and guidance for children and their parents, we reduce the risks of life online.

Sharing knowledge on child online safety

Parents play an important role in creating the conditions for a safer life online for children and youth. Through our partnership with the Swedish Prince Carl Philip and Princess Sofia's Foundation we have continued to spread awareness of our parental guide and health guide that help support parents with navigating children's connected everyday life. During the year, we started monitoring the usage of these guides to evaluate its effect and receive input for potential future development. In our partnership with the foundation, we have also mapped potential gaps in existing tools directed towards children.

Collaborating to support children

We believe that collaboration is key to solving many societal issues, and partnering with civil society broadens our social impact, not the least in supporting children and youth. Tele2 is a founding member of Reach for Change, and has partnered with the organization since 2010. During the year we extended our partnership for an additional 3 years to continue our commitment to help support social entrepreneurs that are working to make life better for children and youth.

In Sweden, Tele2 is a founding member of a telecom coalition together with the major local telecom operators and ECPAT, a network dedicated to fight online child sexual exploitation (OCSE). With the rise of new technology and digital platforms, the coalition was further developed in 2022 to promote collaboration across telcos and technology companies in the efforts against OCSE. Under the name 'ECPAT Sweden Tech Coalition', the coalition has welcomed new members from the tech industry and focuses on preventative work, market intelligence and technology development in Sweden. Tele2 is also partnering with ECPAT to provide the connectivity solutions that ECPAT needs in order to do its important work. For more information about all of our partnerships, please see the page "Partnerships and industry collaboration".

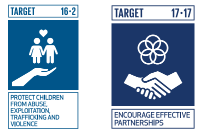
Improving detection and blocking of CSAM

As an internet provider, we take responsibility to protect children by continuously blocking attempts to access web pages that have been classified as containing child sexual abuse material, in all countries where we operate. In 2022, Tele2 blocked over 214,000 attempts per month on average to access this type of material. This is an increase with 109% compared to 2021, which is likely due to updated lists of domains with confirmed CSAM from the Swedish Police and Project Arachnid. By the end of 2022, Tele2 initiated the implementation of additional lists of domains from Project Arachnid, an initiative by the Canadian Center for Child Protection that uses innovative tools based on hashing technology and artificial intelligence for automated detection of CSAM. Tele2 will continue to follow the results from the project in 2023 when the lists have been fully implemented.

Project Arachnid

Project Arachnid has developed a set of innovative tools for automated detection of websites with CSAM in an attempt to block access to and ultimately take down this material. Tele2 has implemented lists from Project Arachnid into our current blocking tool, starting in late 2022. Combined with the lists already provided by the Swedish police and Interpol, Tele2 aims to lead in the blocking of attempts to further combat the distribution of CSAM.

For more information visit tele2.com/sustainability



SDG 16.2
SDG 17.17

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

Tele2 ESG Targets 2022

We annually set activities for the coming calendar year, for each of the four focus areas of our sustainability strategy, to ensure progress towards our long-term goals. These Environmental, Social and Governance (ESG) targets, help us focus on the most important issues, as has been our approach for several years. We have also defined KPIs for the four focus areas, that measure progress towards the long-term goals. The outcome of our ESG targets for 2022 can be found in the table below.

ESG Target	Achieved
Advance circular economy to combat climate change	
• Measure and communicate the business value of implemented circular economy initiatives	No
• Map B2B NaaS product life-cycle and set process for equipment return to enable a circular business model	Partial
• Increase rate of re-use and refurbishment on hardware (B2C, B2B and DCT)	Partial
• Optimization of warehouse and depots	Full
• Implementation of digital waybill and QR solution for return flow	Partial
• Set % re-use/recycle/landfill target for Sunab	No
• Lead GSMA project on Circular Economy for Mobile Phones	Full
• Communicate new climate strategy	Full
• Engage with top 21-40 suppliers regarding CO_2 reduction targets	Full
• Set Science-based net-zero emissions target	Full
• Measure and report on avoided emissions	Full
Boost innovation for sustainability	
• Map current activities to evaluate sustainability value	No
• Propose new initiatives, for innovation in product and service offering	Full
• Support "Property of tomorrow" project (Landlord business)	Full
• Evaluate increased internal efficiencies from using AI	Full
• Communicate sustainability impact analysis of IoT customer cases	No
• Support AI4Green Project	Full

ESG Target	Achieved
Maximize potential through an inclusive and diverse workplace	
• Track and communicate progress on D&I activities, KPIs and external ratings	Full
• Complete roll-out of re-wire for inclusion training to all managers and employees	Partial
• Continue setting fundamentals for other diversity dimensions beyond gender	Full
• Establish a yearly calendar of D&I events (both internal and external)	Full
• Include D&I in Suppliers' policy	Full
• Continue external collaborations with NGO's and networks that promote D&I	Full
Protect children in a connected society	
• Define monitoring process of behavioral change and customer growth based on child protection	No
• Consolidate Children and the Internet Report together with suitable partner	No
• Communication of the Health Guide	Full
• Monitor the usage of the Health Guide	Partial
• Information to customers about our activities to protect children through digital channels, partner events and Tele2 stores	Partial
• Implement improvements to Tele2's CSAM blocking solutions	Full
• Evaluate need for development of tools directed towards children for internet safety	Full

Stakeholder dialogue

In the most recent major stakeholder dialogue, held in 2020, Tele2 gathered input through surveys and interviews with over 9,000 of our key stakeholders. These included investors, employees, customers, the Board of Directors, suppliers, NGOs and ESG analysts. According to their preference, the stakeholders were asked to rank the importance of the 18 most material sustainability issues for our company and the industry. All 18 issues are presented in Note S11.

Three topics stood out as the most important to stakeholders:

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

We used this to inform our materiality analysis, which in turn has informed our sustainability strategy which was launched in 2021. More information about our stakeholder dialogue and materiality analysis can be found in Note S11.

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

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

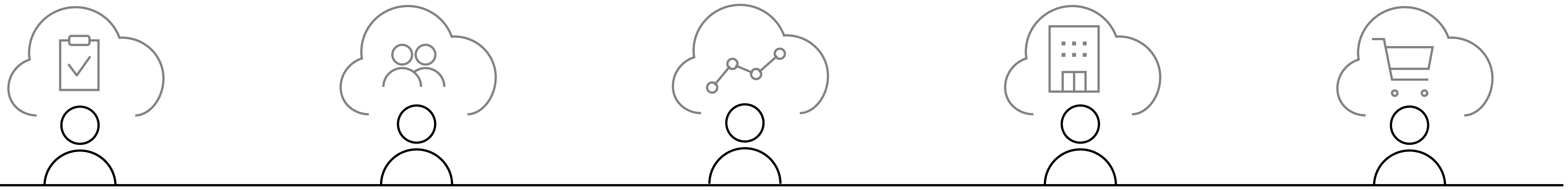
A summary of the most important topics for our key stakeholders is found below for each stakeholder group.

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

Continuous stakeholder dialogues

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

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



Board of Directors

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

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

Employees

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

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

Shareholders and investors

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

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

B2B customers

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

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

B2C customers

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

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

Partnerships and industry collaboration

To ensure that we have topic-specific expertise, which is required to reach our long-term sustainability goals, Tele2 has entered into strategic partnerships with a select number of organizations and associations. These partnerships are an important way in which Tele2 supports the Sustainable Development Goals, particularly Goal 17's target to encourage and promote effective partnerships, that build on the experience and the resources of the partners.

Tele2 co-founded Reach for Change in 2010 to support social entrepreneurship as a means of tackling societal issues facing children and youths. Other partnerships include Civil Rights Defenders, ECPAT and Prince Carl Philip and Princess Sofia's Foundation. More information about these partnerships are presented in this section of the sustainability report.

By coming together as an industry we can learn from each other, and gain the strength that we need to tackle some of the issues that our industry faces. Through our industry association the GSM Association (GSMA), Tele2 can both contribute to and gain access to the shared global expertise of our industry.

The GSM Association

The GSMA promotes the leading role that our industry can play in solving some of the challenges that societies face today, from reducing emissions to tackling issues regarding human rights, and the enabler that connectivity can be in tackling these issues.

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

To show leadership in the industry, Tele2 has led the GSMA's working group on circular economy for devices. The group has during the year drafted a strategy paper in which the industry vision is presented: "Devices with as long a lifetime as possible, made with 100% recyclable and recycled content, 100% renewable energy, and where no device ends up as waste". The group has also organized a webinar to present the findings of the strategy paper. The efforts of the group will continue in 2023 with the aim of finding a industry target for circular economy for devices.

Reach for Change

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

Being one of the founding partners in 2010, Tele2 is a standing member of the board of Reach for Change. Besides a yearly SEK 1.6 million cash contribution, Tele2 is a supporter to the entrepreneurs in the incubator and contribute with skills and training, such as HR.

During 2022 Tele2 has extended the partnership for an additional 3 years, allowed for employees to spend 20 working hours to support Reach for Change's entrepreneurs, and provided additional support to the entrepreneur Locker Room Talk, which uses Tele2's connectivity to train leaders and youth players in Sweden about equality, leadership and emotional intelligence.

Prince Carl Philip and Princess Sofia's Foundation

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

In partnership with Tele2, the Foundation has developed an online module with recommendations and resources for parents. The module contains helpful information and resources, including hands-on tips, information about online hate, legal obligations, sexual abuse online, and a health guide. During 2022, dedicated communication efforts regarding the health guide have been conducted, to ensure that they reach a wide audience.

In addition to providing tools for parents, the foundation has evaluated if there is a need to develop new tools that are specifically directed towards children, to teach them about what they can do to lead safer lives online.

ECPAT Sweden

ECPAT Sweden is a children's rights organization working to fight sexual exploitation of children, by spreading information and taking measures to prevent children and youths from being sexually abused. They run both the Hotline, that gives the public an opportunity to anonymously report suspected sexual abuse of children, a dedicated helpline for children and young people, and a helpline to support parents in questions regarding sexual abuse.

Tele2 was a founding member of ECPAT's telecom coalition. It was during 2022 relaunched as the tech coalition, to include more of the actors that directly can have an impact on fighting sexual exploitation of children. The members of the coalition work together to stop online exploitation of children.

During 2022, Tele2 has supported ECPAT's work by providing the technical solution for the two helplines. In addition to this Tele2 is providing connectivity solutions including telephony for ECPAT's operations in Sweden.

Civil Rights Defenders

The international human rights organization based in Sweden supports human rights defenders who work in some of the most repressive countries. Tele2 provides connectivity to the organization's Natalia Project, including roaming in more than 450 networks globally.

The Natalia Project, named in honor of Natalia Estemirova, a human rights defender who was murdered in Chechnya in 2009, today includes more than 170 human rights defenders. The participants are provided with security training and a security device that they can use to activate an alarm when facing an immediate threat. The alarm sends a distress signal with a GPS location to nearby local contacts, as well as to Civil Rights Defenders' headquarters in Stockholm enabling instant local and global support.

During 2022, the organization has participated in a deep-dive session that was recorded and live-streamed on our intranet. Together with our IoT department, the organization has also evaluated opportunities for technical improvement and innovation for the alarm system using Tele2's connectivity.

Sustainability information

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

Consolidated sustainability notes

NOTE S1 ABOUT THE SUSTAINABILITY REPORT

The sustainability report is prepared in accordance with Global Reporting Initiatives (GRI) Standards, and in accordance with the reporting requirements defined in the Swedish Annual Accounts Act. The sustainability report includes the following pages 46-93. The sustainability report covers Tele2 AB and its subsidiaries. Legal entities are listed in the parent company's financial statements in Note 19. The reporting period is January 1, 2022 up to and including December 31, 2022.

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

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

Identifying and managing key aspects

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

Organizational changes

No organizational changes that impact our reporting have taken place during 2022.

External initiatives

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

Note S1 cont.

External assurance

Deloitte has been engaged to provide limited assurance on the Sustainability Report in its entirety, including all the relevant GRI Standards disclosures presented in the GRI Content Index and GHG emission data. Conducting a limited assurance review of the full report is important to ensure high quality and transparency in Tele2's sustainability efforts and reported sustainability disclosures.

See page 93 for Auditor's Limited Assurance Report on Sustainability Report and statement regarding the Statutory Sustainability Report.

Sustainability report index – Annual Accounts Act

The table below shows where the requirements for sustainability information of the Annual Accounts Act is reported in Tele2 Annual and Sustainability Report 2022.

Area	Disclosure	Page reference
General	Business model	p. 11
Environment	Policy, management approach and environmental issues	p. 71, 72, 74
	Risks and their management regarding environmental issues	p. 27, 29
	Targets and results related to environmental issues	p. 59, 71–78
Social conditions & Personnel	Policy, management approach and social issues	p. 65, 67, 68
	Risks and their management regarding social issues	p. 27–29
	Targets and results related to social issues	p. 59, 65–69
Respect for human rights	Policy, management approach and human rights issues	p. 70
	Risks and their management regarding human rights issues	p. 27–29, 70
	Targets and results related to human rights issues	p. 59, 67
Anti-corruption	Policy, management approach and anti-corruption issues	p. 63 – 64
	Risks and their management regarding anti-corruption issues	p. 27–29
	Targets and results related to anti-corruption issues	p. 63-65

NOTE S2 BUSINESS ETHICS & COMPLIANCE

Topic description and materiality

As a profit driven corporation, Tele2 is dependent on profit to remain viable. Tele2's profits in turn contribute to society through payment of wages, taxes and purchases of services and products. This in turn impacts economic activity, government and society and contributes to economic growth.

Tele2 aims to deliver high quality in its products and services, and efforts to promote fair and ethical business conduct is therefore a key aspect of its daily operations and an integral part of Tele2's values. Compliance with local laws and regulations ensures investors that Tele2 is a trustworthy business partner. To mitigate risks and manage impacts, Tele2 uses a Code of Conduct (CoC) and a Business Partner Code of Conduct (BPCoC) based on the United Nations Global Compact. It encompasses labor rights, anti-corruption, environment, freedom of association and collective bargaining, child labor, and forced labor, and other fundamental human rights.

Management and governance

Economic performance

In order to manage impacts related to economic performance, Tele2's internal audit monitors its payroll and the payment of taxes in countries of operation. Results on economic performance are reported in the Annual and Sustainability Report, as well as in quarterly interim reports.

Code of conduct

Tele2's requirement is that sound business practices shall prevail throughout its operations and daily business. Tele2 requests that all employees and business partners sign and comply with the Tele2 Code of Conduct, and does not tolerate deviations. Since 2020, a digital training and re-signing process for the Code of Conduct is conducted annually to ensure that all employees understand and comply with its contents, and underlines the commitment to the business ethics principles that are a foundation for the way Tele2 does business. During the 2022 annual training Tele2 achieved a 99.98% completion rate for the training and re-signing among employees and consultants in active service.

Anti-corruption and anti-competitive behavior

Tele2 has established a common perspective on group level of how to deal with anti-competitive behavior and anti-corruption, and is formalized in the Anti-corruption Policy and the Fair Competition Standards policy. Responsibility lies with each function to put it in practice in each market. The legal teams support the organization in its efforts. Anti-competitive behavior and anti-corruption is included in the training of selected risk functions (for example Procurement and Sales) and the annual Code of Conduct training for all employees. It is the responsibility of each country organization to provide the relevant training. Any potential cases or incidents are reported internally using the Tele2 Incident Report System.

Note S2 cont.

Compliance with laws and regulations

For Tele2, it is important to remain compliant with local laws and regulations in the countries where it operates. In order to manage impacts, Tele2 has established a common perspective on group level on how to deal with compliance. Responsibility lies with each function to ensure compliance in practice in each market. The legal teams support the organization in its compliance efforts. The legal teams make use of an open-door policy for employees seeking advice on ethical and lawful behavior.

Marketing and labelling

Marketing communications is a core aspect of Tele2's interaction with its customer base and therefore identified as a material aspect. Responsibility for marketing and sales lies with local teams as legislation differs between countries. In order to manage impacts, the legal team reviews marketing material before it is published to assure compliance. If incidents occur, they are reported to the responsible management. Ethical communication is also included in the Tele2 Code of Conduct. Relevant functions are introduced to communication and marketing guidelines, and in Sweden there is a training for new employees on these types of guidelines.

Customer health and safety

Tele2 strives to provide its customers with safe products and services that do not have a negative impact on their health, and works proactively to identify and monitor potential health and safety issues related to its products and services. Tele2's networks emit electromagnetic fields, and in order to manage impacts Tele2's networks are designed to operate well within the applicable regulations and guidelines of the countries of operation. Tele2 measures the radio wave signals emitted in the networks at the request of property owners.

[1] Significance was determined by evaluating the severity of an actual or potential negative impact, determined by its scale (i.e., how grave the impact is), scope (i.e., how widespread the impact is), and irremediable character (how hard it is to counteract or make good the resulting harm).

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

Reporting violations

Tele2 is committed to the highest possible standards of transparency, honesty and accountability. The Tele2 whistleblowing policy is in place to ensure the correct procedures, protection for whistleblowers, and availability of reporting channels in case of wrongdoing. Both employees and external parties can anonymously report violations of Tele2's policies through Tele2 Incident Reporting System. Employees can also go to their manager with any concerns. The legal teams make use of an open door policy for employees seeking advice on ethical and lawful behavior. Processes are in place to report or escalate incidents to the relevant group functions or to the highest governing bodies if warranted. Members of the Leadership Team and (Audit Committee of) the Board of are informed ad-hoc of ongoing or concluded investigations when their importance requires this. During 2022, four whistleblowing cases were communicated to the Audit Committee, but none of the cases were of critical concern. Furthermore, the Leadership Team and Audit Committee receive regular reports, at least quarterly, on the functioning of Whistleblowing in Tele2.

Results and progress

Significant instances of non-compliance with laws and regulations

Tele2 has had four significant instances of non-compliance with laws and regulations[1] that occurred in 2022, out of which two incurred a fine of EUR 20,000 each. As this KPI is part of the newly implemented GRI Universal Standards, no comparable historic data is available.

Confirmed incidents of corruption and actions taken2)

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

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

No legal actions (2021: zero) for anti-competitive behavior, antitrust, or monopoly practices have been reported during the year.

Incidents of non-compliance concerning marketing communication

Tele2 has had eight (2021: three) incidents of non-compliance with regulations or voluntary codes concerning marketing communication, including advertising, promotions, and sponsorships, during the year. One of these incidents resulted in a fine (2021: zero) and three of these incidents (2021: three) resulted in a warning.

Incidents of non-compliance concerning health and safety of products

Tele2 has had one incident of non-compliance (2021: zero) with regulations and codes concerning the health and safety of products. The case concerns an incident in Lithuania where an inspection by the State Consumer Rights Protection Agency found that a proper user-manual was missing for some products sold in Tele2 shops, and issued a warning.

No adverse health risks have been identified in relation to the exposure to electromagnetic fields from base stations for mobile telephony, wireless networking or similar transmitters.

NOTE S3 EMPLOYEE DATA

Topic description and materiality

With the ambition to deliver the best service in the industry, Tele2 invests in the well-being and development of its employees. Attracting and retaining talented and diverse employees is essential for Tele2 to deliver on its strategy and sustain its culture.

Management and governance

To follow up on employees' satisfaction and well-being, Tele2 conducts employee surveys at least annually to follow up on employees' satisfaction and well-being. Results are gauged against benchmark scores of other companies to understand changes and trends. Critical points of improvement are communicated to local managers who turn them into local action plans.

Diversity is an integral aspect of Tele2's operations and our standpoint is described in the Diversity and Inclusion Policy, as well as in the Code of Conduct. In order to manage impacts, a gender KPI is followed up on all functional levels to inform promotion and recruitment decisions. Tele2 is strongly committed to gender pay equality, and regularly conducts gender pay gap analyses to ensure equal pay for the same kind of position or job.

Tele2's zero tolerance for any type of discrimination is frequently communicated, each case is evaluated individually, and appropriate actions are taken. Tele2 encourages employees to share information with their manager or the responsible function within HR/Security about any case of discrimination that they have information about.

Training and development programs

Tele2 is highly engaged in the continued development of employees and offers various training- and development programs for employees and managers within areas such as customer operations, sales, environment, and data privacy. Tele2's ambition is for all employees to have performance plans and annual performance dialogues, including senior executives.

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

Tele2 places high demands on leadership throughout the organization, and offer programs for managers for continuous development, including theoretical sessions, group training sessions and own reading. The programs provide managers with tools and inspiration to translate high-level strategy and engage their teams towards even greater performance. To exemplify, here are two exemples from Tele2's operations. In Sweden, Tele2 offers counselling and psychological services, outplacement services and severance packages exceeding legal requirements to support continued employability in case of unavoidable redundancies. In Estonia, Tele2 offers internal coaching and psychological services for all employees. HR offers support in case of termination and transition, such as coaching and services to help support with the next career step.

For more information on employee development, performance and remuneration, please see pages 24–26 of the Board of Director's report of the Annual and Sustainability Report 2022.

Results and progress

All employee data is presented in head count as per 2022-12-31.

Note S3 cont.

Employees

	Full-time employees		Part-time employees		
	Women	Men	Women	Men	Total
Sweden	837	1,826	65	61	2,789
Lithuania	500	219	43	11	773
Latvia	279	205	0	0	484
Estonia	237	122	26	5	390
Netherlands	0	2	0	0	2
Total	**1,853**	**2,374**	**134**	**77**	**4,438**

	Permanent employees		Temporary employees		
	Women	Men	Women	Men	Total
Sweden	854	1,854	48	33	2,789
Lithuania	498	202	45	28	773
Latvia	266	201	13	4	484
Estonia	253	122	10	5	390
Netherlands	0	2	0	0	2
Total	**1,871**	**2,381**	**116**	**70**	**4,438**

Workers who are not employees

Sweden	4,101
Lithuania	237
Latvia	378
Estonia	68
Netherlands	0
Total	**4,784**

Workers who are not employees is presented in head count as per the end of 2022. Workers include consultants and service personnel, where System Developers, Network Engineers, Technicians, Customer Service and Financial system experts are representing the majority of all non-employee workers. Consultants are hired to either to fill a competence gap or for capacity needs over a limited period of time. Service personnel are external resources for outsourced work tasks and perform work that has been specified in a service agreement between Tele2 and the vendor.

New employee hires and turnover

	2022									
	Total	Women				Men				
		<30	30-50	>50	Total women	<30	30-50	>50	Total men
New hires:									
Sweden	434	100	79	5	184	118	115	17	250
Lithuania	260	100	63	0	163	63	32	2	97
Latvia	225	98	50	3	151	49	25	0	74
Estonia	111	43	21	0	64	30	15	2	47
Netherlands	0	0	0	0	0	0	0	0	0
Total new hires	**1030**	**341**	**213**	**8**	**562**	**260**	**187**	**21**	**468**

	2022								
	Total	Women				Men			
		<30	30-50	>50	Total women	<30	30-50	>50	Total men
Employees leaving									
Sweden	530	93	119	26	238	100	158	34	292
Lithuania	235	86	66	1	153	55	26	1	82
Latvia	175	58	46	3	107	42	26	0	68
Estonia	87	26	26	1	53	18	15	1	34
Netherlands	0	0	0	0	0	0	0	0	0
Total employees leaving	**1027**	**263**	**257**	**31**	**551**	**215**	**225**	**36**	**476**
Employee turnover rate:									
Sweden	19%	41%	22%	16%	26%	32%	14%	7%	15%
Lithuania	31%	45%	20%	11%	28%	54%	23%	20%	37%
Latvia	38%	68%	29%	23%	42%	64%	20%	0%	34%
Estonia	23%	31%	16%	6%	21%	42%	23%	7%	28%
Netherlands	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total employee turnover rate	**23%**	**45%**	**21%**	**16%**	**28%**	**41%**	**16%**	**7%**	**19%**

Turnover rate is based on employees leaving divided by average number of employees, using the starting point and end point of the reporting year.

Total number of employees and collective bargaining

Continuing operations	2022	
	Total	Collective bargaining
Sweden	2,789	99.7%
Lithuania	773	-
Latvia	484	-
Estonia	390	-
Netherlands	2	-
Total	4,438	62.6%

Note S3 cont.

In Sweden, all employees except for the Group Leadership Team employed in Tele2 AB are covered by the collective agreement. For Tele2's other countries of operations, working conditions and terms of employment is determined according to local labor laws, though Tele2 has a positive view on collective bargaining and supports the right of all employees to form trade unions and sign collective bargaining agreements.

Non-discrimination

Zero incidents of discrimination have been reported in 2022 (2021: zero).

Employee diversity

Continuing operations	2022									
		Women				Men				
	Total	<30	30–50	>50	Total women	<30	30–50	>50	Total men
Sweden	2,789	214	531	157	902	295	1,083	509	1,887
Lithuania	773	183	348	12	543	105	119	6	230
Latvia	484	98	168	13	279	64	134	7	205
Estonia	390	86	159	18	263	44	67	16	127
Netherlands	2	–	–	–	–	–	–	2	2
Total	**4,438**	**581**	**1,206**	**200**	**1,987**	**508**	**1,403**	**540**	**2,451**

Please refer to financial Note 31 for more details on gender distribution for board of directors and management in active group companies.

Gender pay gap

The last gender pay gap analysis was conducted for Sweden as per end of December 2022 and is presented in the table below. The differences in pay is mainly due to gender imbalance in senior level positions rather than unequal pay due to gender for the same kind of position or job. This is something Tele2 actively works on as part of the diversity work to further achieve a gender balanced workforce. Figures presented below are based on data from Tele2 Sweden, as data from the other markets is not available.

As of 2022-12-31 Employee groups in Tele2 Sweden	Ratio[1]	Mean gender pay gap
Stores and Customer Operations employees	103%	+3% positive to females
All other employees	93%	-7% to achieve equal pay
All managers[2]	93%	-7% to achieve equal pay

[1] Average female salary / Average male salary
[2] Excluding Group Senior Executives

Average hours of training per employee

Hours of training	2022 Total	2022 Average per employee (hours)	2021 Total	2021 Average per employee (hours)
Employees	23,764	5.4	20,822	4.7

NOTE S4 OCCUPATIONAL HEALTH AND SAFETY

Topic description and materiality

Tele2 strives to provide its employees with a safe and healthy work environment in which they can develop their long-term ambitions. In order to manage impacts, Tele2 has policies and processes in place to ensure access to health care and for the prevention of accidents. Tele2's approach to health and safety is adapted to the local legislation in each of its countries of operation. As stated in the Tele2 Business Partner Code of Conduct, Tele2 expects business partners to take similar responsibility for the health and safety of employees within their organizations, including workers that are working on behalf of Tele2.

Management and governance

Tele2 works systematically, through internal and external commitments, to identify work-related hazards and risks of high-consequence injuries by examining, implementing and following up on the work environment and improvements. The processes for risk assessment are conducted according to local legislation on work environment and occupational health and safety. In Sweden, this work is done in cooperation with the unions associated with the company. In Lithuania, the health and safety requirements are supervised and developed through a third-party organization.

In Estonia, employers have a legal obligation to organize a medical examination for an employee whose health may be affected as a result of assessed risks in the working environment. Such examination is done for every employee and repeated at least every three years.

There are numerous examples of how Tele2 minimizes risk to hazards: a slippery floor is handled by putting a mat on the floor, a heavy door is handled by installing a door opener, heavy lifting and high climbing is not allowed without the appropriate tools and security equipment. If any work-related injuries were to happen, a report is made through the Tele2 Incident Report System or an external partner, which is then followed up by the Facility department to prevent any future injuries. Managers are trained in how to write these reports. Employees report any work-related injuries to their immediate manager and/or HR and work environment representatives. Tele2's employees can also report incidents via the Tele2 Incident Report System or through Tele2's Whistleblowing channels to report anonymously.

In order to minimize impact from health and safety hazards identified in the workplace, all employees are provided training in occupational health and safety during paid working hours. Employees are also provided the necessary instructions, safety equipment and training depending on their position to ensure that all work can be performed safely in line with local health and safety legislation.

Note S4 cont.

In Sweden and Estonia, Tele2 has work environment representatives to form work environment committees, in line with local legislation. Regular meetings are held with the committees to discuss and follow-up on all work-related incidents and work environment conditions.

Apart from the requirements of the Business Partner Code of Conduct, Tele2 address occupational health and safety for subcontractors in line with local legislation.

Promotion of worker health and rehabilitation

In Sweden, Tele2 follows up on employee absence and offers rehabilitation plans for employees who have been ill long-term with support of external experts. Employees have an insurance program that covers rehabilitation and preventive care from specialists. Tele2 respects the privacy of employees and the confidentiality of personal and medical information. There are also policies in place to support employees in treating and preventing injuries. Tele2 applies self-assessment checklists for both managers and employees to ensure that all legal requirements are met, and that employees are satisfied with their work environment. These checklists are updated on a regular basis.

In Estonia, Latvia and Lithuania, employees are offered additional health insurance coverage, including outpatient assistance.

Results and progress

Occupational health and safety management system

100% of Tele2's employees (2022: 4,438 employees) are covered by an occupational health and safety management system, including the psychosocial and physical work environment. In Sweden, 347 workers that are not employees are covered by an occupational health and safety system. These include consultants that are covered by the occupational health and safety system through the work that they perform for Tele2. At the head office in Kista, Sweden, the physical work environment of the health and safety management system also covers all persons visiting or that are situated at the office, such as consultants. At Tele2 Latvia, two workers that are not employees are covered by Tele2's occupational health and safety management system.

Injuries

Two (2021: zero) work-related injuries were reported during 2022, none of which have caused or contributed to high-consequence injuries. The types of injuries reported both relate to accidents that occurred at work, but not related to employees' performance of work or to identified work-related hazards.

NOTE S5 RESPONSIBLE MANAGEMENT OF SUPPLIERS

Topic description and materiality

In order to uphold the same standards in our entire value chain, Tele2 wants to ensure the same high level of awareness and engagement in environmental and social issues with its suppliers and business partners as in its own operations. Tele2 therefore include sustainability requirements in both the selection and contracting of suppliers.

In order to mitigate risks related to human rights, labor conditions and environment in its supply chain, Tele2 requires its significant business partners to sign the Tele2 Business Partner Code of Conduct. For those that are unable to do so, there is an exception process in which Tele2 evaluates that the business partners' code of conduct is in line with Tele2's requirements. By doing so Tele2 includes clauses about human rights, labor rights, anti-corruption, environment, etc. into a vast majority of its agreements with its business partners.

Management and governance

Tele2's suppliers

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

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

Note S5 cont.

Responsible business and sustainable procurement

There is potential social and environmental impact throughout Tele2's entire value chain which is described in the Business Partner Code of Conduct, Human Rights Policy, and Environmental Policy, including how this is managed and the grievance mechanisms that are available.

In 2022, suppliers representing over 90% of addressable spend[1] had signed the Business Partner Code of Conduct, or equivalent. In case of breaches of the Business Partner Code of Conduct, Tele2 primarily conducts dialogues with business partners to establish remediation plans. If this would not produce the desired changes, Tele2 can terminate the relationship with the specific business partner. Tele2 also has a Conflict Minerals Policy to specifically target one of the most material topics of its suppliers.

Supplier social and environmental assessment

Tele2's framework for sustainable procurement defines routines for sourcing new business partners, and how Tele2 follows up on strategic and critical suppliers. These procedures include sustainability as a part of the Request for Proposals process, the use of EcoVadis Business Sustainability Ratings scores, an annual risk assessment, and a process for selecting suppliers for on-site audits. In 2022, 80% of new suppliers were screened using social and environmental criteria. Tele2's suppliers on the EcoVadis platform covered around 45% of addressable spend[1] in 2022. Each year a risk assessment of the total supplier stock will be performed, and the following criteria will be taken into account for selection of suppliers for on-site audits: 1) the suppliers' score on the EcoVadis platform 2) suppliers from the different high-risk categories 3) suppliers with strong exposure to countries with high sustainability risks 4) top 20 vendors (highest spend). Based on these 4 criteria, 5 suppliers will be appointed to be audited the following year. Audits are arranged by the sustainability department and focus on the suppliers' compliance with the Tele2 BPCoC and Tele2's requirements imposed on their supply chain.

[1] Addressable spend is defined as the total spend in scope for Group Procurement.

Results and progress

Risk assessment and audits

Supplier assessment	2022
Total number of suppliers assessed for social and environmental impacts through EcoVadis [2]	67
Number of suppliers audited on site	3
Number of suppliers where social or environmental non-conformities identified	3
Percentage of the suppliers assessed or audited which non-conformities were identified where a Corrective Action Plan was established	100%
Percentage of the suppliers assessed or audited which non-conformities were relationships were terminated	-

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

On-site audits

The 2022 supplier risk assessment identified five suppliers for on-site audits. Three out of five planned on-site audits were conducted in 2022.

The first audit was of a supplier with production in Slovakia, identified as operating within a high-risk industry (building materials) and with operations in high-risk countries. Non-conformities where identified through the audit and resulted in a Corrective Action Plan with deadline for actions throughout 2023 which will be followed-up.

The second audit was of a supplier in Sweden, identified as operating within a high-risk industry (real estate: mainly environmental and energy-related risks). Non-conformities where identified through the audit and resulted in a Corrective Action Plan with deadline for actions by 2023, which will be followed-up.

The third audit was of a supplier in Tunisia, selected based on being one of Tele2's top 20 suppliers by spend and operating in a high-risk industry (technology hardware and semiconductor). Non-conformities where identified through the audit and resulted in a Corrective Action Plan with deadline for actions by 2023, which will be followed-up.

One of the suppliers selected for on-site audit, identified as operating within a high-risk industry (technology hardware and semiconductor) as well as one of Tele2's top 20 suppliers by spend, has refused Tele2's request to conduct an on-site audit, and instead offered a desktop audit and for Tele2 to take part of previous audit reports. With one of the selected suppliers, Tele2 is still in a discussion on the possibility to conduct an audit, and no on-site audit has been conducted in 2022. Tele2 intends to complete this audit in 2023.

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

NOTE S6 HUMAN RIGHTS

Topic description and materiality

Tele2 aims to conduct its business with the highest degree of ethics while also being compliant with local laws and regulations and respecting human rights. Tele2's different markets are all different in this aspect.

Tele2 believes that all people are entitled to basic human rights and recognizes its responsibility to respect and support human rights in all its business operations, including in the supply chain and communities in which we operate. This means that Tele2 avoids causing or contributing to negative human rights impact through the business operations, as well as through activities to which Tele2 are directly linked via a business relationship. Tele2's human rights policy further emphasizes its human rights commitments.

Management and governance

To mitigate risks, Tele2 uses a Code of Conduct applicable to its own operations and a Business Partner Code of Conduct applicable to its business partners, based on the UN Global Compact. It encompasses labor rights, anti-corruption, environment, freedom of association and collective bargaining, child labor and forced labor, and other basic human rights. The Code of Conduct was updated last in May 2022 and the Business Partner Code of Conduct was last updated in June 2021.

Fair working conditions

All employees of Tele2 and its Business Partners are entitled to fundamental human rights which shall be known, understood, respected and be applied equally. No one shall be subject to corporal punishment, physical, sexual, psychological or verbal harassment or abuse. Forced, exploited or bonded labor is strictly forbidden. Employees shall not be required to lodge deposits or original identity papers as a condition for employment. Employees shall not be forced to work more than the limits on regular and overtime hours allowed by the laws of the country in which they are employed. Overtime shall be compensated at no less than the legally required rate. All employees shall have contracts specifying the terms of employment. Children under the minimum working age established by local law or 15 years, whichever is greater, shall not be used as part of the labor force. Employees under 18 years shall not be engaged in hazardous or heavy work, or on night shifts. The rights of employees to freely associate and to bargain collectively, in accordance with the laws of the countries in which they are employed, shall be recognized and respected.

Protection of children's rights

Child protection is a high priority for Tele2, and one of the four focus areas of the sustainability strategy. To support the protection of children's rights, Tele2 gives guidance to its employees regarding child protection. Protecting the rights of children is included in the Code of Conduct and the Business Partner Code of Conduct. Business partners are expected to adhere to the same standards in relation to the work they do for Tele2.

Results and progress

In 2022, Tele2 carried out a human rights impact assessment (HRIA) to identify actual and potential negative impacts on human rights that Tele2 may be involved in through its activities and business relations. The HRIA complements existing procedures that cover human rights, such as Tele2's supply chain process and whistleblower procedure. The HRIA was carried out in accordance with the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises. The HRIA is part of Tele2's human rights due diligence (HRDD)-process which ensures fulfillment of the EU Taxonomy regulations on Minimum Safeguards. The following salient human rights impacts were identified for Tele2:

- Right to privacy
- Freedom of expression
- Non-discrimination
- Child rights
- Labor rights
- Forced labor

Tele2 offers training for its employees on human rights issues through the annual Code of Conduct training, which gives Tele2 the ability to meet new human rights expectations and mitigate and address negative human rights impacts identified in its processes. In 2023, Tele2 will strengthen the HRDD-process by acting on negative human rights impacts, measure and follow-up on actions, provide remedy where needed, and continue to communicate on human rights in annual sustainability reports. To ensure that Tele2 continuously identifies and manage actual and potential negative impacts on human rights, further human rights consideration will also be incorporated into existing company processes and supplement the HRIA with additional parts of Tele2's business and value chain. Tele2 will review human rights impact assessments on an annual basis.

NOTE S7 WASTE AND WATER

Topic description and materiality

Creating a more circular economy is one of the most material topics for Tele2's stakeholders, and one of the four focus areas of the sustainability strategy. Closing the loop of material and production flows extends the lifetime, as well as upholds the value of materials and products in Tele2's value chain.

Risks connected to water stress or loss of water resources are emerging topics where companies must identify and manage their role regarding the issue. While Tele2's current impact from its operations on water resources is insignificant, it is important to measure and follow water usage and climate related risks to limit potential damage to local ecosystems and effects on critical network infrastructure for society.

Management and governance

Materials and waste

Tele2 is continuously working towards finding new ways to increase its product take-back and reduce waste throughout the value chain. Since 2021, Tele2 is monitoring generated waste from its operators by disposal methods, to map the greatest sources of waste and identify potential improvements.

Water and effluents

Water stress and access to clean water is a growing global problem. Through the water usage in its operations, the information and technology industry is part of the problem, but can also be part of the solution. IoT and smart technologies create opportunities to manage and monitor water supply and increase water efficiency to reduce the negative impacts on ecosystems and climate change.

In 2021, a water risk assessment based on the WWF Water Risk Filter was conducted for Tele2's offices and datacenters in Sweden in order to identify actual and potential water risks. The results indicated an overall low risk at all assessed facilities.

The withdrawal and discharge of water in Tele2's operations originate from and go to third-party water distributors (i.e. municipal water solutions). For Tele2, water abstraction impacts and dependencies are primarily present within the supply chain rather than in the own operations, while water abstraction impact still indicates a potential risk for Tele2 in terms of shortages of products or longer delivery times. Since 2021, Tele2 measures the water consumption from operations as a first step towards identifying potential measures to reduce water usage and limiting the negative impact on water critical locations. Tele2 is committed to annually monitor and report on the water use in offices and data centers, and is committed to set a target for water consumption in Tele2's own operations once enough data is available.

Results and progress

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

Tonnes	2022			
	Total	Consumer	Network	Facility
Hazardous waste				
for reuse	15.43	14.69	0.75	-
for recycling	204.24	1.91	194.09	8.24
for incineration	32.82	-	32.82	-
sent to disposal	18.66	0.24	18.42	-
Total hazardous waste	**271.16**	**16.84**	**246.08**	**8.24**
Non-hazardous waste				
for reuse	11.25	10.01	1.25	-
for recycling	512.39	58.80	423.27	30.32
for incineration	99.49	-	93.85	5.64
sent to disposal	8.66	0.84	7.82	-
Total non-hazardous waste	**631.79**	**69.65**	**526.19**	**35.96**
Total amount of waste	**902.95**	**86.48**	**772.27**	**44.2**

1) Consumer includes reclaimed electronic waste, Network includes waste from construction and maintenance of the mobile network, Facility includes waste from offices.
2) Calculations are based on data from waste disposal suppliers and their classification of hazardous and non-hazardous waste. In cases of unavailable information on disposal method for the Baltics, the waste disposal method is based on data from Eurostat, the European Environment Agency and the European Commission.

There has been an increase in the reported generated network waste compared to 2021, due to improved data quality, resulting in an overall increase in waste from around 650 tonnes in 2021 to around 900 tonnes in 2022.

Reclaimed products 1)

Product category	Share of reclaimed products	of which re-used	of which recycled
Mobile phones	12.7%	80.6%	19.4%

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

The scope for 2022 includes the take-back and processing of mobile phones from Swedish operations. Other product categories are omitted as data is not reported.

Note S7 cont.

Water consumption from operations

Mega liter	2022	2021
Sweden	5.17	8.95
Lithuania	1.33	1.49
Latvia	0.87	1.35
Estonia	0.6	0.51
Total	**7.98**	**12.30**

Figures for water consumption in 2021 have been updated due to a miscalculation in previously reported data, resulting in increased water consumption for 2021. Additionally, one office that accounted for around 20% of total water consumption has closed in 2022, resulting in lower water consumption in 2022 compared to previous year. Tele2 had planned to implement a water management system during 2022. Due to resource constraints, Tele2 was unable to implement such a system, but aims to do so during 2023.

NOTE S8 ENERGY, TRAVEL AND TRANSPORT

Topic description and materiality

As a telecommunications operator and connectivity provider, Tele2 is highly dependent on the energy used in its operations. By implementing new solutions and processes for increased efficiency, Tele2 can both reduce energy consumption and the environmental impact of its operations. For Tele2, electricity consumption is key, as this has been the major source for Tele2's emissions of greenhouse gases (GHG) in its own operations. To mitigate these impacts, Tele2 has transitioned to using 100% renewable electricity in its own operations.

Management and governance

Tele2 has a pronounced an ambition for increased energy efficiency, and works continuously to optimize energy consumption in its operations and networks. Tele2's commitment and efforts to reduce energy consumption is formalized in Tele2's Environmental Policy, which all employees and business partners are required to follow. In order to advance the transition to renewable energy, Tele2 has committed to become a fossil fuel free business using 100% renewable energy in its own operations by 2025.

In order to phase out the use of fossil fuels from business travel, all new company cars (except service vehicles) are required to be electric vehicles as of 2020, and is formalized in Tele2's Car Policy.

Results and progress

Energy consumption

	2022		2021		2020	
	Consumption	Share of consumption	Consumption	Share of consumption	Consumption	Share of consumption
Energy fuel within the organization (MWh)						
Natural gas	350	0.1%	245	0.1%	208	0.1%
Petrol	–	–	–	–	–	–
Diesel	105	0.0%	11	0.0%	234	0.1%
Total fuel within the organization	**455**	**0.1%**	**256**	**0.1%**	**442**	**0.2%**
Fuel from cars (MWh)						
E85	–	–	8	0.0%	–	–
Petrol	3,868	1.5%	3,342	1.3%	2,973	1.2%
Diesel	2,838	1.1%	4,437	1.8%	5,772	2.3%
Gas mix	29	0.0%	12	0.0%	10	0.0%
Electricity	161	0.1%	29	0.0%	–	0.0%
Total fuel from cars	**6,896**	**2.7%**	**7,828**	**3.1%**	**8,755**	**3,5%**
Share of renewables in total fuel consumption (%)[1]	0.4%		0.2%		0.1%	
Electricity, heating, cooling and steam purchased for consumption (MWh)						
Electricity	248,341	93.4%	231,481	91.9%	225,699	90.4%
District heating	2,789	1.0%	2,420	1.0%	5,824	2.3%
District cooling	7,500	2.8%	9,844	3.9%	8,984	3.6%
Total electricity, heating, cooling and steam	**258,630**	**97.2%**	**243,745**	**96.8%**	**240,507**	**96.3%**
Total energy consumption	**265,981**	**100%**	**251,829**	**100%**	**249,704**	**100%**

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

While the consumption of district heating, natural gas and petrol has increased, all markets used 100% renewable electricity during 2022, resulting in a total increase in the percentage of green energy. Fuel from E85 in cars decreased to zero, due to the leased car in Sweden using that fuel in 2021 no longer being in use. Energy consumption from private cars is on a similar level as in 2021. The energy consumption from leased cars has increased significantly for electric fuel, and decreased significantly for diesel. Although fuel from cars represent only 2.5% of the total energy consumption, the impact from cars make up 75% of Tele2's total scope 1 and 2 emissions and primarily comes from petrol and diesel consumption. To reduce these emissions, Tele2 can further transition to electric cars or increase the share of cars operated on E85, gas or other biofuels.

Note S8 cont.

Share of green energy and electricity

	2022	2021
Percentage of green energy total	95.86%	94.87%
Percentage of green electricity total	100%	100%

Energy and emissions intensity per RGU

	2022	2021
Energy consumed per RGU[1] (Excl. fuel) kWh	30.78	29.15
Emissions (Scope 1 and 2) emitted per RGU[1] kg CO_2-eq	0.25	0.31

[1] Revenue Generating Unit

Reduction of energy consumption

In 2022, Tele2 has engaged in several initiatives to reduce the energy consumption of its operations. With increasing demand for data from customers, activities to increase energy efficiency are mainly targeted towards Tele2's networks.

In Estonia, eNodeB power saving features have been activated in Tele2's modernized base stations, switching off the cell's power amplifier during unused orthogonal frequency-division multiplexing (OFDM). This function is estimated to reduce energy consumption in modernized base stations, which can be calculated once more consumption data is available. Additionally, solar panels and wind turbines have been installed in 2022 at a pilot site in Estonia to generate off-grid energy combined with current energy from the grid. Between Q2 and Q4 in 2022, generated off-grid energy was measured at 1,843 kWh.

Following an energy audit conducted in Latvia in 2021, Tele2 continues to implement identified measures to improve energy efficiency. In 2022, Tele2 Latvia have continued to replace cooling equipment with free cooling solutions and installed solar panels in selected base stations.

In Lithuania, there have been several initiatives to reduce energy consumption from Radio Access Network (RAN) in both 4G and 5G networks, by implementing functions for reduced site capacity and switching off hardware during low traffic or when no traffic is transmitted. These functions are expected to result in reductions of energy consumption of around 1,275,000 kWh between the years 2022 - 2024 in total.

In Sweden, Tele2 has initiated parameter optimization in the N4M network, with potential energy savings of 4.25 GWh per year for Tele2's share throughout the network. Additional initiatives include hard shutoffs and removal of legacy equipment following the Remote-Phy rollout, with estimated energy reductions of around 300,000 kWh per year. Furthermore, Tele2 has provided network data to test AI assisted energy saving algorithms for deep sleep functionality in 5G base stations in the Tele2-led research project AI4Green. Results show substantial potential energy savings, and several energy efficiency initiatives are currently being evaluated as a result of the project. Additionally, Tele2 continually modernizes the fixed network by replacing and upgrading technical equipment to more energy efficient alternatives.

NOTE S9 GHG AND OTHER EMISSIONS

Topic description and materiality

Greenhouse gases and other emissions are identified as material aspects in light of climate change being a global challenge. The information and communication technology industry contributes to this global challenge, but can also contribute to solving problems and promote mitigation, through offering sustainable innovation based on connectivity.

Management and governance

Tele2 has developed a climate strategy with both short and long term actions to mitigate greenhouse gas (GHG) emissions in Tele2's own operations and value chain. Additionally, climate change risks are integrated in Tele2's strategic risk management process, where a member of the Group Leadership Team (GLT) is assigned responsibility for identifying actions to mitigate the risks and to monitor and report any development to the rest of the GLT. More information can be found under Enterprise Risk Management in the Annual and Sustainability Report.

Results and progress

Total direct and indirect emissions (Scope 1, 2 and 3)

Emissions (Tons CO_2-eq)	2022 Total	2022 Share of total GHG emissions (market-based)	2021 Total	2021 Share of total GHG emissions (market-based)	2019 Total	2019 Share of total GHG emissions (market-based)
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions (tCO2eq)	1,915	1.0%	2,450	1.1%	3,312	1.3%
Scope 2 GHG emissions						
Gross location-based Scope 2 GHG emissions (tCO2eq)	45,414	-	44,600	-	56,597	-
Gross market-based Scope 2 GHG emissions (tCO2eq)	159	0.1%	148	0.1%	39,946	15.7%
Scope 3 GHG emissions						
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	188,112	98.9%	214,711	98.8%	211,099	83.0%
Purchased good and services	91,622	48.2%	121,060	55.7%	119,866	47.1%
Capital goods	57,397	30.2%	55,536	25.6%	47,995	18.9%
Fuel and energy related activities	3,059	1.6%	3,033	1.4%	6,120	2.4%
Upstream and downstream transportation and distribution	2,135	1.1%	1,374	0.6%	1,867	0.7%
Waste generated in operations	12	0.0%	8	0.0%	6	0.0%
Business travel	1,082	0.6%	302	0.1%	2,546	1.0%
Employee commuting	1,575	0.8%	1,444	0.7%	3,443	1.4%
Use of goods sold	30,800	16.2%	31,377	14.4%	28,637	11.3%
End-of-life treatment of sold products	430	0.2%	579	0.3%	619	0.2%
Total GHG emissions						
Total GHG emissions (location-based) (tCO2eq)	235,441	-	261,761	-	271,008	-
Total GHG emissions (market-based) (tCO2eq)	190,186	100%	217,307	100%	254,357	100%

Direct and indirect emissions Scope 1 and 2

For 2022, Tele2's operations included the markets in Sweden, Estonia, Latvia, and Lithuania, referred to in this report as continuing operations. All operations in Croatia and Germany were divested in 2020 and are therefore not part of the 2022 emissions or the 2021 and 2019 emissions when referring to continuing operations. The total emissions in scopes 1 and 2 for Tele2 in 2022 were 2.074 tonnes CO_2-eq which is a decrease of 95% compared to 2019 (43,258 tonnes CO_2-eq). When looking at the scope 1 and 2 emissions using the location-based method, the emissions are 47,329 tonnes CO_2-eq in 2022, compared to 46,898 tonnes CO_2-eq in 2021, an increase of 0.9% for the continuing operations. During the last few years, Tele2's scope 1 and 2 emissions have decreased greatly due to increased sourcing of renewable electricity with Guarantees of Origin certificates. In 2022, Tele2 continued its sourcing of 100% renewable electricity which means that the emissions from purchased electricity using the market-based method are zero, i.e., the same as in 2021. Since Tele2 started sourcing 100% renewable electricity, the climate impact from cars is the largest source of emissions in Tele2's scopes 1 and 2. The impact from cars corresponds to 81% of Tele2's total scope 1 and 2 emissions and primarily comes from petrol and diesel consumption. Emissions from diesel consumption in cars stand for 44% of total scope 1 and 2 emissions while petrol cars represent 36%. The emissions from cars have decreased by 18% since 2021. This is a result of using less diesel and increasing the number of electric cars. However, the use of petrol has increased since 2021. To reduce these emissions, Tele2 can further transition to electric cars and increase the share of cars operated on E85, biogas or other biofuels. In 2022, Tele2 has maintained more than 90% emission reductions in scope 1 and 2 compared to the 2019 base year, and is on path for its science based target of 100% reduced emissions by 2029.

Indirect emissions Scope 3

Scope 3 emissions increased in the Transportation and distribution category, mainly owing to improved data quality. Emissions from Purchased goods and services decreased in part due to improved data quality and purchasing variations between the years. Capital goods is a new category for this year's Scope 3 reporting, and emissions previously reported under Purchased goods and services is now in part separated for emissions related to capital goods. In Business travel and Employee commuting there are also increases, mainly associated with increased travel after the Covid-19 pandemic. Compared to the base year (2019) Tele2's scope 3 emissions have decreased by 10.9%.

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

The emissions of direct and indirect GHG emissions in Scope 1, 2 and 3 (market-based) totaled to 190,186 tonnes CO_2-eq.

The total GHG intensity in 2022 was: 6.77 tonnes CO_2-eq/ MSEK revenue.

Calculations are based on a total 28,102 MSEK revenue.

Note S9 cont.

Direct and indirect emissions by market (Scope 1 and 2)

Emissions by market (Tons CO_2-eq)	2022				2021				2019			
	Direct	Energy indirect	Total	Share	Direct	Energy indirect	Total	Share	Direct	Energy indirect	Total	Share
Continuing Operations												
Sweden	926	135	1,061	51%	1,550	119	1,669	64%	2,356	467	2,823	6%
Lithuania	410	0	410	20%	371	0	371	14%	235	6,051	6,286	15%
Latvia	357	24	381	18%	332	29	361	14%	432	8,766	9,198	21%
Estonia	222	-	222	11%	197	-	197	8%	289	24,662	24,951	58%
Total continuing operations	**1,915**	**159**	**2,074**	**100%**	**2,450**	**148**	**2,598**	**100%**	**3,312**	**39,946**	**43,258**	**100%**

EU Emission Trading System

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

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

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

	2022	2021
Total scope 1 & 2 GHG emissions (market-based) Tons CO_2-eq	2,074	2,444
Cost per ton, EUR	81	54
Total ETS cost, EUR	168,077	131,119
Change in ETS cost, (%)	28.2%	-40.5%
Rate of renewable energy certificates, EUR/MWh	9.27	1.75

If Tele2 was part of the EU ETS (the European Emission Trading System), their total climate impact in scopes 1 and 2 would mean a cost of 168,077 EUR (market-based) of allowances. Compared to 2019, the annual average cost of allowances has more than tripled (increased by 287%). During this time Tele2 reduced the scope 1 and 2 GHG emissions by -95% (market-based method) in the continuing operations and at the same time divested the operations in the Croatian and German markets. Rate of renewable energy certificates refers to cost in Sweden.

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

	2022	2021
Total scope 1 & 2 GHG emissions (location-based) Tons CO_2-eq	47,329	46,898
Cost per ton, EUR	81	54
Total ETS cost, EUR	3,835,559	2,516,175
Change in ETS cost, (%)	52.4%	158%

As the location-based emissions only increased slightly during this period of time (+0.9%), the overall cost of allowances would instead have increased by 52.4% due to the increased allowance cost per ton CO_2-eq.

Carbon offsetting

To offset Tele2's scope 1 and 2 emissions and emissions from business travel in scope 3 for 2022, Tele2 has purchased credits for 3,156 tons of CO_2-eq.

Tele2 has used 3 types of projects for carbon offsetting: 1) Gold Standard certified projects to provide access to clean water in Kenya to reduce the need to boil water using firewood which causes carbon emissions, and to provide household with small-scale biogas plants to reduce the need for wood-burning stoves which causes carbon emissions (these two projects account for a majority of credits), 2) Biochar from three different projects in Europe, that have either European Biochar Certificate or are Puro Earth certified with an estimated permanence of over 1,000 years, 3) Carbon removal using a Direct Air Capture project, verified according to ISO 14064-2 by DNV, with an estimated permanence of over 1,000 years.

Avoided emissions

Tele2 has conducted an analysis of its impact on avoided emissions of carbon and energy consumption that are enabled through our products and services. Based on the report "The Enablement Effect" published by GSMA and Carbon Trust, both general data and specific Tele2 data were used. The analysis accounts for the annual avoided carbon dioxide equivalent for each included product or service and the energy saved by Tele2 customers through the use of certain products and services. The purpose of calculating the avoided emissions is to assess the contribution of a service/product to the 1.5°C target

Note S9 cont.

from the Paris Agreement. As it is based on scenarios, the results inherently comes with a degree of uncertainty.In the analysis, the solutions listed in GSMA's "The Enablement Effect" report were compared to Tele2's products and services, after which key solutions were identified based on their relevance with regard to their possible enablement effect. The selected key solutions cover the following categories of solutions that Tele2 offers:

Smart buildings:
- HVAC Control (commercial buildings)
- Building Energy Management Systems (electricity commercial & gas commercial)
- Smart meters (electricity residential)

Smart working, living and health:
- Audio conferencing
- Working from home

Smart transport and cities:
- Smart logistics efficient routing and fleet management
- Bike sharing

In total, Tele2 enables the avoidance of around 120,000 tonnes of CO_2 equivalents through the products and services included in the analysis. Compared to Tele2's total gross emissions in scope 1, 2 and 3 in 2022, the avoided emissions represent almost two thirds of the gross emissions across the supply chain. The majority of Tele2's avoided emissions are enabled by audio conferencing and remote working services, as well as electric vehicle connectivity. These three categories represent 92% of the avoided emissions.

The estimated avoided emissions per category are presented in the table below:

Enablement Category	Enablement Sub-Category	Enablement Mechanism	Unit of Measurement	Range of Tele2's avoided emissions (best estimate) ton CO_2e
Smart buildings	Building Energy Management Systems (electricity commercial)	Energy management systems lead to optimized energy and heating demand, resulting in energy savings	Number of connected BEMS systems	2017 – 7212 (4236)
Smart buildings	Building Energy Management Systems (gas commercial)	Energy management systems lead to optimized energy and heating demand, resulting in energy savings	Number of connected BEMS systems	164 – 584 (356)
Smart buildings	HVAC Control (commercial building)	Monitoring and control of HVAC systems, including automatic reaction based on occupancy, leads to a reduction in energy consumption	Number of offices with connected HVAC	3622 – 6180 (4793)
Smart working, living and health	Audio conferencing	Use of smartphones to join conference calls reduces the need for business travel, thus reducing carbon emissions	Audioconferencing minutes	15303 – 132791 (53765)
Smart working, living and health	Working from home	Use of smartphone technology allowing people to work from home, reducing the need for business travel and thus reducing carbon emissions	Home office days	12747 – 168909 (33522)
Smart transports and cities	Smart logistics, efficient routing and fleet management	Better routing and coordination of vehicle fleets, enabled through telematics systems connected via mobile networks in HGVs, results in reduction of total distance travelled, avoiding areas of high congestions, optimizing fuel usage and ultimately reducing emissions	Number of connected HGV/cars/buses	656 – 1200 (917)
Smart energy	Electric vehicle connection	Smart grids enabling connection of electric vehicles, therefore increasing shift from petrol and diesel cars to electric cars	Number of charging points	10712 – 40230 (20 528)

Note S9 cont.

Reduction of GHG emissions

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

In efforts to increase the generation of renewable energy, Tele2 has during 2022 conducted pilots related to solar panels at base stations in Latvia and wind turbines and solar panels in Estonia. Tele2 has also continued its implementation of free-cooling systems, to decrease its dependency on air conditioning systems using refrigerants.

Tele2 has previously identified the category "purchased goods and services" to be the main source of Scope 3 emissions. In 2022, Tele2 has engaged in dialogue with their 21–40 largest suppliers by spend to inform them of Tele2's Science-Based Targets. This is one important initial step towards lowering Scope 3 emissions, where engaging with suppliers will be key to achieve Tele2s long-term targets.

Calculation of emissions Scope 1, 2 and 3

Scope 1:

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

Scope 2:

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

Scope 3:

Purchased goods and services: Where possible Tele2 collected data through supplier surveys from 2019 to 2022. If hardware suppliers could not report emissions for all products purchased by Tele2 the hybrid method was used to fill any data gaps, using average emissions per reported product. New for Tele2's disclosure for 2022 was that surveys were also sent to some of Tele2's largest service suppliers by spend, asking for emissions related to Tele2's activities. Most suppliers reported emissions per product, but some reported material use in their products in which case emission factors from e.g. the ICE database was applied to calculate the product emissions.

Capital goods: This category was added to Tele2's disclosure after review during the SBTi validation process. Calculations follow the same methodology as described in the Purchased goods and services section above since these emissions also relate to purchases from Tele2's suppliers.

Fuel and energy related activities: This category represents the life-cycle emissions from direct fuel use and indirect purchased energy, i.e. production and distribution of fuels and energy that had direct emissions reported in scopes 1 and 2. The same data used in scopes 1 and 2, was used to calculate the emissions in scope 3. The supplier-specific method was used when emission factors were available. If this was not available average-data method was used, e.g. industry averages for fuel production and distribution.

Upstream and downstream transportation and distribution: Emissions data from suppliers representing 99% of the total outbound transports was used to calculate the outbound emissions from Tele2 to customers. It was assumed that the remaining suppliers had the same emission intensity. New for 2022 was that Tele2 collected data from suppliers on their transport emissions from the supplier gate to the Tele2 facility. This was done by asking for actual transport emissions (fuel-based method) or transported weights and distances (distance-based method). Emissions from inbound transports of remaining suppliers were estimated using purchased product volumes together with assumptions on travel distances and travel modes.

Waste generated in operations: Data on waste disposal and transports is based on primary data and EU statistics, and covers consumer and network waste, and waste generated in offices. If the waste is used to produce e.g. district heating or new materials, this should be accounted for in the created product's lifetime and is therefore not included in Tele2's inventory. Note that for waste that goes to landfill the emissions from waste management are included. Emissions from waste transport are also included in this category. The average waste factor from Defra is applied to these calculations as well.

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

Note S9 cont.

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

Upstream leased assets: Since Tele2 applies the operational control approach there are no emissions from upstream leased assets. In previous years Tele2 have reported emissions in this category but based on feedback from SBTi these emissions have now been moved to the Purchased goods and services category. Emissions have been updated accordingly for 2019 and 2021.

Use of sold products and end-of-life treatment of products: Calculations based on the number of RGUs (revenue generating units) per country. Mobile RGUs were assumed to represent smartphones and fixed RGUs were assumed to represent e.g. routers. For use of sold products, The energy use from these devices were then calculated and the resulting emissions were calculated by applying the respective country grid mix emission factor. For end-of-life treatment of sold products, the weight of these devices was estimated in order to calculate the total weight of waste in the EOL treatment process. Emissions from the waste were then calculated using the same emission factors as for the waste generated in operations category. Based on feedback from the SBTi, the end-of-life emissions from the packaging of sold products were added to the calculations this year. The average-data method was applied for these calculations, where the share of waste to recycling, combustion and landfill was estimated based on national statistics. The waste transport emissions are included here too.

Notes on changes and altered calculation methods

Scope 3 emissions:

- Emissions previously reported in the scope 3 category Upstream leased assets have been moved to the scope 3 Purchased goods and services since Tele2 use the operational control approach. This update was done for fiscal year (FY) 2019, FY2021 and FY2022.
- Emissions previously reported in the scope 3 category Purchased goods and services have now partly been moved to the scope 3 category Capital goods as Tele2 capitalizes on e.g. purchased network equipment. This update was done for FY2019, FY2021 and FY2022.
- Emissions from sold product packaging has been added to the calculations. This update was done for FY2019, FY2021 and FY2022. The inclusion of packaging material led to an addition of 15 tonnes CO_2-eq in 2022, 155 tonnes CO_2-eq in 2021 and 165 tonnes CO_2-eq in 2019. Emissions are higher in 2019 as a higher number of products were sold that year compared to 2021. However, emissions from packaging materials are substantially lower in 2022 because of the change in method, as described above.
- For FY2019 and FY2021 it was assumed that all packaging waste was recycled but for FY2022 this was updated based on each country's national statistics on the share of waste going to recycling, combustion and landfill.
- Data from some of Tele2's largest service suppliers were collected on corporate level using surveys for FY2022. Note that collected and analyzed data relates to these suppliers' scope 1 and 2 emissions only. Previously these suppliers' emissions were estimated using a spend-based analysis. This has led to improved data quality and a significant decrease in emissions from these suppliers.
- Emissions from inbound transports were previously estimated using a spend analysis. This year, additional transport data was collected through surveys sent to hardware suppliers.
- All train travel emissions were previously based on an emission factor for Swedish conditions. This year, the Baltic countries are based on an average emission factor for trains in Europe.

Changes in data compared to previous years:

- Estonia previously reported a total of 230 euros spent on trains for FY2021 due to a miscalculation. The correct number is 622 euros for FY2021. This is considered a minor change since FY2021.
- Latvia previously reported 30,149 kWh as district heating due to a miscategorization that has been updated to natural gas for FY2021.
- Refrigerant leakage for shops in Lithuania was estimated for FY2021. In FY2022 actual data for refrigerant leakage was reported for these shops.
- The packaging weight reported in the end-of-life of sold products FY2019 and FY2021 was assumed to equal 30% of the product weight as no data on this was available. For FY2022 data on actual packaging weight was used for the Swedish operations which was extrapolated to the Baltics.

NOTE S10 INFORMATION SECURITY AND PRIVACY

Topic description and materiality

Tele2 has customer and employee privacy and data protection as a high priority. Due to the nature of the services Tele2 provides, it processes personal data.

Management and governance

In order to manage impacts, Tele2 has organizational and technical measures, policies and guidelines, and a governance structure, which all serve to protect its customers' data and meet the requirements of the GDPR in the EU. Tele2 continuously monitors the development of laws and regulations and updates its processes and controls accordingly. Tele2 has a Group Data Privacy Officer, and in all of its markets Tele2 has a dedicated Data Privacy Officer who works on privacy and data protection. A privacy impact assessment has been integrated in its project model. The Group Data Privacy Officer is also the Data Privacy Officer for Sweden. Data privacy processes are similar in all local operations. All Tele2 employees are required to take a data privacy awareness training.

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

Tele2 Sweden is certified according to the Payment Card Industry Data Security Standard (PCI-DSS) and ISO 27001, and conducts annual third-party audits.

Results and progress

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

Information security and privacy incidents reported through Security Incidents Management System

	2022			2021		
	Total number of substantiated complaints received concerning breaches of customer privacy			Total number of substantiated complaints received concerning breaches of customer privacy		
Country	From outside parties and substantiated by Tele2	From regulatory bodies	Breaches of customer privacy discovered by Tele2	From outside parties and substantiated by Tele2	From regulatory bodies	Breaches of customer privacy discovered by Tele2
Sweden	1	–	–	2	–	3
Lithuania	1	–	1	1	–	–
Latvia	–	–	–	–	–	–
Estonia	1	–	8	2	–	10
Total	**3**	**0**	**9**	**5**	**–**	**13**

NOTE S11 STAKEHOLDER ENGAGEMENT AND MATERIALITY

In 2020, Tele2 conducted a materiality analysis following six steps: Trend analysis, Industry analysis, Competitor analysis, Stakeholder dialogue, Impact analysis and Materiality analysis. In 2022, Tele2 reviewed its materiality analysis, and found that no material changes had occurred. Therefore it was not deemed necessary to make any changes to the materiality analysis.

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

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

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

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

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

Identified material topics for Tele2's industry and business

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

Note S11 cont.

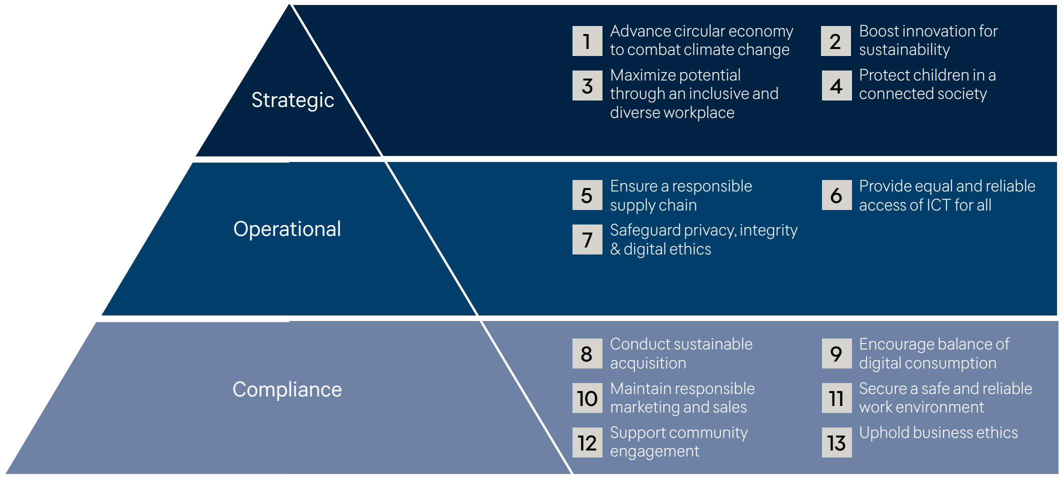
Materiality analysis

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

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

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

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



NOTE S12 CLIMATE-RELATED SCENARIO ANALYSIS, RISKS, AND OPPORTUNITIES

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

Governance

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

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

Strategy

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

Note S12 cont.

Overview of climate-related risks

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

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

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

Overview of climate-related opportunities

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

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

Identified specific climate-related risks

Physical risks	Transition risks
1. Extreme weather and frequent storms	10. Failure to meet investor demands on climate change performance
2. Floodings and flash floods	11. Failure to meet banking criteria for credit and financing
3. Wildfires	12. Increased and/or volatile raw material prices as a result of increased pricing of carbon
4. Cold waves	13. Fossil fuel industry and fossil fuel reliant industries become banned or heavily restricted
5. Heat waves	14. Restrictions and bans on refrigerants used in data centers
6. Decreases in precipitation	15. Increased pricing and/or taxes on greenhouse gas emissions
7. Increases in precipitation	16. Increasing stakeholder demands on corporate climate action
8. Increased mean temperature	17. Unreliable electric grid capacity
9. Sea level rise	18. Disruptive change of user behavior

Physical risks can have a considerable impact on Tele2. However, the mitigation of several physical risks are included in Tele2's operations. Transition risks are unpredictable, however changes in regulation can usually be prepared for in advance. Based on the assessment made of these risks, 18 detailed risks have been evaluated to determine the impact that they could have on Tele2's operations. The 18 risks have been evaluated in terms of their likelihood of occurring and the impact it would have if they occur. This evaluation has been done with the concerned parties in the organization, to ensure the correct assessment of the risks. The conclusions was that risks (1), (12), (13), (15) and (17) have the highest combined potential likelihood and impact of occurring. Identified potential mitigators relate to measures that increase resilience to climate-related risks and a deeper understanding of the implications that transitional changes can have on Tele2's business areas. Tele2 will continue its efforts to quantify these risks during 2023.

Risk management

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

The work with climate risks is at the early stages and Tele2 must increase the capacity and know-how of how to deal with climate risks and what they entail, dispersing climate change knowledge throughout the organization. The risks associated with climate change will only grow bigger with time, and as such, climate risks are listed as one of the risks in Tele2's strategic risk registry on page 27 of the Annual and Sustainability Report 2022. This means that there is a strong effort made by the GLT to discuss, evaluate and mitigate the climate risks.

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

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

Metrics and targets

Tele2 has laid the groundwork for assessing the climate risks and opportunities material to Tele2, considering the kind of impact a risk can have on business. The progress on Scope 1, 2 and 3 GHG emissions can

Note S12 cont.

be found in Note S9. To demonstrate the commitment to fighting climate change, Tele2 has developed Science-based targets, that have been approved by the Science-Based Target initiative:
Tele2 AB commits to reduce absolute scope 1 and 2 GHG emissions 100% by 2029 from a 2019 base year. Tele2 AB commits to reduce scope 3 GHG emissions by 60% per subscription by 2029 from a 2019 base year. Tele2 AB commits to achieve net-zero emissions in its value chain by 2035.

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

Climate scenarios and business resilience

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

RCP2.6:

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

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

RCP8.5:

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

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

NOTE S13 REPORTING ACCORDING TO ARTICLE 8 OF THE EU TAXONOMY REGULATION

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

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

At the time of writing, the EU taxonomy is still under development and the technical screening criteria has only been released for the first two out of the six environmental objectives: Climate change mitigation and Climate change adaptation.

Tele2's taxonomy reporting for 2022 covers one eligible economic activity: Data centers services (8.1), For an activity to be considered taxonomy-aligned, there are three criteria that must be fulfilled; the activity must make a Substantial Contribution to at least one of the six environmental objectives outlined above, it must Do No Significant Harm to the other five areas and the company must have established minimum safeguards in relation to human rights, labor rights, and anti-corruption.

Assessment of compliance with the regulation

The assessment of eligible economic activities was made against the EU Taxonomy Delegated Regulation (EU 2021/2139) related to the objectives adaptation and mitigation of climate change, and the consolidated financial statements for 2022, prepared in accordance with International Financial Reporting Standards and interpretations of the IFRS Interpretations Committee (IFRS IC).

The assessments determine that the majority of Tele2's economic activities are not directly covered in the taxonomy and hence not assessed as eligible. Network services are not currently part of the economic activities defined in the delegated acts for the first two environmental objectives. However, the delegated acts have identified the need to develop such criteria in the future. This year, Tele2 has

Note S13 cont.

not had any material taxonomy-related Capex plans and has not identified any material purchase of taxonomy-aligned products and services.

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

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

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

Data centers services (8.1)

This includes data center services that Tele2 has direct revenue from but does not include Tele2's services that require data centers to function. This is not a core business activity for Tele2. The activity is eligible but not aligned to the technical screening criteria for substantial contribution as the threshold for this activity relies upon usage of cooling liquids, which the Tele2 data centers do not yet support.

Minimum safeguards

Human rights

Tele2's new and strengthened human rights due diligence (HRDD) process was developed during 2022 and is being continuously implemented throughout the company. The responsibility for the HRDD-process will be assigned to Head of Sustainability. The HRDD-process will include taking actions against negative impact on human rights, measure and follow-up on actions, provide remedy where needed, and continuously involve vulnerable groups. Tele2 will communicate its progress in next year's annual report after the first HRDD-cycle has been completed. The HRDD-process is carried out in accordance with the UN Guiding Principles of Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

In 2022, Tele2 carried out a Human Rights Impact Assessment (HRIA) which identified negative human rights impacts through its activities and business relations. For each human rights impact, Tele2 assessed whether the company cause, contribute, or is directly linked to the impact; the severity of the impact; and how the impact should be managed based on company connection. A review of the human rights impact assessment will be carried out annually.

Tele2 has not been found in breach of any of the OECD Guidelines, nor has Tele2 been found non-compliant with the OECD Guidelines by any of the OECD's national contact points. The Business and Human Rights Resource Centre has not accused Tele2 of violating human rights and labor laws.

Taxation

Tax compliance is essential to Tele2, and governance and tax compliance are treated as important elements of oversight. Tele2 strives to comply with tax regulations in every jurisdiction in which it operates and ensures tax compliance through adequate tax risk management processes and strategies. Tele2's tax risk management strategies and processes are described in Tele2's Tax Process Narrative, which is continuously developed to ensure compliance with market developments. Furthermore, Tele2 holds a Tax Policy, approved by the Audit Committee of the Board, that applies to all group companies in which Tele2 has decisive control. Tax risks are managed within Tele2's financial risk management system, which is centralized within the Corporate Affairs Function. Tele2 should always endeavor to seek tax advice from large and reputable accounting or law firms. Neither Tele2, nor its senior management, has been found in violations of tax laws.

Fair competition

Tele2 strongly believes in the necessity for continued competition in telecommunications and content markets. No company should hold a decisive power to act independently from competitors, suppliers, or customers, in any market or submarket, at retail or wholesale level. Tele2's Fair Competition Standards, Anti-corruption policy, Code of Conduct, and Business Partner Code of Conduct stipulates Tele2's commitments to fair competition. To fulfil these commitments, Tele2 promotes employee awareness of the importance of compliance with all applicable competition laws and regulations through the annual Code of Conduct training and invest to make sure that employees, who in their day-to-day work may encounter competitors, are trained to do so in a way that is compatible with relevant laws and regulations. Neither Tele2, nor its senior management, have been convicted in violations of competition laws.

Anti-corruption

Tele2 is committed to conducting its business at the highest ethical levels and therefore has anti-corruption processes in place. Tele2 has developed and adopted adequate internal controls, ethics and compliance programs, and measures for preventing and detecting corruption bribery. Tele2 governs corruption and business ethics through various anti-corruption policy frameworks (e.g., Anti-corruption policy, Code of Conduct, and Business Partner Code of Conduct) and identifies and monitors risks through the enterprise risk management system and supply chain management system. Tele2 trains management and employees on anti-corruption, bribery, and business ethics as part of the annual Code of Conduct training and requires business partners and suppliers to sign the Business Partner Code of Conduct. Furthermore, suppliers are screened for anti-corruption and bribery risk, and high-risk suppliers are followed-up through supplier audits. Tele2, nor its senior management, have been convicted on corruption or bribery.

Note S13 cont.

Accounting policy

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

Contextual information

For the reporting year 2022, zero (0) taxonomy-aligned economic activities have been identified. While the majority of Tele2's business activities are not currently covered in the taxonomy, continued mitigation of GHG emissions and increased energy efficiency are still highly prioritized topics. Read more about Tele2's goals and current climate initiatives on pages 54-55, and 59. Tele2 continuously monitor the development of the EU taxonomy and classification updates.

Turnover				Substantial contribution		Do-no-significant-harm									
	Codes	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of turnover 2022	Category (enabling activity)	Category (transitional activity)
(A) Taxonomy eligible activities		MSEK	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)															
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	-	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%	N/A	N/A
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Data processing, hosting and related activities (8.1)	8.1	104 MSEK	0.4%												
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		104 MSEK	0.4%												
Total (A.1+A.2)		104 MSEK	0.4%												
(B) Taxonomy non-eligible activities															
Turnover of taxonomy-non-eligible activities		27,998 MSEK	99.6%												
Total (A+B)		28,102 MSEK	100%												

Turnover

The denominator for turnover is defined as the total group revenue excluding internal sales, and can be found in Note 3 on page 115 of the Annual and Sustainability Report 2022. The numerator is based on financial and customer data and includes revenue from provided services to customers (data centers services).

Note S13 cont.

CapEx				Substantial contribution		Do-no-significant-harm									
	Codes	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular econ-omy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of turnover 2022	Category (enabling activity)	Category (transitional activity)
(A) Taxonomy eligible activities		MSEK	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)															
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	-	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%	N/A	N/A
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Data processing, hosting and related activities (8.1)	8.1	17 MSEK	0.4%												
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		17 MSEK	0.4%												
Total (A.1+A.2)		17 MSEK	0.4%												
(B) Taxonomy non-eligible activities															
CapEx of taxonomy-non-eligible activities		4,693 MSEK	99.6%												
Total (A+B)		4,711 MSEK	100%												

Capital expenditure (CapEx)

The denominator for Capex is defined as the direct investments related to property assets and includes additions to intangible assets excluding goodwill, tangible assets and rights-of-use before amortization and impairment, and can be found in Note 11, 12 and 13 on pages 121, 123, 124 of the Annual and Sustainability Report 2022. The numerator includes investments related to data centers services.

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Note S13 cont.

OpEx				Substantial contribution		Do-no-significant-harm									
	Codes	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of turnover 2022	Category (enabling activity)	Category (transitional activity)
(A) Taxonomy eligible activities		MSEK	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)															
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	-	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%	N/A	N/A
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Data processing, hosting and related activities (8.1)	8.1	33 MSEK	1.9%												
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		33 MSEK	1.9%												
Total (A.1+A.2)		33 MSEK	1.9%												
(B) Taxonomy non-eligible activities															
OpEx of taxonomy-non-eligible activities		1,712 MSEK	98.1%												
Total (A+B)		1,745 MSEK	100%												

Operating expenditure (OpEx)

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

GRI content index

GRI Standard		Reference	Comment
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	Board of director's report (p. 12), p. 110	Annual and Sustainability Report 2022
2-2	Entities included in the organization's sustainability reporting	Note S1	
2-3	Reporting period, frequency and contact point	Note S1, p. 161, Tele2.com	Financial calendar on Tele2.com
2-4	Restatements of information	Sustainability information (p. 62–79)	Included in each respective material topic results
2-5	External assurance	Note S1. p. 93	
Activities and workers			
2-6	Activities, value chain and other business relationships	Board of director's report (p. 12), Note S1, Note S5	
2-7	Employees	Note S3	
2-8	Workers who are not employees	Note S3	
Governance			
2-9	Governance structure and composition	Corporate governance report, Board of directors, Our approach to sustainability	
2-10	Nomination and selection of the highest governance body	Corporate governance report (p. 31)	
2-11	Chair of the highest governance body	Board of directors report (p. 12)	
2-12	Role of the highest governance body in overseeing the management of impacts	Our approach to sustainability, Note S12	
2-13	Delegation of responsibility for managing impacts	Our approach to sustainability, Note S12	
2-14	Role of the highest governance body in sustainability reporting	Note S1	
2-15	Conflicts of interest	Corporate governance report (p. 32)	The Board
2-16	Communication of critical concerns	Corporate governance report (p. 35), Note S2	
2-17	Collective knowledge of the highest governance body	Our approach to sustainability	
2-18	Evaluation of the performance of the highest governance body	Corporate governance report (p. 32)	The Board
2-19	Remuneration policies	Note 31	
2-20	Process to determine remuneration	Note 31	
2-21	Annual total compensation ratio	Remuneration report (p. 45)	
Strategy, policies and practices			
2-22	Statements on sustainable development strategy	CEO Letter	
2-23	Policy commitments	Note S2	
2-24	Embedding policy commitments	Note S2	
2-25	Process to remediate negative impacts	Note S2	
2-26	Mechanisms for seeking advice and raising concerns	Note S2	
2-27	Compliance with laws and regulations	Note S2	
2-28	Membership associations	Partnerships and industry collaborations	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Note S11	
2-30	Collective bargaining agreements	Note S3	
GRI 3: Material Topics 2021			
Disclosures on material topics			
3-1	Process to determine material topics	Note S11	
3-2	List of material topics	Note S11	
3-3	Management of material topics	Sustainability information (p. 62–79)	Included in each respective material topic

GRI Standard		Reference	Comment
SPECIFIC DISCLOSURES - GRI 200: Economic			
GRI 201: Economic performance 2016			
201-1	Direct economic value generated and distributed	Board of director's report (p. 12)	Tele2 does not track data for taxes paid on a country-by-country level
GRI 205: Anti-corruption 2016			
205-3	Confirmed incidents of corruption and actions taken	Note S2	
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Note S2	
SPECIFIC DISCLOSURES - 300: Environmental			
GRI 301: Materials 2016			
301-3	Reclaimed products and their packaging materials	Note S7	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	Note S8	
302-3	Energy intensity	Note S8	
302-4	Reduction of energy consumption	Note S8	
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Note S7	
303-2	Management of water discharge-related impacts	Note S7	
303-5	Water consumption	Note S7	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Note S9	
305-2	Indirect (Scope 2) GHG emissions	Note S9	
305-3	Other indirect (Scope 3) GHG emissions	Note S9	
305-4	GHG emissions intensity	Note S9	
305-5	Reduction of GHG emissions	Note S9	

GRI Standard		Reference	Comment
GRI 306: Waste 2020			
306-3	Waste generated	Note S7	
306-4	Waste diverted from disposal	Note S7	
306-5	Waste directed to disposal	Note S7	
GRI 308: Supplier environmental assessment 2016			
308-1	New suppliers that were screened using environmental criteria	Note S5	
308-2	Negative environmental impacts in the supply chain and actions taken	Note S5	
SPECIFIC DISCLOSURES - 400: Social			
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Note S3	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Note S4	
403-2	Hazard identification, risk assessment, and incident investigation	Note S4	
403-3	Occupational health services	Note S4	
403-4	Worker participation, consultation, and communication on occupational health and safety	Note S4	
403-5	Worker training on occupational health and safety	Note S4	
403-6	Promotion of worker health	Note S4	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Note S4	
403-8	Workers covered by an occupational health and safety management system	Note S4	
403-9	Work-related injuries	Note S4	

GRI Standard		Reference	Comment
GRI 404: Training and education 2016			
404-1	Average hours of training per year per employee	Note S3	Omission of gender distribution and employee category, data not available
404-2	Programs for upgrading employee skills and transition assistance programs	Note S3	
GRI 405: Diversity and equal opportunity 2016			
405-1	Diversity of governance bodies and employees	Note S3, Note 31	
GRI 406 Incidents and discrimination and corrective actions taken 2016			
406-1	Incidents of discrimination and corrective actions taken	Note S3	
GRI 407: Freedom of association and collective bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Note S6	
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Note S6	
GRI 409: Forced and compulsory labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Note S6	

GRI Standard		Reference	Comment
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Note S5	
414-2	Negative social impacts in the supply chain and actions taken	Note S5	
GRI 416: Customer Health and Safety 2016			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Note S2	
GRI 417: Marketing and labeling 2016			
417-3	Incidents of non-compliance concerning marketing communications	Note S2	
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Note S10	

SASB index

Accounting Metrics	References	
Environmental Footprint of Operations		
(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	(1) Annual Report Note S8 (2) Annual Report Note S8 (3) Annual Report Note S8	265,981 MWh 100% 95.9%
Data privacy		
Description of policies and practices relating to behavioral advertising and customer privacy	Annual Report Note S2, Note S10 *Web: Privacy and Integrity* Tele2 customers have access to more detailed information from the Tele2 business they are a subscriber with, for example the local privacy policy.	
Number of customers whose information is used for secondary purposes	Tele2 complies with the General Data Protection Regulation (GDPR). Thus, personal data is collected based on legitimate interest, or a contract is in some cases used for secondary purposes, but only after establishing that the new purpose is compatible with the original purpose.	
Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Annual Report Note S10 In 2022, no significant fines have been reported as a result of legal proceedings associated with privacy.	
(1) Number of law enforcement requests for customer information, (2) number of customers whose information was requested, (3) percentage resulting in disclosure	Not disclosed due to legal confidentiality requirements. This is only disclosed in accordance with national and EU legal requirements.	
Data Security		
(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of customers affected	(1) Annual Report Note S10 Only data breaches involving PII are disclosed (2) Annual Report Note S10 100% of disclosed data breaches as per (1). No sensitive data according to GDPR is processed. (3) Measured and reported to supervisory authorities, but not publicly disclosed by Tele2.	
Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Annual Report "Enterprise Risk Management" Annual Report Note S10	
Product End- of life Management		
(1) Materials recovered through take back programs (2) Percentage of recovered materials that were - reused - recycled - landfilled	(1) Not disclosed (2) Note S7 - 80 % reused - 20 % recycled - 0 % landfilled	

Accounting Metrics	References
Competitive Behavior & Open Internet	
Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	In 2022, no significant fines have been reported as a result of legal proceedings associated with anticompetitive behavior regulations.
Average actual sustained download speed of (1) owned and commercially associated content (2) non-associated content	Download speed mobile: > 30 Mbit/s Download speed fixed: 260 Mbit/s For Tele2, there is no difference between (1) and (2).
Description of risks and opportunities associated with net neutrality, paid peering, zero rating, and related practices	Annual Report "Enterprise Risk management" Web: Privacy and Integrity All network traffic is treated equally, no difference between Tele2 or third-party. Peering settlement is free within Tele2.
Managing Systemic Risks from Technology Disruptions	
(1) System average interruption frequency (2) Customer average interruption duration	Not disclosed. Tele2 does not currently calculate and report metrics relating to the frequency and duration of system interruptions in the manner specified by the standard.
Discussion of systems to provide unimpeded service during service interruptions	Tele2 continuously discusses systems to provide unimpeded service during service interruptions.
Number of Subscribers and Network Traffic	
Number of wireless subscribers	Annual Report p. 18–23
Number of wireline subscribers	Annual Report p. 18–23
Number of broadband subscribers	Annual Report p. 18–23
Network traffic	Mobile: 60 PB/month Fixed: 500 PB/month

Principal Adverse Impacts – Sustainable Finance Disclosure Regulation

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

Principal Adverse Impacts – Mandatory indicators

Adverse sustainability impact and indicator	Reference
GHG emissions	
Scope 1 emissions (tonnes CO_2-eq)	Note S9
Scope 2 emissions (tonnes CO_2-eq)	Note S9
Scope 3 emissions (tonnes CO_2-eq)	Note S9
Total GHG emissions (tonnes CO_2-eq)	Note S9
Carbon Footprint	
Carbon footprint (investors)	N/A
GHG Intensity	
GHG intensity (Scope 1+2+3)/(€M revenue)	Note S9
Exposure to companies active in the fossil fuel sector	
Active in the fossil fuel sector	No
Share of non-renewable energy consumption and production	
Share of non-renewable energy consumption and non-renewable energy production (%)	Note S8, Energy production data unavailable
Energy consumption intensity per high impact climate sector	
Energy consumption in GWh per million EUR of revenue, per high impact climate sector	N/A
Activities negatively affecting biodiversitysensitive areas	
Company has sites/operations located or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas	Yes
Emission to water	
Tonnes of emissions to water	Data unavailable
Hazardous waste ratio	
Tonnes of hazardous waste generated	Note S7
Radioactive waste ratio	N/A

Adverse sustainability impact and indicator	Reference
Violation of UN Global Compact & OECD Guidelines for Multinational Enterprises	
Involvement in violation of the UNGC principles or OECD Guidelines for Multinational Enterprises	No
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and Guidelines for Multinational Enterprises	
Company without policy to monitor compliance with UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations	No
Unadjusted gender pay gap	
Average unadjusted gender pay gap	Note S3
Board gender diversity	
Average ratio of female to male board members	Note 31
Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	
Involved in the manufacture or selling of controversial weapons	No

Principal Adverse Impacts – Additional indicators

Adverse sustainability impact and indicator	Reference
Breakdown of energy consumption by type of non-renewable sources of energy sources of energy	
Share of energy from non-renewable sources broken down by each non-renewable energy source	Note S8
Incidents of discrimination	
Number of incidents of discrimination reported in investee companies expressed as a weighted average	Note S3
Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average	Note S3

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

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

Introduction

We have been engaged by the Board of Directors and Executive Management of Tele2 AB (publ) to undertake a limited assurance engagement of the Tele2 Sustainability Report for the year 2022. The Company has defined the scope of the Sustainability Report on page 62 in the Annual and Sustainability Report and the Statutory Sustainability Report on page 63.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 62 in the Sustainability Report, and are part of the Sustainability Reporting Standards published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

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

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

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Tele2 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

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

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

Conclusion

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

A Statutory Sustainability Report has been prepared.

Stockholm, March 30, 2023
Deloitte AB

Didrik Roos
Authorized Public Accountant

Adrian Fintling
Expert Member of FAR

Financial statements

Financial statements – Group

Notes

Financial statements – Parent company

Notes

Consolidated income statement

SEK million	Note	2022	2021
Revenue	3, 4	28,102	26,789
Cost of services provided and equipment sold	5	-16,887	-15,870
Gross profit		**11,215**	**10,919**
Selling expenses	5	-4,228	-4,332
Administrative expenses	5	-2,183	-2,112
Result from shares in associated companies and joint ventures	15	1,672	221
Other operating income	6	283	221
Other operating expenses	7	-163	-130
Operating profit		**6,596**	**4,787**
Interest income	8	33	18
Interest expenses	9	-611	-458
Other financial items		-111	-40
Profit after financial items		**5,907**	**4,307**
Income tax	10	-694	-347
Net profit, continuing operations		**5,213**	**3,960**
Net profit, discontinued operations	33	361	346
Net profit, total operations	4	**5,574**	**4,306**
Continuing operations			
Attributable to:			
Equity holders of the parent company		5,213	3,960
Net profit, continuing operations		**5,213**	**3,960**
Earnings per share (SEK)	23	7.55	5.74
Earnings per share, after dilution (SEK)	23	7.51	5.71
Total operations			
Attributable to:			
Equity holders of the parent company		5,574	4,306
Net profit, total operations		**5,574**	**4,306**
Earnings per share (SEK)	23	8.07	6.25
Earnings per share, after dilution (SEK)	23	8.03	6.21

Consolidated comprehensive income

Total operations SEK million	Note	2022	2021
NET PROFIT		**5,574**	**4,306**
Components not to be reclassified to net profit			
Pensions, actuarial gains/losses	31	189	116
Pensions, actuarial gains/losses, tax effect	10	-39	-24
Components not to be reclassified to net profit		**150**	**92**
Components that may be reclassified to net profit			
Translation differences in foreign operations		441	96
Translation differences in associated companies	15	-4	134
Translation differences		437	230
Hedge of net investments in foreign operations		-199	-155
Tax effect on above	10	41	32
Hedge of net investments		-158	-123
Exchange rate differences		**278**	**107**
Profit arising on changes in fair value of hedging instruments	2	130	61
Reclassified cumulative profit/loss to income statement	2	-27	-30
Tax effect on cash flow hedges	10	-21	-6
Cash flow hedges		**82**	**25**
Components that may be reclassified to net profit		**360**	**132**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**510**	**224**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,084**	**4,530**
Attributable to:			
Equity holders of the parent company		6,084	4,530
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,084**	**4,530**

Consolidated balance sheet

SEK million	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Goodwill	11	29,905	29,695
Other intangible assets	11	13,835	15,806
Intangible assets		**43,740**	**45,501**
Machinery and technical plant	12	5,958	6,006
Other tangible assets	12	2,262	1,819
Tangible assets		**8,220**	**7,825**
Right-of-use assets	13	5,422	5,408
Shares in associated companies and joint ventures	15	6	7
Other financial assets		957	758
Capitalized contract costs	17	633	505
Deferred tax assets	10	81	164
Non-current assets	4	**59,060**	**60,167**
Inventories	18	**1,254**	**769**
Account receivable	19	1,986	1,796
Other current receivables	20	2,421	1,620
Prepaid expenses and accrued income	21	1,607	1,562
Current receivables		**6,015**	**4,978**
Current investments		156	—
Cash and cash equivalents	22	1,116	880
Current assets		**8,542**	**6,627**
Assets classified as held for sale	14, 33	**54**	**7,458**
TOTAL ASSETS		67,656	74,251

SEK million	Note	Dec 31, 2022	Dec 31, 2021
EQUITY AND LIABILITIES			
Share capital	23	869	866
Other paid-in capital		27,378	27,378
Reserves		211	-149
Retained earnings		-4,775	3,047
Attributable to equity holders of the parent company		**23,683**	**31,142**
Equity		**23,683**	**31,142**
Liabilities to financial institutions and similar liabilities	24	24,080	22,390
Lease liabilities	29	4,289	4,289
Provisions	25	1,286	1,531
Other interest-bearing liabilities	24	193	122
Interest-bearing liabilities		**29,848**	**28,331**
Deferred tax liability	10	3,807	4,120
Non-interest-bearing liabilities		**3,807**	**4,120**
Non-current liabilities		**33,655**	**32,452**
Liabilities to financial institutions and similar liabilities	24	2,550	2,783
Lease liabilities	29	1,172	1,125
Provisions	25	76	80
Other interest-bearing liabilities	24	498	129
Interest-bearing liabilities		**4,296**	**4,116**
Accounts payable	26	2,165	2,007
Current tax liabilities		27	173
Other current liabilities	24	592	616
Accrued expenses and deferred income	26	3,148	3,284
Non-interest-bearing liabilities		**5,931**	**6,080**
Current liabilities		**10,227**	**10,195**
Liabilities directly associated with assets classified as held for sale	14, 33	**91**	**462**
TOTAL EQUITY AND LIABILITIES		67,656	74,251

Consolidated cash flow statement

Total operations SEK million	Note	2022	2021
Operating activities			
Net profit		5,574	4,306
Adjustments for non-cash items in net profit			
- Depreciation/amortization and impairment	5	6,191	5,952
- Result from shares in associated companies and joint ventures	15	-1,671	-221
- Gain/loss on sale of tangible assets		55	41
- Gain/loss on sale of operations		-2	-351
- Incentive program		77	60
- Financial items	30	265	108
- Income tax	30	-597	-219
- Deferred tax expense		-261	-138
Changes in working capital			
- Inventories	18	-469	59
- Accounts receivable		-137	-20
- Other current receivables		-424	-26
- Other financial assets		-261	223
- Capitalized contract costs		-124	-11
- Prepaid expenses and accrued income		-34	-8
- Accounts payable		370	74
- Accrued expenses and deferred income		-200	248
- Other current liabilities		-34	268
- Provisions		-67	-48
Cash flow from operating activities		**8,250**	**10,297**

Total operations SEK million	Note	2022	2021
Investing activities			
Acquisition of intangible assets		-988	-1,407
Acquisition of tangible assets		-2,593	-1,921
Sale of tangible assets		20	1
Acquisition of shares in group companies	14	—	0
Sale of shares in group companies	14	26	302
Sale of shares in associated companies	14	8,956	—
Other minor acquisitions	14	-6	—
Other financial assets, made payments		-156	-1
Cash flow from investing activities		**5,259**	**-3,025**
Financing activities			
Proceeds from credit institutions and similar liabilities	24	5,010	5,202
Repayment of loans from credit institutions and similar liabilities	24	-3,878	-4,851
Amortization of lease liabilities	29	-1,226	-1,185
Proceeds from other interest-bearing lending	24	201	110
Repayment of other interest-bearing lending	24	-115	-331
Dividends paid	23	-13,629	-6,205
Cash flow from financing activities		**-13,638**	**-7,260**
Net change in cash and cash equivalents		**-129**	**12**
Cash and cash equivalents at beginning of the year	22	880	970
Exchange rate differences in cash and cash equivalents	22	366	-102
Cash and cash equivalents at end of the year	22	**1,116**	**880**

Consolidated statements of changes in equity

Total operations SEK million	Note	Dec 31, 2022					
		Attributable to equity holders of the parent company					
		Share capital	Other paid-in capital	Hedge reserve	Translation reserve	Retained earnings	Total equity
Equity at January 1		866	27,378	-301	152	3,047	31,142
Net profit		—	—	—	—	5,574	5,574
Other comprehensive income for the year, net of tax		—	—	-77	437	150	510
Total comprehensive income for the year		**—**	**—**	**-77**	**437**	**5,724**	**6,084**
Other changes in equity							
Share-based payments	31	—	—	—	—	77	77
Share-based payments, tax effect	10, 31	—	—	—	—	10	10
New share issue		3	—	—	—	0	3
Repurchase of own shares		—	—	—	—	-3	-3
Dividends	23	—	—	—	—	-13,629	-13,629
Equity at the end of the year		**869**	**27,378**	**-378**	**589**	**-4,775**	**23,683**

Total operations SEK million	Note	Dec 31, 2021					
		Attributable to equity holders of the parent company					
		Share capital	Other paid-in capital	Hedge reserve	Translation reserve	Retained earnings	Total equity
Equity at January 1		863	27,378	-202	-78	4,791	32,751
Net profit						4,306	4,306
Other comprehensive income for the year, net of tax				-99	230	92	224
Total comprehensive income for the year				**-99**	**230**	**4,399**	**4,530**
Other changes in equity							
Share-based payments	31					60	60
Share-based payments, tax effect	10, 31					7	7
New share issue		3	—	—	—	—	3
Repurchase of own shares						-3	-3
Dividends	23					-6,205	-6,205
Equity at end of the year		**866**	**27,378**	**-301**	**152**	**3,047**	**31,142**

Notes

NOTE 1 ACCOUNTING PRINCIPLES AND OTHER INFORMATION

General

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

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

New and revised IFRS applied from January 1, 2022

There are no new or revised standards and interpretations adopted as of January 1, 2022 that have had a material impact on the Tele2's financial statements.

New and revised IFRS not yet adopted

There are no new or revised standards and interpretations that will have a significant impact on Tele2's financial statements in 2023. No newly issued IFRS or interpretations have been adopted in advance.

Consolidation

Subsidiaries

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

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

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

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

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

Joint arrangements

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

Note 1 cont.

transactions with joint operations are eliminated in the consolidated financial statements. For Tele2, joint operations consist of jointly owned companies, please refer to section Estimates and judgements.

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

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

Associated companies

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

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

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

Foreign currency

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

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

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

Discontinued operations

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

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

Revenue recognition

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

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

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

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

Note 1 cont.

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

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

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

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

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

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

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

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

Operating expenses

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

Cost of services provided and equipment sold

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

Selling expenses

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

Administrative expenses

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

Other operating income and other operating expenses

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

Note 1 cont.

Employee benefits

Share-based payments

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

The costs for equity-settled payments are based on the fair value of the share rights calculated by an independent party at the date of grant. These payments are reported as employee costs during the vesting period with a corresponding increase in equity. To the extent the vesting conditions in the program are linked to market conditions (TSR), these factors are taken into consideration when determining the fair value of the share rights and is not adjusted for performance. Non-market performance conditions (e.g. operating cashflow) and service conditions (employment period) are taken into account in employee cost during the vesting period by the change in the number of shares that are expected to finally vest.

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

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

Post-employment benefits

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

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

Termination benefits

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

Income tax

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

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

When accounting for deferred taxes, the balance sheet method is applied. The method implies that deferred tax liabilities and assets are recognized for all temporary differences between the carrying amount of an asset or liability and its tax base, as well as other tax-related deductions or deficits. An item which alters the time when an item is taxable or deductible is considered a temporary difference. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

The recognition of deferred tax assets takes into account tax loss carry-forwards and temporary differences where it is probable that losses and temporary differences will be utilized against future

Note 1 cont.

taxable profits. In cases where a company reports losses, an assessment is made of whether there is any convincing evidence that there will be sufficient future profits.

Valuation and accounting of deferred taxes in connection with business combinations is made as part of the measurement of assets and liabilities at the time of acquisition. In these circumstances, the deferred tax assets are assessed at a value corresponding to what the Group expects to utilize. Temporary differences are not taken into account for group goodwill or for any difference arising from the initial recognition of non-business combination assets and liabilities which at the time of the transaction do not affect neither recognized or taxable profit or loss. Furthermore, temporary differences attributable to shares in subsidiaries and associates that are not expected to be reversed in the foreseeable future are also not taken into account. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realized or settled.

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

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

Non-current assets

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

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

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

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

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

Intangible assets

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

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

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

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

Existing trademarks have previously been reassessed to have a definite useful life and are reported at book value at the date of reassessment less accumulated amortization.

Note 1 cont.

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

Tele2 capitalizes direct development expenses for software which are specific to its operations if the recognition criteria are fulfilled. The capitalized development expenses that are not yet finalized are subject to at least annually impairment testing. The expenses are amortized over the utilization period, which begins when the asset is ready for use. Expenses relating to the planning phase of the projects as well as expenses of maintenance and training are expensed as incurred. Other expenses relating to development work are expensed as they arise, since they do not meet the criteria for being reported as an asset. Tele2 doesn't conduct own research activities.

Tangible assets

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

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

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

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

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

Borrowing costs

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

Leases

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

Tele2 as lessee

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

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

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

Note 1 cont.

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

Tele2 lessor

Leases for which Tele2 is a lessor are classified as finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the economic risks and rewards of ownership of an asset to the lessee. All other leases are classified as operating leases. When Tele2 act as finance lessor the assets in a financial lease contract are reported in the balance sheet as a financial receivable to an amount equal to the net investment in the lease contract corresponding to the discounted net present value applying a market based discount rate and a sales revenue in accordance with the principles for customary sales. The financial income arising from a finance lease is accounted for in accordance with a constant remuneration (fixed interest rate) applying the effective interest method.

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

Dismantling costs

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

Inventories

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

Contract assets and contract liabilities

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

Financial assets and liabilities

Financial assets in the balance sheet include other financial assets, accounts receivable, other current receivables, cash and cash equivalents. Financial liabilities in the balance sheet include liabilities to credit institutions and similar liabilities, lease liabilities (valued according to the section regarding leases above), other interest-bearing liabilities, accounts payable, and other current liabilities. Financial assets and liabilities due for payment more than one year after the end of the reporting period are reported as non-current. Other financial assets and liabilities are reported as current.

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

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

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

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

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

Measurement of the fair value of financial instruments

Various measurement methods are used to estimate the fair value of financial instruments not traded on an active market. When determining the fair value of interest swaps and currency derivatives official

Note 1 cont.

market listings are used as input in calculations of discounted cash flows. The fair value of loan liabilities is measured using generally accepted methods, such as discounting expected future cash flows at prevailing interest rates.

Calculation of amortized cost of financial instruments

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

Offsetting financial assets and liabilities

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

Financial assets

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

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

To measure the expected credit losses, accounts receivable and receivable from sold equipment have been grouped by credit risk characteristics and past due status. Tele2 has chosen to report the expected credit losses based on customer type since the risk is considered to be diverse. Business customers are defined as customer that uses Tele2's services primarily for business purposes, including public sector and non-profit organizations. A consumer is a customer who is not defined as a business customer.

The expected credit losses are based on customers' payment history during a period of between 6 to 24 months together with the historical credit losses during the same period. The historical losses are adjusted to reflect macroeconomic and forward-looking information that can affect the customers' ability to pay, such as changed market expectations and the ability to sell outstanding account receivables. Tele2 has identified and made specific reservations for customers whose ability to pay are considered to be differentiated from other receivables. Account receivables and receivable from sold equipment are written off when a payment no longer is considered to be likely. An indication is that the payment is more than 90 days overdue. Any impairment loss is reported as an operating expense.

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

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

Financial liabilities

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

Derivatives and hedge accounting

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

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

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

Note 1 cont.

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

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

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

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

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

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

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

Receivables and liabilities in foreign currency

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

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

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

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

Capitalized contract costs

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

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

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

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

Equity

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

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

Note 1 cont.

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

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

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

Number of shares and earnings per share

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

Provisions

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

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

Contingent liabilities

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

Segment reporting

Segment

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

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

Services

Services that are offered within the segments are mobile telephony, digital-TV, fixed broadband, fixed telephony and DSL, business solutions and other operations.

The mobile service comprises various types of subscriptions for residential and business customers as well as prepaid cards. Mobile also includes mobile broadband, fixed telephony via mobile network (FVM), IoT (internet-of-things), and mobile carrier. Tele2 either owns the networks or rents them from other operators a set-up called MVNO.

Digital TV includes digital TV delivered via fixed infrastructure, digital terrestrial television and OTT services.

Fixed broadband includes any fixed Internet service for end-customer that is not xDSL-based (copper telephone cables) for the "last mile" connection. For Tele2 this mostly means either Vertical Fibre Coax, Fibre-to-the-Home (FTTH), or Fibre-to-the-Building (FTTB). Connection to customer can be direct access, local-loop unbundling (if not xDSL), or Open network (where Tele2 is Communication service provider).

Landlord as well as communication provider services are also offered as an integrated part of the fixed consumer operation.

Fixed telephony and DSL include resold products within fixed telephony and xDSL-based subscriber services via copper telephone cables and internet via dial-up modem.

Business solutions consists of services to business customers that are complex, and custom made, such as managed hardware, hosting, PBX services, consultancy and business LAN networks.

Note 1 cont.

Estimates and judgement of accounting principles

As part of preparing the consolidated financial statements management is required to make certain estimates and judgments. The estimates and judgments are based on historical experience and a number of other assumptions aimed at providing a decision regarding the value of the assets or liabilities which cannot be determined in any other way. The actual outcome may vary from these estimates and judgments.

The most crucial assessments and estimates used in preparing the Group's consolidated financial statements see below.

Climate related - risks and opportunities

Tele2 works proactively to mitigate the risks associated with climate change. The company assesses that there are no material effects on the company's balance sheet as per December 31, 2022. For more information on the long term implications, see S12 in sustainability report.

Goodwill – level for goodwill impairment testing

Goodwill arising from business combinations is allocated to the cash-generating units which are expected to receive future economic benefits, in the form of synergies, for example, from the acquired operation. If separate cash-generating units cannot be identified, goodwill is allocated to the lowest level at which the operation and its assets are monitored for internal management purposes, which is the operating segment.

Impairment test goodwill

When estimating the recoverable amount of cash generating units for goodwill impairment purposes, the Group makes assumptions regarding future events and key parameters. The assumptions made and sensitivity analyses are disclosed in Note 11. These kinds of assessments, by nature, include some uncertainty related to projected growth rates, profit margins, investment levels and discount rates. Should the actual outcome for a specific period differ from the expected outcome, the expected future cash flows may need to be reconsidered, which could lead to a write-down.

Joint arrangements

Tele2 is part of two joint arrangements in Sweden. The arrangements concern mobile networks that are classified as joint operations and consists of Svenska UMTS-nät AB (together with Telia Company) and Net4Mobility HB (together with Telenor) in Sweden. Tele2 has chosen to classify these joint arrangements as joint operations as Tele2 considered that, through the agreements between the parties, they have the rights to the assets and obligations for the liabilities as well as corresponding revenues and expenses related to each arrangement. As basis for the classification, additional decisive factors are that the parties in each arrangement have the rights to substantially all of the economic benefits from the assets in each operation and that the jointly owned companies are dependent on its owners for settling its liabilities on a continuous basis.

Revenue recognition

Revenue recognition in Tele2 requires management to make judgments and estimates in a number of cases, mainly to determine fair values and the period in which the revenue should be recognized. Many agreements bundle products and services into one customer offering which for accounting purposes requires allocating revenue to each part based on its relative fair value using accounting estimates. Determining whether revenues should be recognized immediately or be deferred require management to make judgments as to when the services and equipment have been provided, the fair value of each part as well as estimates regarding the remaining contract period. Please refer to Note 16 and 20 concerning receivables for sold equipment and Note 21 for other accrued revenues.

Valuation of acquired intangible assets

When acquiring businesses, intangible assets are measured at fair value. If there is an active market for the acquired assets, the fair value is measured based on the prices on this market. Since there are often no active markets for these assets, valuation models have been developed to estimate the fair value. Examples of valuation models are discounted cash flows models and estimates of Tele2's historical costs of acquiring equivalent assets. Please refer to Note 14 for acquisitions.

Valuation of non-current assets with a finite useful life

If the recoverable amount falls below the book value, an impairment loss is recognized. At each balance sheet date, a number of factors are analyzed in order to assess whether there is any indication of impairment. If such indication exists, an impairment test is prepared based on management's estimate of future cash flows including the applied discount rate. Please refer to Note 11 and Note 12.

Useful lives of non-current assets

When determining the useful life of groups of assets, historical experience and assumptions about future technical development are taken into account. Depreciation rates are based on the acquisition value of the non-current assets and the estimated utilization period less the estimated residual value at the end of the utilization period. If technology develops faster than expected or competition, regulatory or market conditions develop differently than expected, the Group's evaluation of utilization periods and residual values will be influenced.

Note 1 cont.

Leases

The main judgements for leases concerns determination of whether a contract (or part of a contract) contains a lease, the lease terms and the discount rate. Regarding the lease terms, a majority of the lease contracts in Tele2 includes options either to extend or to terminate the contract. When determining the lease term, Tele2 considers all relevant facts and circumstances that creates an economic incentive to exercise an extension option, or not to exercise a termination option. Economic incentive includes for example strategic plans, assessment of future technology changes, original capital invested and consideration of cost of finding and moving to a new location, any consideration of penalties Tele2 may be charged to terminate the contract and past practice regarding the period over which Tele2 has typically used particular types of assets (whether leased or owned), and economic reasons for doing so. The discount rate is determined on the basis of an estimate of the incremental borrowing rate for the current lease period and the currency. Please refer to Note 29.

Valuation of deferred income tax receivables and uncertain tax positions

Recognition of deferred income tax takes into consideration temporary differences and unutilized loss carryforwards. Deferred tax assets are reported for deductible temporary differences and loss carryforwards only to the extent that it is considered probable that they can be utilized to offset future taxable profits. Management updates its assessments on items related to deferred income taxes and uncertain tax positions at regular intervals. The valuation of deferred tax assets is based on expectations of future results and market conditions, which are naturally subjective. The actual outcome may differ from the assessments, partly as a result of future changes in business circumstances, which were not known at the time of the assessments, changes in tax laws or interpretations or the result of the taxation authorities' or courts' final examination of submitted tax returns. Please refer to Note 10.

Provisions for disputes and damages

Tele2 is party to a number of disputes. For each separate dispute, an assessment of the most likely outcome is made, and reported in the consolidated financial statements, accordingly, see Note 25 and Note 28.

Valuation of accounts receivable

Accounts receivables are valued on a current basis and reported at amortized cost. Reserves for doubtful accounts are based on lifetime expected credit losses considering information about historical data adjusted for current conditions and forecasts of future events and economic conditions, see Note 19. When the receivable from sold equipment is invoiced, it is reclassified to accounts receivable.

Other information

Tele2 AB (publ), company registration nr 556410-8917, is a limited company, with its registered office in Stockholm, Sweden. The company's registered office (phone +46 8 5620 0060) is at Torshamnsgatan 17 in Kista, P.O. Box 462, 164 94 Kista, Sweden. The annual report was approved by the board of directors for issuance on March 30, 2023. The balance sheet and income statement are subject to adoption by the Annual General Meeting on May 15, 2023.

TELE2

NOTE 2 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Tele2's financing and financial risks are managed under the control and supervision of the Board of Directors. Financial risk management is centralized within the Treasury function. This function is responsible for the various financial risks that the Group is exposed to such as currency risk, interest risk, liquidity risk and credit risk. The aim is to analyze and control the risks as set out under the current policy and guidelines as well as manage the cost of financial risk management. The risks are monitored, managed and reported on a continuous basis.

Tele2's financial assets consist mainly of receivables from end customers, other operators and resellers and cash and cash equivalents. Tele2's financial liabilities consist mainly of loans, bonds, lease liabilities and accounts payables. Classification of financial assets and liabilities including their fair value is presented below.

SEK million	Dec 31, 2022					
	Assets and liabilities at fair value through profit/loss					
	Derivative instruments (level 2)	Other instruments (level 3)	Assets at amortized cost	Financial liabilities at amortized cost	Total reported value	Fair value
Other financial assets	–	1[1]	750	–	751	751
Accounts receivable	–	–	1,986	–	1,986	1,986
Other current receivables	401[3]	–	1,929	–	2,330	2,330
Current investments	–	–	156	–	156	156
Cash and cash equivalents	–	–	1,116	–	1,116	1,116
Assets classified as held for sale	–	54[2]	–	–	54	54
Total financial assets	**401**	**55**	**5,939**	**–**	**6,395**	**6,395**
Liabilities to financial institutions and similar liabilities	–	–	–	26,630	26,630	25,350
Other interest-bearing liabilities	331[3]	–	–	5,821	6,152	6,142
Accounts payable	–	–	–	2,165	2,165	2,165
Other current liabilities	–	–	–	592	592	592
Total financial liabilities	**331**	**–**	**–**	**35,208**	**35,539**	**34,249**

SEK million	Dec 31, 2021					
	Assets and liabilities at fair value through profit/loss					
	Derivative instruments (level 2)	Other instruments (level 3)	Assets at amortized cost	Financial liabilities at amortized cost	Total reported value	Fair value
Other financial assets	–	9[1]	643	–	652	652
Accounts receivable	–	–	1,796	–	1,796	1,796
Other current receivables	275[3]	–	1,357	–	1,631	1,631
Cash and cash equivalents	–	–	880	–	880	880
Assets classified as held for sale	–	92[2]	–	–	92	92
Total financial assets	**275**	**101**	**4,675**	**–**	**5,051**	**5,051**
Liabilities to financial institutions and similar liabilities	–	–	–	25,173	25,173	25,752
Other interest-bearing liabilities	21[3]	–	–	5,643	5,664	5,667
Accounts payable	–	–	–	2,007	2,007	2,007
Other current liabilities	–	–	–	616	616	616
Liabilities directly associated with assets classified as held for sale	–	16	–	–	16	16
Total financial liabilities	**21**	**16**	**–**	**33,438**	**33,476**	**34,058**

For the determination of fair values on financial assets and liabilities the following levels, according to IFRS 13, and inputs have been used:

1) Level 3: measured at fair value through profit/loss, which on initial recognition were designated for this type of measurement. Discounted future cash flow models are used to estimate the fair value.

2) Level 3: assets classified as held for sale is earn out related to the divestment of Tele2 Germany. The fair value was based on discounted future cash flows on the assumptions further described in Note 33.

3) Level 2: observable market data of interest- and foreign exchange rates are used in discounted cash flow models based on contractual cash flows to estimate the fair value of interest-, fair value- and foreign exchange rate derivatives, loans with fixed interest rate and other non-current interest bearing liabilities valued at fair value at initial recognition with subsequent measurement at amortized cost.

Note 2 cont.

Changes in financial assets and liabilities valued at fair value through profit/loss in level 3 is presented below.

SEK million	Dec 31, 2022		Dec 31, 2021	
	Assets	Liabilities	Assets	Liabilities
As of January 1	101	-16	149	-
Earn-out Tele2 Germany[1)]	-37	-	-48	-
Other changes	-8	16	0	-16
As of December 31	55	-	101	-16

1) Reported as discontinued operations, please refer to Note 33.

Since accounts receivables, accounts payables and other current liabilities are short-term, discounting of cash flows does not cause any material differences between the fair value and carrying value.

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

Net gains/losses on financial instruments, including assets and liabilities directly associated with assets classified as held for sale, amounted to SEK 773 (–138) million, of which loan and trade receivables amounted to SEK -121 (–161) million, derivatives to SEK 894 (23) million.

The Group has derivative contracts which are covered by master netting agreements, with the right to set off assets and liabilities with the same party. This is not reflected in the accounting where gross accounting is applied. The value of reported derivatives on December 31, 2022 amounted on the asset side to SEK 401 (275) million, of which 134 (143) million is designated for hedge accounting, and on the liability side to SEK 331 (21) million, of which 331 (-) million is designated for hedge accounting.

Capital structure management

The Tele2 Group's view on capital structure management (equity and net debt) incorporates several inputs, of which the main items are listed below.

The Board of Directors of Tele2 have set the following policies for financial leverage and shareholder remuneration:

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

On a continuous basis, Tele2 will diversify its financing both in terms of maturities and funding sources. A stable financial position is important in order to minimize refinancing risk. The Board of Directors reviews the capital structure annually and as needed.

Currency risk

Currency risk is the risk of changes in exchange rates having a negative impact on the Group's result and equity. Currency exposure is associated with payment flows in foreign currency (transaction exposure) and the translation of foreign subsidiaries' balance sheets and income statements to SEK (translation exposure).

The Group does not generally hedge transaction exposure. Translation exposure related to certain investments in foreign operations is hedged by issuing debt or entering into derivative transactions in the currencies involved if assessed as needed. The hedges of net investments in foreign operations were 100 percentage effective in 2021 and 2022 and hence no ineffectiveness was recognized in the income statement. In the hedge reserve in equity the total amount related to net investment hedges amounts to SEK -484 (-326) million. On December 31, 2022 the Group had outstanding currency derivatives as economic hedges of loans in EUR amounting to EUR 1,184 (1,197) million. The derivatives hedge monetary items thus hedge accounting is not applied. The reported fair value on the derivatives amounted to SEK 265 (85) million net.

After taking into account currency derivatives, the borrowings in SEK million are carried in the following currencies (equivalent SEK amounts).

SEK million	Dec 31, 2022	Dec 31, 2021
SEK[1)]	24,331	22,803
EUR[1)]	2,299	2,370
Total loans	26,630	25,173

1) Including adjustment for currency derivatives designated to minimize the exposure EUR to SEK of SEK 13,176 (12,242) million.

Note 2 cont.

The consolidated balance sheet and income statement are affected by a translation exposure when subsidiaries' currencies fluctuate against the Swedish krona. Revenues and operating profit are distributed among the following currencies.

SEK million	Revenue			
	2022		2021	
SEK	22,103	79%	21,513	80%
EUR	5,999	21%	5,277	20%
Total	**28,102**	**100%**	**26,789**	**100%**

SEK million	Operating profit			
	2022		2021	
SEK	4,933	75%	3,480	73%
EUR	1,663	25%	1,307	27%
Total	**6,596**	**100%**	**4,787**	**100%**

A five percent currency fluctuation of the Euro against the Swedish krona would have a translation effect on the Group's revenues and operating profit/loss by +/- SEK 300 (264) million and +/- SEK 83 (65) million, respectively.

Exchange rate differences which arise in operations are reported in the income statement and totals to the following amounts.

SEK million	2022	2021
Other operating income	62	31
Other operating expenses	-80	-34
Other financial items	-94	-34
Total exchange rate difference in income statement	**-112**	**-37**

The Group's total net assets on December 31, 2022 of SEK 23 683 (31,142) million were distributed by currency in SEK million as follows (including loan and currency derivatives).

SEK million	Dec 31, 2022	Dec 31, 2021
SEK	20,676	18,726
EUR[1]	3,007	12,416
Total	**23,683**	**31,142**

[1] Loans denominated in EUR designated for net investment hedging are included by SEK 3,617 (3,324) million.

A five percent currency fluctuation against the Swedish krona would affect the Group's total net assets by SEK 150 (621) million. A strengthening of the SEK towards other currencies would impact net assets negatively.

Interest rate risk

Tele2 is exposed to interest rate risk because the Group borrows at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix of fixed and floating rate borrowings and by the use of interest rate swaps. The risk is monitored and evaluated regularly to align with the interest duration strategy, ensuring the most cost-effective strategy is applied.

Tele2 is exposed to the following interest rate benchmarks within its hedge accounting relationships, which are subject to interest rate benchmark reform: EURIBOR and STIBOR (collectively 'IBORs'). As listed below, the hedged items include issued EUR fixed rate debt and issued SEK floating rate debt. Tele2 closely monitors the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. In response to the announcements, the Group has set up an IBOR transition initiative. The aim of the initiative is to understand where IBOR exposures are within the business and prepare and deliver on an action plan to enable a smooth transition to alternative benchmark rates. The Group aims to finalize its transition and fall back plans by the end of first half of 2023. None of the Group's current EURIBOR and STIBOR linked contracts include adequate and robust fall back provisions for a cessation of the referenced benchmark interest rate. Different working groups in the industry are working on fall back language for different instruments and different IBORs, which Tele2 is monitoring closely and will look to implement when appropriate. For Tele2's derivatives, the International Swaps and Derivatives Association's (ISDA) fall back protocol were made available on October 23, 2020. Tele2 has started discussions with its banks with the aim to implement this language into its ISDA agreements.

Interest bearing financial liabilities exposed to changes in interest rates over the next 12 months (i.e. short fixed interest rates) amounted to SEK 12,216 (10,024) million in carrying value, corresponding to 37 (33) percent of outstanding debt balance at the end of the year. Calculated at variable interest-bearing liabilities on December 31, 2022 and assuming that loans carrying short fixed interest rates were traded per January 1, 2022 to 1 percent higher interest rate and this rate was constant for 12 months, this would result in an additional interest expense for 2022 of SEK 122 (100) million, and affect profit/loss after tax by SEK 97 (79) million and other comprehensive income positively by SEK 30 (42) million in 2022. For additional information please refer to Note 24.

The capital amount of outstanding interest rate derivatives on December 31, 2022 amounts to SEK 1.0 (1.0) billion converting variable interest rate to fixed interest rate and EUR 250 million, equivalent to SEK 2.8 billion, converting fixed rate to floating. The cash flows related to outstanding interest rate derivatives are expected to affect the income statement during the remaining duration of the interest rate swaps. The Group will settle the difference between the fixed and floating interest rate on a net basis.

Outstanding interest rate derivatives for cash flow and fair value hedging are presented below.

Note 2 cont.

Hedging instruments

	Average contracted fixed interest rate %		Notional principal value currency million		Change in fair value for recognising hedge ineffectiveness SEK million		Fair value assets (liabilities) SEK million	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	2022	2021	Dec 31, 2022	Dec 31, 2021
Cash flow hedges (SEK)								
Outstanding interest rate swaps Tele2 receives floating and pays fixed interest								
Within 1 year	—	—	—	—	—	-2	—	—
Within 1 to 2 years	—	—	—	—	—	—	—	—
Within 2 to 5 years	0,21	0,21	1,000	1,000	—	-0	134	32
Summary of cash flow hedges			**1,000**	**1,000**	**—**	**-3**	**134**	**32**
Fair value hedges (EUR)								
Outstanding interest rate swaps Tele2 receives fixed and pays floating interest								
After 5 years	2,13	2,13	250	250	-1	1	-330	111
Summary of fair value hedges			**250**	**250**	**-1**	**1**	**-330**	**111**
Total outstanding interest rate derivatives					**-1**	**-2**	**-196**	**143**

Hedging item

SEK million	Change in value used for calculating hedge ineffectiveness		Balance in cash flow hedge reserve for continuing hedges	
	2022	2021	Dec 31, 2022	Dec 31, 2021
Variable rate borrowings	103	34	134	32
Cash flow hedges (SEK)				
Fixed rate borrowings				
Fair value hedges (EUR)	-441	-105	—	—

Liquidity risk

The Group's excess liquidity is invested on a short-term basis or used for loan repayments. Liquidity reserves consist of available cash, undrawn committed credit facilities and committed overdraft facilities. At the end of 2022, the Group had available liquidity reserves of SEK 9.7 (9.5) billion. For additional information please refer to Note 22.

Tele2 transfers the right for payment of certain operating receivables to financial institutions. During 2022 the right of payment transferred to third parties without recourse or remaining credit exposure for Tele2 corresponded to SEK 2,549 (2,586) million and resulted in a positive effect on cash flow.

A new sustainability linked Revolving Credit Facility of EUR 700 million was signed in December 2022 with a group of eight relationship banks. The Facility has an initial tenor of 5 years and includes two extension options of one year each. The Facility was unutilized on December 31, 2022.

Tele2 AB's EUR 5 billion Euro Medium-Term Note (EMTN) Program forms the basis for Tele2's medium- and long-term debt issuance in both international and domestic bond markets. On December 31, 2022 issued bonds under the Program amounted to SEK 22,475 (21,326) million. For additional information please refer to Note 24.

Undiscounted contractual commitments are presented below. The contractual maturity is based on the earliest date on which the Group may be required to pay.

SEK million	Note	Dec 31, 2022				
		Within 1 year	1–3 years	3–5 years	After 5 years	Total
Financial liabilities[1]	24, 29	7,541	14,046	6,806	9,543	37,936
Commitments, other	28	3,495	2,639	66	—	6,200
Total contractual commitments		**11,036**	**16,685**	**6,872**	**9,543**	**44,136**

SEK million	Note	Dec 31, 2021				
		Within 1 year	1–3 years	3–5 years	After 5 years	Total
Financial liabilities[1]	24, 29	6,994	11,292	5,863	10,977	35,127
Commitments, other	28	1,268	978	90	78	2,414
Total contractual commitments		**8,262**	**12,270**	**5,954**	**11,055**	**37,541**

[1] Including future interest payments. Within 1 year includes derivatives of SEK 331 (22) million.

Note 2 cont.

Credit risk

Tele2's credit risk is mainly associated with accounts receivables, receivables related to sold equipment (handsets), cash and cash equivalents and financial derivatives with a positive mark-to-mark value not included under CSA agreements. The Group regularly assesses its credit risk arising from accounts receivables and receivables related to sold equipment. As the customer base is highly diversified and includes individuals and companies, the exposure and associated overall credit risk is limited. Companies within the Group are entitled to sell overdue receivables to debt collection agencies either as a one-time occasion or on ongoing basis if favourable. The Group makes provisions for expected credit losses, please refer to Note 19.

Maximum credit exposure for accounts receivables amounts to SEK 1,986 (1,796) million and receivables related to sold equipment to SEK 1,790 (1,502) million.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by credible international credit-rating agencies. The Group has entered into ISDA agreements for derivative contracts with all counterpart banks that have derivatives with the Group. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As Tele2 presently does not have legally enforceable right to set off, these amounts have not been offset in the balance sheet. A Credit Support Annex (CSA) has in some cases also been entered into with counterparts. Under CSA agreements the parties agree to exchange collateral corresponding to the market value of outstanding derivatives. Receivables from financial institutions in the form of cash pledged as collateral to reduce credit risk amounted on December 31, 2022 to SEK 156 (-183) million. Maximum credit exposure for liquid funds amounted to SEK 1,116 (880) million and derivatives to SEK 0 (1) million.

NOTE 3 REVENUE

Revenue per segment

SEK million	2022	2021
Sweden	22,112	21,522
Lithuania	3,483	3,028
Latvia	1,713	1,508
Estonia	911	850
Including internal sales	**28,219**	**26,908**
Internal sales, elimination	-116	-119
Total	28,102	26,789

Internal sales

SEK million	2022	2021
Sweden	9	10
Lithuania	61	60
Latvia	37	39
Estonia	9	10
Total	116	119

Revenue by currency is presented in Note 2.

Note 3 cont.

Revenue split per category

Tele2 divides revenue in the following key categories.

SEK million	2022	2021
Sweden Consumer		
End-user service revenue	12,252	12,229
Operator revenue	763	733
Equipment revenue	1,880	1,901
Internal sales	0	1
Total	**14,895**	**14,864**
Sweden Business		
End-user service revenue	3,977	3,836
Operator revenue	100	97
Equipment revenue	2,016	1,664
Internal sales	3	3
Total	**6,096**	**5,600**
Sweden Wholesale		
Operator revenue	1,115	1,052
Internal sales	5	6
Total	**1,121**	**1,058**
Lithuania		
End-user service revenue	2,113	1,779
Operator revenue	205	220
Equipment revenue	1,104	968
Internal sales	61	60
Total	**3,483**	**3,028**
Latvia		
End-user service revenue	1,142	959
Operator revenue	143	166
Equipment revenue	391	344
Internal sales	37	39
Total	**1,713**	**1,508**
Estonia		
End-user service revenue	612	546
Operator revenue	90	99
Equipment revenue	200	194
Internal sales	9	10
Total	**911**	**850**
Internal sales, elimination	-116	-119
CONTINUING OPERATIONS		
End-user service revenue	20,097	19,349
Operator revenue	2,416	2,368
Equipment revenue	5,590	5,072
TOTAL	**28,102**	**26,789**

Unsatisfied long-term outstanding customer contracts

SEK million	Dec 31, 2022	Dec 31, 2021
Outstanding amount of non-cancellable customer contracts that are (partly) unsatisfied	4,306	4,226

As of December 31, 2022, Tele2 had non-cancellable customer contracts with a duration up to 120 (120) months, which resulted in partly unsatisfied performance obligations at year end. 49 (50) percent of the transaction price allocated to the partly unsatisfied contracts as of December 31, 2022 is expected to be recognized as revenue during the year 2023 (2022). 32 (34) percent is expected to be recognized during 2024 (2023) and 19 (16) percent during 2025–2033 (2024–2032).

All usage-based revenue is excluded from this disclosure as that revenue is not fixed in a contract. Tele2 does not include binding revenue with an outstanding contract period of 12 months or less. Since Tele2 does not include all contracts and has primarily cancellable subscriptions, the amount of outstanding unsatisfied performance obligation does not amount to expected revenue for future periods.

NOTE 4 SEGMENT REPORTING

Since the risks in Tele2's operations are mainly linked to the various markets in which the company operates, Tele2 follows up and analyses its business on country level. The segment reporting is in line with the internal reporting to the chief operating decision maker, which is Tele2's Group Leadership Team. For additional information please refer to section Segment reporting in Note 1.

SEK million	2022					
	Sweden	Lithuania	Latvia	Estonia	Undistributed and internal elimination	Total
Income statement						
External	22,103	3,422	1,676	902		28,102
Internal	9	61	37	9	-116	
Revenue	22,112	3,483	1,713	911	-116	28,102
Underlying EBITDAaL	7,890	1,307	668	196		10,060
Reversal lease depreciation and interest	1,137	80	49	70		1,335
Underlying EBITDA	9,026	1,386	717	266		11,395
Acquisition costs						0
Restructuring cost						-198
Disposal of non-current assets						-55
Other items affecting comparability						-41
Items affecting comparability						-294
EBITDA						11,101
Depreciation/amortization						-6,176
Result from shares in associated companies and joint ventures						1,672
Operating profit						6,596
Interest income						33
Interest expense						-611
Other financial items						-111
Income tax						-694
Net profit, continuing operations						5,213
Other information						
Additions to intangible and tangible assets	2,689	295	182	175		3,341
Additions to right-of-use assets	1,217	85	42	26		1,370

SEK million	2021					
	Sweden	Lithuania	Latvia	Estonia	Undistributed and internal elimination	Total
Income statement						
External	21,513	2,968	1,469	840		26,789
Internal	10	60	39	10	-119	
Revenue	21,522	3,028	1,508	850	-119	26,789
Underlying EBITDAaL	7,756	1,112	592	179		9,639
Reversal lease depreciation and interest	1,083	69	45	63		1,260
Underlying EBITDA	8,839	1,181	637	242		10,900
Acquisition costs						-11
Restructuring cost						-251
Disposal of non-current assets						-40
Other items affecting comparability						-80
Items affecting comparability						-382
EBITDA						10,517
Depreciation/amortization						-5,952
Result from shares in associated companies and joint ventures						221
Operating profit						4,787
Interest income						18
Interest expense						-458
Other financial items						-40
Income tax						-347
Net profit, continuing operations						3,960
Other information						
Additions to intangible and tangible assets	3,106	175	127	105		3,513
Additions to right-of-use assets	1,073	134	49	50		1,306

Note 4 cont.

Acquisition costs

Continuing operations SEK million	2022	2021
Network JO's, Baltics	—	-11
Other	—	-0
Acquisition costs[1)]	**0**	**-11**

1) Reported as other operating expenses.

Restructuring costs

Continuing operations SEK million	2022	2021
Redundancy costs	-58	-114
Other employee and consultancy costs	-35	-81
Exit of contracts and other costs	-105	-57
Restructuring costs	**-198**	**-251**
Reported as:		
- Cost of services provided	-36	-46
- Selling expenses	-59	-105
- Administrative expenses	-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	2022	2021
Closure of projects and systems	-12	-42
Network equipment scrapping	-36	—
Other	-7	1
Disposal of non-current assets[2)]	**-55**	**-40**

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

For further information on the recycled translation differences, please refer to Note 6.

Other items affecting comparability

Continuing operations SEK million	2022	2021
Contract termination fees	—	-20
Legal disputes and settlements	-18	-20
Inventory adjustment	-13	-32
Legacy prepaid voucher value adjustment	9	—
Legacy roaming discount reconciliation	-20	—
Other	2	-8
Total	**-41**	**-80**
Reported as:		
- Costs of services provided	-35	-20
- Selling expenses	-17	-40
- Adminstrative expenses	3	-20
- Other Operating Income	9	—

In 2022, other items affecting comparability refer primarily to two one-off items affecting the income statement negatively; a one-off cost for a settlement with one of our suppliers related to disputed network equipment received in 2020 leading to a non-recurring cost of SEK 18 million, and reconciliation of international roaming discounts from 2018 leading to a non-recurring expense of SEK 20 million.

Non-current assets

SEK million	Dec 31, 2022	Dec 31, 2021
Sweden	53,219	54,923
Lithuania	2,375	2,011
Latvia	2,268	2,131
Estonia	1,198	1,101
Total non-current assets	**59,060**	**60,167**

Non-current assets are based on the geographical location of the assets. These assets include non-current assets other than financial instruments, deferred tax assets, and postemployment benefit assets.

NOTE 5 DEPRECIATION/AMORTIZATION AND IMPAIRMENT

SEK million	2022	2021
By function		
Cost of services provided and equipment sold	-4,872	-4,696
Selling expenses	-322	-313
Administrative expenses	-982	-942
Total depreciation/amortization	**-6,176**	**-5,952**
Cost of services provided and equipment sold	0	—
Total impairment	**0**	**—**
Total depreciation/amortization and impairment	**-6,176**	**-5,952**

SEK million	2022	2021
By type of asset		
Amortization of surplus from acquisitions	-1,719	-1,561
Depreciation/amortization of other assets	-3,221	-3,194
Total depreciation/amortization and impairment, intangible and tangible assets	**-4,940**	**-4,755**
Depreciation right-of-use-assets (leases)	-1,236	-1,197
Impairment right-of-use-assets (leases)	0	—
Total depreciation and impairment, right-of-use-assets (leases)	**-1,236**	**-1,197**
Total depreciation/amortization and impairment	**-6,176**	**-5,952**

NOTE 6 OTHER OPERATING INCOME

SEK million	2022	2021
Sale to joint operations	105	70
Recycled translation differences	-0	—
Exchange rate gains from operations	62	31
Sale of non-current assets	0	—
Service level agreements, for sold operations	100	115
Other income	16	5
Total other operating income	**283**	**221**

NOTE 7 OTHER OPERATING EXPENSES

SEK million	2022	2021
Exchange rate loss from operations	-80	-34
Acquisition costs (Note 4)	-0	-11
Sale/scrapping of non-current assets (Note 4)	-55	-41
Service level agreements, for sold operations	-25	-43
Other expenses	-3	-0
Total other operating expenses	**-163**	**-130**

NOTE 8 INTEREST INCOME

SEK million	2022	2021
Interest, penalty interest	12	10
Interest, other receivables	22	8
Total interest income	**33**	**18**

All interest income is for financial assets reported at amortized cost. Interest income related to impaired financial assets, such as accounts receivable, are not significant.

NOTE 9 INTEREST EXPENSES

SEK million	2022	2021
Interest, financial institutions and similar liabilities	-480	-400
Interest, leases (Note 29)	-94	-63
Interest, other interest-bearing liabilities	-24	-1
Interest, penalty interest	-13	6
Total interest costs	**-611**	**-458**

All interest costs refer to financial instruments not valued at fair value through the income statement, except for interest costs related to derivatives amounting to SEK 27 (30) million.

NOTE 10 TAXES

Tax expense/income

SEK million	2022	2021
Current tax expense, on profit/loss current year	-946	-910
Current tax expense/income, on profit prior periods	-9	425
Current tax expense	**-955**	**-485**
Deferred tax expense/income	261	138
Total tax on profit for the year	**-694**	**-347**

Theoretical tax expense

The difference between recorded tax expense for the Group and the tax expense based on weighted prevailing tax rates in each country consists of the below listed components.

SEK million	2022		2021	
Profit before tax	5,907		4,307	
Theoretical tax expense/income				
Theoretic tax according to prevailing tax rate in each country	-1,152	-19,5%	-838	-19,5%
Tax effect of				
Result from associated companies	21	0,4%	56	1,3%
Result from sale of shares	346	5,9%	—	
Adjustment of tax liabilities from previous years	10	0,2%	425	9,9%
Tax relief on investments in capex	94	1,6%	23	0,5%
Other items	-13	-0,2%	-13	-0,3%
Tax expense/income and effective tax rate for the year	**-694**	**-11,8%**	**-347**	**-8,1%**

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items.

SEK million	Dec 31, 2022	Dec 31, 2021
Unutilized loss carry-forwards	19	29
Tangible and intangible assets	53	49
Receivables	17	20
Liabilities	42	43
Pensions	22	70
Total deferred tax assets	**153**	**210**
Netted against deferred liabilities	-72	-47
Total deferred tax assets according to the balance sheet	**81**	**164**
Intangible assets	-2,074	-2,418
Tangible assets	-483	-567
Tax allocation reserve	-1,035	-916
Liabilities	-286	-266
Total deferred tax liabilities	**-3,879**	**-4,167**
Netted against deferred assets	72	47
Total deferred tax liabilities according to the balance sheet	**-3,807**	**-4,120**
Net of deferred tax assets and tax liabilities	**-3,725**	**-3,957**

SEK -2,203 (–2,578) million of the deferred tax liabilities are related to fair value adjustments from acquisitions. The movement in deferred income tax assets and liabilities during the year is as follows.

Note 10 cont.

SEK million	2022			
	Loss carry forwards	Temporary differences DTA	Temporary differences DTL	Total
Deferred tax assets/-liabilities as of January 1	**29**	**135**	**-4,120**	**-3,957**
Netted against deferred liabilities, opening balance	—	47	-47	—
Reported in income statement	-10	-16	287	261
Reported in other comprehensive income	—	-39	20	-19
Reported in equity	—	8	2	10
Exchange rate differences	—	0	-21	-21
Netted against deferred liabilities	—	-72	72	—
Deferred tax assets/-liabilities as of December 31	**19**	**63**	**-3,807**	**-3,725**

SEK million	2021			
	Loss carry forwards	Temporary differences DTA	Temporary differences DTL	Total
Deferred tax assets/-liabilities as of January 1	**38**	**207**	**-4,311**	**-4,066**
Netted against deferred liabilities, opening balance	—	47	-47	—
Reported in income statement	-9	-49	196	138
Reported in other comprehensive income	—	-30	—	-30
Reported in equity	—	7	—	7
Exchange rate differences	—	0	-6	-6
Netted against deferred liabilities	—	-47	47	—
Deferred tax assets/-liabilities as of December 31	**29**	**135**	**-4,120**	**-3,957**

Tax loss carry-forwards

The Group's total tax loss carry-forwards as of December 31, 2022 were SEK 5,037 (4,285) million, for which deferred tax assets of SEK 91 (139) million were recognized and the remaining part, SEK 4,947 (4,146) million, were not recognized. The not recognized part is largely related to our entity in Luxembourg, where no operating activites are performed at present. The tax loss carry-forwards have no expiration dates.

SEK million	Recognized		Not recognized		Total	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
No expiration date	91	139	4,947	4,146	5,037	4,285
Total tax loss carry forwards	**91**	**139**	**4,947**	**4,146**	**5,037**	**4,285**

SEK million	Dec 31, 2022	Dec 31, 2021
Companies reported a profit this year and previous year	81	164
Total deferred tax assets	**81**	**164**

Deferred tax assets were reported for deductible temporary differences and tax loss carry-forwards to the extent convincing evidence showed that these can be utilized against future taxable profits.

Tax disputes

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.

NOTE 11 INTANGIBLE ASSETS

SEK million	Dec 31, 2022						
	Utilization rights, trademarks and software	Licenses including frequencies	Customer agreements	Construction in progress	Total other intangible assets	Goodwill	Total
Cost at January 1	**13,167**	**3,442**	**10,166**	**758**	**27,533**	**30,360**	**57,893**
Additions	0	141	—	823	964	—	**964**
Disposals	-374	-33	-68	-24	-499	—	**-499**
Reclassification	860	109	—	-927	43	—	**43**
Exchange rate differences	21	51	6	3	81	267	**349**
Total cost	**13,674**	**3,710**	**10,104**	**633**	**28,121**	**30,627**	**58,749**
Accumulated amortization at January 1	**-6,018**	**-1,820**	**-3,619**	**—**	**-11,457**	-0	**-11,458**
Amortization	-1,745	-244	-988	—	-2,977	-0	**-2,977**
Disposals	371	29	68	—	468	—	**468**
Exchange rate differences	-12	-31	-6	—	-50	0	**-50**
Total accumulated amortization	**-7,404**	**-2,067**	**-4,545**	**—**	**-14,016**	-0	**-14,016**
Accumulated impairment at January 1	**-269**	**—**	**-1**	**—**	**-270**	**-664**	**-934**
Exchange rate differences	—	—	—	—	—	-58	**-58**
Total accumulated impairment	**-269**	**—**	**-1**	**—**	**-270**	**-722**	**-992**
Total intangible assets	6,001	1,643	5,558	633	13,835	29,905	43,740

Of the total 2022 additions in intangible assets, SEK 468 (602) million consist of internally generated intangibles. Internally generated intangible assets and construction in progress mainly consists of internal IT development and software projects.

Note 11 cont.

SEK million	Note	Dec 31, 2021						
		Utilization rights, trademarks and software	Licenses including frequencies	Customer agreements	Construction in progress	Total other intangible assets	Goodwill	Total
Cost at January 1		12,421	3,069	10,164	684	26,338	30,304	56,641
Additions		5	333	—	989	1,327	—	1,327
Disposals		-136	-22	—	-20	-177	—	-177
Reclassification		874	52	—	-895	31	—	31
Exchange rate differences		3	10	1	0	14	56	71
Total cost		13,167	3,442	10,166	758	27,533	30,360	57,893
Accumulated amortization at January 1		-4,572	-1,596	-2,630	—	-8,799	-0	-8,799
Amortization		-1,558	-238	-988	—	-2,784	-0	-2,784
Disposals		114	20	—	—	134	—	134
Exchange rate differences		-2	-6	-1	—	-9	—	-9
Total accumulated amortization		-6,018	-1,820	-3,619	—	-11,457	-0	-11,458
Accumulated impairment at January 1		-269	—	-1	—	-270	-652	-922
Exchange rate differences		—	—	—	—	—	-12	-12
Total accumulated impairment		-269	—	-1	—	-270	-664	-934
Total intangible assets		6,880	1,622	6,546	758	15,806	29,695	45,501

Goodwill

In connection with the acquisition of operations, goodwill is allocated to the cash generating units that are expected to receive future financial benefits, such as synergies, as a result of the acquired operations. In the event that separate cash generating units cannot be identified, goodwill is allocated to the lowest level at which the operation and its assets are controlled and monitored internally, which is on operating segment level.

Cash generating units and operating segments SEK million	Goodwill	
	Dec 31, 2022	Dec 31, 2021
Sweden	27,315	27,315
Lithuania	940	864
Latvia	1,347	1,238
Estonia	303	278
Total	29,905	29,695

Goodwill impairment test

Tele2 tests goodwill (and if applicable other intangible assets with indefinite useful lives) for impairment annually, by comparing the carrying amount with the recoverable value for the cash generating units to which these assets are allocated. The recoverable value of the respective cash generating unit is based on the higher of estimated value in use and fair value less costs of disposal. For all cash generating units the recoverable values have been determined based on value in use. The key assumptions used in the calculations of values in use are growth rates, profit margins, investment levels and discount rates. The expected revenue growth rates, profit margins and investment levels are based on sector data as well as management's assessment of market-specific risks and opportunities, including expected changes in competition, the business model used by Tele2 and the regulatory environment. The discount rate takes into account the prevailing interest rates and specific risk factors in a particular cash generating unit. The discount rate post tax (WACC) varies between 8 and 11 (7 and 9) percent. Tele2 calculates future cash flows based on the most recent three-year plan. For the period after this, annual growth of 0 to 2 (0 to 2) percent is assumed. These rates do not exceed the average long-term growth for the sector as a whole nor do they exceed the expected long term GDP growth rates in the markets.

In 2022 we have considered the challenging macro-economic situation, including increasing interest rates, as well as the uncertain geopolitical environment in the valuation of our operations. Increasing energy costs, inflationary pressure and changes in exchange rates have a negative impact on our business. However, we see that our business model is resilient, offering services that are highly valued and prioritized by our customers. In addition, the segments carry fairly prudent values in our balance sheet, and our sensitivity analysis shows that no changes within reason to important parameters would trigger an impairment. Accordingly, we have concluded that no goodwill impairment is needed.

The value in use calculations are based on the following assumptions per operating segment:

Assumptions SEK million	WACC post tax		Forecast period, in years		Growth rate after the forecast period	
	2022	2021	2022	2021	2022	2021
Sweden	8%	7%	3	3	0%	0%
Lithuania	10%	9%	3	3	2%	2%
Latvia	11%	9%	3	3	2%	2%
Estonia	11%	9%	3	3	2%	2%

Trademarks

In addition to goodwill, the Com Hem brand was previously assessed to have an indefinite useful life. This asset originates from the merger with Com Hem in 2018. However, in Q2 2021 our consumer premium brands Com Hem and Tele2 were merged. We are not scrapping one brand, but rather bring the best from the two brands into the new merged brand named Tele2. Key premium attributes from the Com Hem brand, including the logotype dots, are secured. The Com Hem brand had as per the reassessment date a carrying amount of SEK 5,383 million, or SEK 4,274 million net of tax. The brand positioning has led to a reassessment of the Com Hem brand useful life from the previous assessment of indefinite life to definite. Based on an overall analysis of all relevant facts and circumstances Tele2 has determined that the useful

Note 11 cont.

life of Com Hem brand would be 10 years from the date of reassessment from indefinite life to definite life. Accordingly, amortization of the Com Hem brand book value was initiated in Q2 2021. In 2022, the amortization had a negative impact on operating profit and net result of SEK 538 (359) million and SEK 427 (285) million respectively. As per December 31, 2022 the Com Hem brand has accordingly a carrying amount of SEK 4,486 (5,024) million, or 3,562 million net of tax.

NOTE 12 TANGIBLE ASSETS

SEK million	Dec 31, 2022					
	Buildings	Equipment and installations	Construction in progress	Total other tangible assets	Machinery and technical plant	Total
Cost at January 1	240	1,274	1,586	3,100	20,211	23,311
Additions	5	18	1,594	1,617	760	2,377
Dismantling cost	—	—	—	—	-68	-68
Disposals	—	-25	-28	-53	-4,379	-4,432
Reclassification	—	68	-1,137	-1,070	1,027	-43
Exchange rate differences	21	36	25	82	369	452
Total cost	266	1,370	2,040	3,677	17,921	21,597
Accumulated depreciation at January 1	-194	-1,079	-7	-1,279	-13,864	-15,144
Depreciation	-9	-99	—	-109	-1,853	-1,962
Disposals	—	25	—	25	4,363	4,388
Exchange rate differences	-17	-30	—	-48	-260	-307
Total accumulated depreciation	-220	-1,184	-7	-1,411	-11,614	-13,025
Accumulated impairment at January 1	—	—	-2	-2	-341	-343
Impairment	—	—	-2	-2	—	-2
Exchange rate differences	—	—	-1	-1	-7	-8
Total accumulated impairment	—	—	-4	-4	-348	-352
Total tangible assets	46	186	2,029	2,262	5,958	8,220

SEK million	Note	Dec 31, 2021					
		Buildings	Equipment and installations	Construction in progress	Total other tangible assets	Machinery and technical plant	Total
Cost at January 1		232	1,207	957	2,396	19,162	21,557
Additions		4	13	1,420	1,437	749	2,186
Dismantling cost		—	—	—	—	67	67
Disposals		-1	-12	-0	-13	-543	-556
Reclassification		0	60	-794	-734	702	-31
Exchange rate differences		4	7	3	14	74	88
Total cost		240	1,274	1,586	3,100	20,211	23,311
Accumulated depreciation at January 1		-182	-963	-2	-1,147	-12,530	-13,676
Depreciation		-9	-122	-5	-136	-1,834	-1,971
Disposals		1	11	—	12	550	561
Exchange rate differences		-3	-5	-0	-9	-49	-58
Total accumulated depreciation		-194	-1,079	-7	-1,279	-13,864	-15,144
Accumulated impairment at January 1		—	—	-2	-2	-339	-341
Exchange rate differences		—	—	-0	-0	-2	-2
Total accumulated impairment		—	—	-2	-2	-341	-343
Total tangible assets		46	195	1,578	1,819	6,006	7,825

Income related to operational leasing during the year is 107 (101) million SEK, were 82 (79) million SEK is related to rent from other operators placing equipment on Tele2 Sites. These sites are reported as Machinery & Technical Plant. 14 (8) million SEK is related to leased equipment to customers and are reported as Equipment and installations in tangible assets. The remaining amount consists of smaller items distributed among different categories.

NOTE 13 RIGHT-OF-USE ASSETS

Tele2's leases consist mainly of lease of sites and base stations (including land), leased lines, premises, vehicles and other equipment, please refer to Note 29 for more information on leases.

SEK million	Note	Dec 31, 2022				
		Rent of space	Sites and base stations	Leased lines	Equipment	Total
Cost at January 1		1,189	3,130	4,477	122	8,917
Additions		109	439	780	41	1,370
Other adjustments		-27	-94	-387	-31	-540
Exchange rate differences		21	77	29	2	129
Total cost		1,292	3,551	4,899	134	9,876
Accumulated depreciation at January 1		-390	-1,135	-1,909	-70	-3,504
Depreciation		-160	-404	-635	-37	-1,236
Other adjustments		13	77	225	30	345
Exchange rate differences		-12	-27	-13	-1	-53
Total accumulated depreciation		-549	-1,489	-2,332	-79	-4,449
Accumulated impairment at January 1		-0	-7	2	—	-5
Total accumulated impairment		-0	-7	2	—	-5
Total right-of-use assets	29	743	2,055	2,569	55	5,422

SEK million	Note	Dec 31, 2021				
		Rent of space	Sites and base stations	Leased lines	Equipment	Total
Cost at January 1		1,016	2,742	4,008	123	7,889
Additions		201	434	646	25	1,306
Other adjustments		-32	-59	-183	-27	-300
Exchange rate differences		4	14	6	0	24
Total cost		1,189	3,130	4,477	122	8,917
Accumulated depreciation at January 1		-269	-784	-1,423	-54	-2,530
Depreciation		-139	-393	-627	-39	-1,197
Other adjustments		19	46	143	23	231
Exchange rate differences		-2	-4	-2	-0	-8
Total accumulated depreciation		-390	-1,135	-1,909	-70	-3,504
Accumulated impairment at January 1		-2	-7	—	—	-9
Other adjustments		1	—	2	—	3
Total accumulated impairment		-0	-7	2	—	-5
Total right-of-use assets	29	799	1,987	2,570	52	5,408

NOTE 14 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

Total operations SEK million	2022	2021
Acquisitions		
Other minor acquisitions	-6	—
Total acquisition of shares and participations	-6	—
Divestments		
Tele2 Switzerland, Swisscom	-17	209
Tele2 Germany	49	93
T-mobile Netherlands	8,956	—
Other minor divestments	-5	—
Total sale of shares and participations	8,982	302
Total cash flow effect	8,977	302

Acquisitions

Only minor acquisitions of SEK 6 million were made during 2022.

Divestments

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.

The proceeds from Tele2 Germany refer to the earnout arrangement, which was part of the divestment in 2020.

For further information related to discontinued operations, see note 33.

NOTE 15 ASSOCIATED COMPANIES AND JOINT VENTURES

SEK million	Holding		Book value of shares		Result from shares	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	2022	2021
T-Mobile Netherlands Holding B.V., the Netherlands	—	25.00%	—	7,366	1,672	221
Other associated companies and joint ventures	—	—	6	7	-1	-0
Reclassified to assets held for sale	—	—	—	-7,366	—	—
Total associated companies and joint ventures	—	—	**6**	**7**	**1,672**	**221**

In September 2021 Tele2 AB entered into an agreement to sell the 25 percent share in T-Mobile Netherlands and the divestment was completed during Q1 2022. See note 14 related to business acquisitions and divestments for further information. At the end of 2022, Tele2 has no other material asssociated company.

Shares in associated companies and joint ventures

SEK million	Dec 31, 2022	Dec 31, 2021
Cost at January 1	**7**	**7,018**
Share of profit for the year	1,672	221
Reclassified to assets held for sale	-1,668	-7,366
Exchange rate differences	-4	134
Total shares in associated companies and joint ventures	**6**	**7**

Extracts from the income statements of associated companies and joint ventures

SEK million	T-Mobile, Netherlands		Other	
	2022	2021	2022	2021
Revenue	5,708	21,011	124	51
Net profit	567	1,769	-2	0
Reconciliation of the above summarised financial information the Group's share recognised in the consolidated income statement:				
Net profit of associated companies and joint ventures	567	1,769	-2	0
Proportion of the Group's share	142	442	-1	0
Amortization of acquisition fair value adjustments, net of tax	-58	-221	—	—
Captial gain sale of shares	1,589	—	—	—
Impairment of investments	—	—	—	-2
Group's share of total income from associated companies and joint ventures	**1,672**	**221**	**-1**	**-2**

Extracts from the balance sheet of associated companies and joint ventures

SEK million	T-Mobile, Netherlands		Other	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Intangible assets	—	13,808	—	—
Tangible assets	—	7,182	1	0
Right-of-use assets	—	7,627	—	—
Financial assets	—	9	—	—
Deferred tax assets	—	4,294	—	—
Current assets	—	8,428	39	24
Total assets	**—**	**41,349**	**40**	**24**
Equity	—	14,235	15	20
Non-current liabilities	—	20,575	1	1
Current liabilities	—	6,539	24	4
Total equity and liabilities	—	**41,349**	**40**	**24**
Reconciliation of the above summarised financial information to the carrying amount of the interest recognised in the consolidated balance sheet:				
Net assets of associated companies and joint ventures	—	14,235	15	20
Proportion of the Group's ownership	—	3,559	6	7
Goodwill	—	2,274	—	—
Other surplus values net of tax	—	1,533	—	—
Carrying amount of the Group's interest in associated companies and joint ventures	**—**	**7,366**	**6**	**7**

NOTE 16 OTHER FINANCIAL ASSETS

SEK million	Dec 31, 2022	Dec 31, 2021
Receivable from sold equipment	713	564
Pension funds	242	182
Non-current holdings of securities	1	9
Other long-term receivables	1	2
Total other financial assets	**957**	**758**

Receivable from sold equipment consists of instalment which is referring to equipment sold, such as handsets and other equipment. The equipment has been supplied to the customer and revenue has been recognized. None of these receivables were due on the closing date. When the invoicing occurs, the amount invoiced is transferred from receivable from sold equipment to accounts receivable. The item also consists of effects of the time difference between when the performance obligation is satisfied and revenue recognized for the goods or service and the payments to be received. The contract asset arises due to sales of bundles. For information regarding loss allowance please refer to Note 19.

Note 16 cont.

SEK million	Holding (capital/votes)	Dec 31, 2022	Dec 31, 2021
Estonian Broadband Development Foundation, Estonia		1	1
AVY Finans AB, Sweden		0	8
Total non-current securities		**1**	**9**

NOTE 17 CAPITALIZED CONTRACT COSTS

SEK million	Dec 31, 2022	Dec 31, 2021
Cost at January 1	**505**	**493**
Additions	733	592
Expensed contract costs	-606	-580
Total capitalized contract costs December 31	**633**	**505**

Expensed contract costs consist of amortized capitalized contract costs. Amortization is recognized as an operating cost, in order for this cost to be reflected in the operational business.

NOTE 18 INVENTORIES

SEK million	Dec 31, 2022	Dec 31, 2021
Finished products and goods for resale	1,144	727
Other	110	42
Total inventories	**1,254**	**769**

Tele2's inventories mainly consist of mobile phones, fixed broadband routers, digital TV boxes and IT & Network hardware. In 2022 inventories were expensed by SEK 5,255 (4,868) million.

NOTE 19 ACCOUNTS RECEIVABLE

SEK million	Dec 31, 2022	Dec 31, 2021
Gross carrying amount	2,127	1,934
Loss allowance	-141	-138
Total accounts receivable, net	**1,986**	**1,796**

SEK million	Dec 31, 2022	Dec 31, 2021
Loss allowance at January 1	**138**	**133**
Net change in loss allowance	-8	2
Exchange rate differences	11	2
Total reserve for loss allowance	**141**	**138**

Receivable from sold equipment

SEK million	Note	Dec 31, 2022	Dec 31, 2021
Gross carrying amount		1,821	1,544
Loss allowance		-31	-42
Total receivable from sold equipment, net		**1,790**	**1,502**
of which non-current	16	713	564
of which current	20	1,077	938

SEK million	Dec 31, 2022	Dec 31, 2021
Loss allowance at January 1	**42**	**40**
Net change in loss allowance	-11	2
Total reserve for loss allowance	**31**	**42**

Loss allowance

SEK million	Dec 31, 2022					
		Past due				
	Not due	1–30 days	31–60 days	61–90 days	> 90 days	Total
Accounts receivable						
Consumer						
Expected credit loss rate	0.3%	1.5%	6.8%	17.4%	53.4%	**7.8%**
Gross carrying amount	670	156	22	13	129	**990**
Loss allowance	-2	-2	-1	-2	-69	**-77**
Business						
Expected credit loss rate	0.1%	1.3%	9.5%	44.0%	70.7%	**5.6%**
Gross carrying amount	943	97	11	5	82	**1,138**
Loss allowance	-1	-1	-1	-2	-58	**-64**
Total loss allowance accounts receivable	**-3**	**-4**	**-3**	**-5**	**-127**	**-141**
Receivable from sold equipment						
Consumer						
Expected credit loss rate	1.9%	–	–	–	–	**1.9%**
Gross carrying amount	1,298	–	–	–	–	**1,298**
Loss allowance	-25	–	–	–	–	**-25**
Business						
Expected credit loss rate	1.2%	–	–	–	–	**1.2%**
Gross carrying amount	523	–	–	–	–	**523**
Loss allowance	-6	–	–	–	–	**-6**
Total loss allowance receivables from sold equipment	**-31**	**–**	**–**	**–**	**–**	**-31**

When the receivable from sold equipment is invoiced, it is reclassified to accounts receivable.

Note 19 cont.

SEK million	Dec 31, 2021					
		Past due				
	Not due	1–30 days	31–60 days	61–90 days	> 90 days	Total
Accounts receivable						
Consumer						
Expected credit loss rate	0.9%	1.7%	7.3%	11.9%	55.5%	**10.8%**
Gross carrying amount	480	189	24	13	147	**853**
Loss allowance	-4	-3	-2	-2	-82	**-92**
Business						
Expected credit loss rate	0.3%	1.5%	5.7%	22.1%	71.8%	**4.2%**
Gross carrying amount	959	53	11	2	56	**1,081**
Loss allowance	-3	-1	-1	-1	-41	**-46**
Total loss allowance accounts receivable	**-7**	**-4**	**-2**	**-2**	**-122**	**-138**
Receivable from sold equipment						
Consumer						
Expected credit loss rate	2.9%	—	—	—	—	**2.9%**
Gross carrying amount	1,104	—	—	—	—	**1,104**
Loss allowance	-32	—	—	—	—	**-32**
Business						
Expected credit loss rate	2.1%	—	—	—	—	**2.1%**
Gross carrying amount	440	—	—	—	—	**440**
Loss allowance	-9	—	—	—	—	**-9**
Total loss allowance receivables from sold equipment	**-42**	**—**	**—**	**—**	**—**	**-42**

NOTE 20 OTHER CURRENT RECEIVABLES

SEK million	Dec 31, 2022	Dec 31, 2021
Receivable from sold equipment	1,077	938
Receivable on Net4Mobility, joint operation in Sweden	717	305
Receivable on Svenska UMTS-nät, joint operation in Sweden	8	16
Derivatives	401	275
VAT receivable	49	32
Current tax receivables	114	3
Other	57	51
Total other current receivables	**2,421**	**1,620**

For information regarding receivable from sold equipment, please refer to Note 16. For information regarding loss allowance, please refer to Note 19. For further information on derivatives, please refer to Note 2.

NOTE 21 PREPAID EXPENSES AND ACCRUED INCOME

SEK million	Dec 31, 2022	Dec 31, 2021
Rental costs	366	414
Frequency usage	2	3
Other prepaid expenses	241	190
Total prepaid expenses	**609**	**607**
Customers	610	593
Other telecom operators	301	307
Other accrued income	88	55
Total accrued income	**999**	**955**
Total prepaid expenses and accrued income	**1,607**	**1,562**

SEK 24 (33) million of accrued income is estimated to be paid more than 12 months after the closing date.

NOTE 22 CASH AND CASH EQUIVALENTS AND UNUTILIZED OVERDRAFT FACILITIES

SEK million	Dec 31, 2022	Dec 31, 2021
Cash and cash equivalents	1,116	880
Unutilized overdraft facilities and credit lines	8,582	8,590
Total available liquidity	**9,698**	**9,470**

SEK million	Dec 31, 2022	Dec 31, 2021
Overdraft facilities granted	792	817
Overdraft facilities utilized	—	—
Total unutilized overdraft facilities	**792**	**817**
Unutilized credit lines	7,790	7,772
Total unutilized overdraft facilities and credit lines	**8,582**	**8,590**

Tele2's share of liquid funds in joint operations, for which Tele2 has limited disposal rights, amounted at December 31, 2022 to SEK 130 (43) million and was included in the Group's cash and cash equivalents.

No specific collateral is provided for overdraft facilities or unutilized credit lines.

Exchange rate difference in cash and cash equivalents

SEK million	Dec 31, 2022	Dec 31, 2021
Exchange rate differences in cash and cash equivalents at January 1	6	1
Exchange rate differences in cash flow for the year	359	-103
Total exchange rate differences in cash and cash equivalents for the year	**366**	**-102**

NOTE 23 SHARES, EQUITY AND APPROPRIATION OF PROFIT

Number of shares

	A shares	B shares	C shares	Total
As of January 1, 2021	**22,558,340**	**667,783,257**	**—**	**690,341,597**
New share issue	—	—	2,480,000	2,480,000
Reclassification of A shares to B shares	-6,177	6,177	—	—
As of December 31, 2021	**22,552,163**	**667,789,434**	**2,480,000**	**692,821,597**
New share issue	—	—	2,200,000	2,200,000
Reclassification of A shares to B shares	-281	281	—	—
Reclassification of C shares to B shares	—	2,480,000	-2,480,000	—
Total number of shares as of December 31, 2022	**22,551,882**	**670,269,715**	**2,200,000**	**695,021,597**

	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 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

At December 31, 2022 Tele2 had 113,767 known shareholders. Kinnevik AB owned as of December 31, 2022, 19.8 percent of the capital and 36.1 percent of the voting rights. No other shareholder owned, directly or indirectly, more than 10 percent of the shares in Tele2. The 10 largest single shareholders represented 41.07 percent of the share capital and 52.57 percent of the votes.

In Q1 2022 281 of class A shares were reclassified into class B and 2,480,000 of class C shares were reclassified to class B. In Q1 2021, 6,177 of class A shares were reclassified into class B shares.

The share capital in Tele2 AB is divided into three classes of shares: Class A, B and C shares. All types of shares have a par value of SEK 1.25 per share and Class A and B shares have the same rights in the company's net assets and profits while Class C shares are not entitled to dividend. Shares of Class A entitle the holder to 10 voting rights per share and Class B and C shares to one voting right per share.

There are no limitations regarding how many votes each shareholder may vote for at general meetings of shareholders. The Articles of Association make no stipulation that limits the right to transfer the shares.

In the case of a bid for all shares or a controlling part of the shares in Tele2, the financing facilities may be accelerated and due for immediate repayment. In addition, some other agreements may be terminated.

Number of treasury shares

	B shares	C shares	Total
As of January 1, 2021	**1,714,023**	**—**	**1,714,023**
New share issue	—	2,480,000	2,480,000
Delivery of own shares under LTI program	-1,200,672	—	-1,200,672
Delivery of own shares under LTI program, early vesting	-81,245	—	-81,245
As of December 31, 2021	**432,106**	**2,480,000**	**2,912,106**
New share issue	—	2,200,000	2,200,000
Reclassification of C shares to B shares	2,480,000	-2,480,000	—
Delivery of own shares under LTI program	-1,101,876	—	-1,101,876
Total number of treasury shares as of December 31, 2022	**1,810,230**	**2,200,000**	**4,010,230**

Number of treasury shares amount to 0.5 (0.4) percent of the share capital. As a result of share rights in the LTI 2019 (2021: LTI 2018 and LTI 2019) being exercised on May 6, 2022. Tele2 delivered 1,101,876 (April 29, 2021 1.200.672) B-shares in treasury shares to the participants in the LTI 2019 program. In addition, as a result of early vesting of the LTI 2019 being exercised in 2021, Tele2 delivered 0 (81,245) B-shares in treasury shares to some of the participants in the program.

Outstanding share rights

	Dec 31, 2022	Dec 31, 2021
Incentive program 2022–2025 (LTI 2022)	1,460,226	—
Incentive program 2021–2024(LTI 2021)	1,441,908	1,414,817
Incentive program 2020–2023 (LTI 2020)	1,161,005	1,142,715
Incentive program 2019–2022 (LTI 2019)	—	991,226
Total number of outstanding share rights	**4,063,139**	**3,548,758**

Further information regarding Incentive program is provided in Note 31.

Number of shares after dilution

	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, basic	**691,011,367**	**689,909,491**
Number of outstanding share rights	4,063,139	3,548,758
Total number of shares after dilution	**695,074,506**	**693,458,249**

Note 23 cont.

Earnings per share

Total operation	Earnings per share 2022	Earnings per share 2021	Earnings per share, after dilution 2022	Earnings per share, after dilution 2021
Net profit attributable to equity holders of the parent company (SEK million)	5,574	4,306	5,574	4,306
Weighted average number of outstanding shares	690,647,136	689,463,621	690,647,136	689,463,621
Incentive program 2022-2025			938,968	—
Incentive program 2021-2024			1,390,840	895,722
Incentive program 2020-2023			1,176,531	1,304,582
Incentive program 2019-2022			199,913	1,131,605
Incentive program 2018-2021			—	386,572
Weighted average number of share rights			**3,706,252**	**3,718,481**
Weighted average number of outstanding shares after dilution			**694,353,388**	**693,182,102**
Earnings per share, SEK	**8.07**	**6.25**	**8.03**	**6.21**

Proposed appropriation of profit

The Board proposes that, from the SEK 32,926,657,835 at the disposal of the Annual General Meeting, an ordinary dividend of SEK 6,80 per share should be paid to shareholders in two tranches in May and October 2023, corresponding to SEK 4,698,877,296 on December 31, 2022. The remaining amount, SEK 28,227,780,539, should be carried forward.

Based on this annual report, the consolidated financial statements and other information which has become available, the Board has considered all aspects of the parent company's and the Group's financial position. This evaluation has led the Board to the conclusion that the dividend is justifiable in view of the requirements that the nature and scope of and risks involved in Tele2's operations have on the size of the company's and the Group's equity as well as on its consolidation needs, liquidity and financial position in general.

For information regarding dividend policy please refer to Note 2.

NOTE 24 FINANCIAL LIABILITIES

SEK million	Dec 31, 2022	Dec 31, 2021
Liabilities to financial institutions and similar liabilities	26,630	25,173
Lease liabilities	5,460	5,414
Other interest-bearing liabilities	691	250
Total interest-bearing financial liabilities	**32,782**	**30,837**
Accounts payable	2,165	2,007
Other non-interest-bearing liabilities	592	616
Total non-interest-bearing financial liabilities	**2,757**	**2,622**
Total financial liabilities	**35,539**	**33,459**

Financial risk management and financial instruments are presented in Note 2.

Financial liabilities fall due for payment according as follows:

SEK million	Dec 31, 2022 Nominal value	Dec 31, 2022 Recorded value	Dec 31, 2021 Nominal value	Dec 31, 2021 Recorded value
Within 3 months	5,469	5,475	3,069	3,065
Within 3–12 months	1,556	1,503	3,605	3,594
Within 1–2 years	8,848	8,711	2,822	2,765
Within 2–3 years	4,327	4,254	7,933	7,889
Within 3–4 years	2,464	2,418	3,176	3,146
Within 4–5 years	3,882	3,854	2,304	2,285
Within 5–10 years	9,231	9,160	10,505	10,606
Within 10–15 years	187	165	123	110
Total financial liabilities	**35,963**	**35,539**	**33,538**	**33,459**

Interest-bearing financial liabilities

Interest-bearing financial liabilities fall due for payments as follows:

SEK million	Within 1 year	Within 1–2 years	Within 2–3 years	Within 3–4 years	Within 4–5 years	Within 5–15 years	Total
Variable interest rates	3,038	698	2,821	1,584	1,293	2,782	12,216
Fixed interest rates	1,183	8,013	1,433	834	2,562	6,543	20,566
Total interest-bearing liabilities	**4,220**	**8,711**	**4,254**	**2,418**	**3,854**	**9,326**	**32,782**

Note 24 cont.

Liabilities to financial institutions and similar liabilities

SEK million Funding type	Interest rate terms	Maturity date	Dec 31, 2022 Current liabilities	Dec 31, 2022 Non-current liabilities	Dec 31, 2021 Current liabilities	Dec 31, 2021 Non-current liabilities
Bonds EUR	fixed 1.125%	2024	—	5,557	—	5,113
Bonds EUR	fixed 2.125%	2028	—	5,206	—	5,159
Bonds EUR	fixed 0.750%	2031	—	3,322	—	3,061
Bonds SEK	STIBOR 1.55%	2022	—	—	1,700	—
Bonds SEK	variable interest rates	2022	—	—	500	—
Bonds SEK	STIBOR +1.45%	2023	400	—	—	400
Bonds SEK	fixed 2%	2023	1,199	—	—	1,199
Bonds SEK	fixed 1.375%	2025	—	500	—	500
Bonds SEK	STIBOR +1.2%	2025	—	1,199	—	1,199
Bonds SEK	STIBOR +1.15%	2025	—	1,000	—	—
Bonds SEK	variable interest rates	2026	—	1,000	—	1,000
Bonds SEK	fixed 1.125%	2027	—	498	—	498
Bonds SEK	STIBOR +1.03%	2027	—	998	—	997
Bonds SEK	fixed 3.25%	2027	—	300	—	—
Bonds SEK	STIBOR+1.1%	2027	—	1,298	—	—
Total bonds			1,599	20,876	2,200	19,126
Commercial paper	fixed interest rates	2022	796	—	400	—
European Investment Bank (EIB)	fixed interest rates	2024	—	1,391	—	1,278
Nordic Investment Bank (NIB)	variable interest rates	2023-2026	154	1,840	—	1,990
Syndicated loan facilities	variable interest rates	2024	—	-26	—	-4
Short-term loan, collateral for outstanding interest rate derivatives	variable interest rate	2021	—	—	183	—
Utilized bank overdraft facility	variable interest rates		—	—	—	—
Total liabilities to financial institutions and similar liabilities			2,549	24,081	2,783	22,390
Current & non-current				26,630		25,173

As of the date of this report, Tele2 has a credit facility with a syndicate of eight banks maturing in 2027. The loans can be drawn in several currencies and the interest base is the relevant IBOR for that currency. The facility amounts to EUR 700 million and was unutilized on December 31, 2022 and prepaid upfront fees to be recognized in profit/loss over the remaining contract period amounted to SEK -26 (–4) million. The facility is conditioned by covenant requirements which Tele2 expects to fulfil.

Tele2 AB's Euro Medium-Term Note (EMTN) Program forms the basis for Tele2's medium and long term debt issuance in both international and domestic bond markets. The program enables Tele2 to issue bonds and notes up to a total aggregate amount of EUR 5 billion. On December 31, 2022 issued bonds under the program amounted to SEK 22.5 (21.3) billion.

Tele2 AB's established Swedish commercial paper program enables Tele2 to issue commercial papers up to a total amount of SEK 8 billion. Commercial papers can be issued with a tenor up to 12 months under the program. The commercial paper program is a complement to Tele2's core funding. On December 31, 2022 Tele2 had SEK 796 (400) million outstanding commercial papers.

As part of our vision to lead in sustainability Tele2 launched a combined Green and Sustainability-Linked Financing Framework. The Tele2 Framework is linked to its sustainability strategy and builds on the United Nations' Sustainable Development Goals. Under the framework, Tele2 can issue Green- and Sustainability Linked bonds connected to the company's overall sustainability performance.

As a further step towards the diversification of Tele2's funding sources, Tele2 AB has a loan agreement with Nordic Investment Bank (NIB) of SEK 2.0 (2.0) billion and a loan agreement with the European Investment Bank (EIB) of EUR 125 (125) million.

The average interest rate on loans outstanding at the end of the year was 2.1 (1.2) percent.

Other interest-bearing liabilities

SEK million	Dec 31, 2022 Current liabilities	Dec 31, 2022 Non-current liabilities	Dec 31, 2021 Current liabilities	Dec 31, 2021 Non-current liabilities
Derivatives	331	—	22	—
Supplier financing, Lithuania license	11	102	7	63
Equipment financing	156	91	100	57
	498	193	129	121
Total other interest-bearing liabilities		691		250

Derivatives consist of interest swaps and currency swaps, valued at fair value. The effective part of the swaps was reported in the hedge reserve in other comprehensive income and the ineffective part was reported as interest costs and other financial items, respectively, in the income statement. The Group has derivative contracts which are covered by master netting agreements. That means a right exists to set off assets and liabilities with the same party, which is not reflected in the accounting where gross accounting is applied. To minimize counterparty risk, Tele2 has also entered into CSA agreements where collateral equal to the market value of the derivatives are exchanged from time to time. For additional information please refer to Note 2.

For information on leases please refer to Note 29.

Note 24 cont.

Liabilities attributable to financing activities

SEK million	Liabilities Dec 31, 2021	Cash flow from financing activities	Non-cash changes				Liabilities Dec 31, 2022
			New and modified leases (Note 29)	Exchange rate	Fair value	Accrued interest and fees	
Bonds	21,326	400	—	1,172	-423	1	**22,475**
Commercial paper	400	395	—	—	—	1	**796**
Nordic Investment Bank (NIB)	1,990	—	—	—	—	4	**1,994**
European Investment Bank (EIB)	1,278	—	—	113	—	-0	**1,391**
Syndicated loan facilities	-4	-17	—	—	—	-5	**-26**
Short-term loan	183	-183	—	—	—	—	**—**
Total liabilities to financial institutions and similar liabilities	**25,173**	**594**	**—**	**1,284**	**-423**	**1**	**26,630**
Leases	5,414	-1,295	1,173	75	—	94	5,460
Total lease liabilities	**5,414**	**-1,295**	**1,173**	**75**	**—**	**94**	**5,460**
Derivatives	22	560	—	—	-251	—	331
Equipment financing	157	90	—	—	—	—	247
Supplier financing, Lithuania license	71	32	—	10	—	—	**113**
Total other interest-bearing liabilities	**250**	**683**	**—**	**10**	**-251**	**—**	**691**
Total interest-bearing financial liabilities	**30,837**	**-19**	**1,173**	**1,370**	**-674**	**95**	**32,782**

SEK million	Liabilities Dec 31, 2020	Cash flow from financing activities	Non-cash changes				Liabilities Dec 31, 2021
			New and modified leases (Note 29)	Exchange rate	Fair value	Accrued interest and fees	
Bonds	21,175	45	—	212	-103	-4	**21,326**
Commercial paper	—	400	—	—	—	-0	**400**
Nordic Investment Bank (NIB)	1,987	—	—	—	—	3	**1,990**
European Investment Bank (EIB)	1,254	-0	—	24	—	0	**1,278**
Syndicated loan facilities	-11	—	—	—	—	7	**-4**
Short-term loan	246	-63	—	—	—	—	**183**
Utilized bank overdraft facility	16	-16	—	—	—	—	**—**
Total liabilities to financial institutions and similar liabilities	**24,669**	**365**	**—**	**236**	**-103**	**5**	**25,173**
Leases	5,327	-1,236	1,244	15	—	63	5,414
Total leases liabilities	**5,327**	**-1,236**	**1,244**	**15**	**—**	**63**	**5,414**
Derivatives	222	-368	—	—	168	—	22
Equipment financing	161	-4	—	—	—	—	157
Supplier financing, Lithuania license	78	-8	—	1	168	0	71
Total other interest-bearing liabilities	**460**	**-380**	**—**	**1**	**168**	**0**	**250**
Total interest-bearing financial liabilities	**30,455**	**-1,250**	**1,244**	**253**	**65**	**68**	**30,837**

Note 24 cont.

Other current liabilities

SEK million	Dec 31, 2022	Dec 31, 2021
VAT liability	333	347
Liability to Net4Mobility, joint operation in Sweden	84	139
Liability to Svenska UMTS-nät, joint operation in Sweden	22	36
Employee withholding tax	57	52
Debt to customers	10	16
Debt to other operators	19	9
Other	66	17
Total other current liabilities	**592**	**616**

NOTE 25 PROVISIONS

SEK million	2022					
	Dismantling costs	Rented buildings, fiber and cables	Disputes	Other provisions	Pension and similar commitments	Total
Provisions as of January 1	853	4	20	314	419	1,610
Additional provisions	42	0	-18	84	-27	82
Utilized/paid provisions	-39	-0	—	-68	-9	-138
Reversed unused provisions	-39	-0	-3	-51	—	-71
Inflation, discount rates, actuarial and exchange rate effects	-37	0	—	0	-85	-121
Provisions as of December 31	**781**	**4**	**—**	**280**	**298**	**1,362**

SEK million	2021					
	Dismantling costs	Rented buildings, fiber and cables	Disputes	Other provisions	Pension and similar commitments	Total
Provisions as of January 1	784	4	—	407	465	1,660
Additional provisions	37	—	20	128	41	226
Utilized/paid provisions	-4	-1	—	-200	-9	-213
Reversed unused provisions	-13	—	—	-21	—	-34
Inflation, discount rates, actuarial and exchange rate effects	49	0	—	—	-78	-29
Provisions as of December 31	**853**	**4**	**20**	**314**	**419**	**1,610**

SEK million	Dec 31, 2022	Dec 31, 2021
Provisions, current	76	80
Provisions, non-current	1,286	1,531
Total provisions	**1,362**	**1,610**

Provisions are expected to fall due for payment according to below:

SEK million	Dec 31, 2022	Dec 31, 2021
Within 1 year	76	80
Within 1–3 years	103	192
Within 3–5 years	203	203
More than 5 years	980	1,136
Total provision	**1,362**	**1,610**

Dismantling costs refer to dismantling and restoration of mobile and fixed network sites. Remaining provision as of December 31, 2022 is expected to be fully utilized during the coming 30 years.

Other provisions include a provision made in connection with the Com Hem merger, related to an unfavorable fixed-price contract for supply of transmission. It amounted to SEK 203 (224) million as of December 31, 2022, and will be released over the contract period ending December 31, 2024. Other significant provisions included are restructuring provisions of 67 (60) million. For pension and similar commitments please see Note 31.

NOTE 26 ACCRUED EXPENSES AND DEFERRED INCOME

SEK million	Dec 31, 2022	Dec 31, 2021
Personnel related expenses	468	508
External service expenses	294	238
Investments in non-current assets	183	384
Other telecom operators	134	162
Dealer commissions	74	99
Leasing and rental expenses	101	105
Interest costs	159	129
Other accrued expenses	310	243
Total accrued expenses	**1,722**	**1,868**
Contracts	406	436
Prepaid cards	170	172
Subscription fees	849	808
Total deferred income	**1,425**	**1,416**
Total accrued expenses and deferred income	**3,148**	**3,284**

When Tele2 receives a payment but are still to deliver the agreed goods and services, a contract liability (deferred income) arises. The line item 'Contracts' refers to revenue from contract services, B2B projects and pre-received capacity and IRU revenue.

Revenue recognized included in the opening contract liability amounts to SEK 1,189 (1,191) million.

NOTE 27 PLEDGED ASSETS

Receivables from financial institutions in the form of cash pledged as collateral to reduce credit risk amounted on December 31, 2022 to SEK 156 (-183) million, please refer to Note 2. Tele2 has no other significant pledged items.

NOTE 28 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Other contractual commitments

SEK million	Dec 31, 2022	Dec 31, 2021
Commitments, investments	381	244
Commitments, other	5,820	2,170
Total future fees for other contractual commitments	**6,200**	**2,414**

Other commitments mainly relate to commitments for ordered and contracted goods and services that can not be cancelled without economic effects.

NOTE 29 LEASES

Tele2 as the lessee

Tele2's leases consist mainly of lease of sites and base stations (including land), leased lines, premises, vehicles and other equipment. The additions consisting of new and modified leases amounted to SEK 1,370 (1,306) million. The carrying value of the lease assets are stated in Note 13. Many of the leases across the Group are open ended contracts, that run until either party terminate, or contain extension and termination options. These terms are reflected in measuring the lease liabilities especially for the lease categories sites and base stations and leased lines, as the options are reasonably certain to be exercised based on Tele2's strategic plans, including assessment of future technology changes, and the importance of the underlying assets for the Group as well as costs associated with not extending the lease. The lease contracts contain no residual value guarantees.

Amounts recognised in income statement

SEK million	Note	Dec 31, 2022	Dec 31, 2021
Depreciation expense on right-of-use assets	13	-1,236	-1,197
Interest expense on lease liabilities	9	-94	-63
Expense relating to short-term leases		-6	-5
Expense relating to leases of low value assets		-6	-6
Expense relating to variable lease payments not included in the measurement of the lease liability		-2	-1
Total leasing expenses for leases		**-1,344**	**-1,272**

Continuing operations total cash outflow for leases amounted to SEK 1,309 (1,248) million.

Lease liabilities

The undiscounted lease liabilities are due for payment according to below. Approximately 40 to 50 percentage of the total liabilities are legally uncommitted but are per the definition of IFRS 16 determined to be enforceable and consequently included in the calculation of the lease liability.

SEK million	Dec 31, 2022	Dec 31, 2021
Within 1 year	1,220	1,140
Within 1–2 years	1,191	1,062
Within 2–3 years	995	919
Within 3–4 years	869	797
Within 4–5 years	779	695
Within 5–10 years	693	904
More than 10 years	139	120
Total undiscounted lease liabilities	**5,885**	**5,637**

Tele2 as lessor

Leasing income during the year amount to SEK 107 (101) million and relates mainly to rent from other operators placing equipment on Tele2 sites as well as leased equipment to customers. Contract periods range from 3 to 25 years and generally have no option to purchase the asset at the expiry of the lease period. Contractual future lease income is stated below:

Operating leases

SEK million	Dec 31, 2022	Dec 31, 2021
Within 1 year	120	104
Within 1–2 years	25	22
Within 2–3 years	24	21
Within 3–4 years	23	21
Within 4–5 years	22	20
Within 5–10 years	76	70
Within 10–15 years	76	64
More than 15 years	83	70
Total future leases income for operating leases	**449**	**392**

NOTE 30 SUPPLEMENTARY CASH FLOW INFORMATION

SEK million	Dec 31, 2022	Dec 31, 2021
Interest received	18	18
Interest paid	-408	-395
Finance items paid	1	-2
Dividend received	—	0
Taxes paid	-1,215	-704

NOTE 31 NUMBER OF EMPLOYEES AND PERSONNEL COSTS

EMPLOYEES

Average number of employees

The average number of employees and related gender distribution presented in the table below is calculated on the basis of full time equivalents.

	2022			2021		
	Total	*of whom women*	*of whom men*	Total	*of whom women*	*of whom men*
Sweden	2,662	*30%*	*70%*	2,765	*32%*	*68%*
Lithuania	671	*68%*	*32%*	623	*67%*	*33%*
Latvia	437	*59%*	*41%*	419	*41%*	*59%*
Estonia	339	*65%*	*35%*	335	*64%*	*36%*
Netherlands	2	*—*	*100%*	2	*—*	*100%*
Total average number of employees	**4,111**	*42%*	*58%*	**4,144**	*41%*	*59%*

Number of employees

On December 31, 2022 the number of employees in Tele2 was 4,438 (4,435), of which 45 (45) percent women and 55 (55) percent men. A breakdown by market and gender distribution is presented below.

Continuing operations	Dec 31, 2022			Dec 31, 2021		
	Total	*of whom women*	*of whom men*	Total	*of whom women*	*of whom men*
Sweden	2,789	*32%*	*68%*	2,885	*33%*	*67%*
Lithuania	773	*70%*	*30%*	748	*71%*	*29%*
Latvia	484	*58%*	*42%*	434	*54%*	*46%*
Estonia	390	*67%*	*33%*	366	*69%*	*31%*
Netherlands	2	*—*	*100%*	2	*—*	*100%*
Total numbers of employees	**4,438**	*45%*	*55%*	**4,435**	*45%*	*55%*

The Tele2 AB board consists of 57 (57) percent women and 43 (43) percent men, while the gender distribution in the Group Leadership Team is 44 (33) percent women and 56 (67) percent men on December 31, 2022. In January 2023 the Group Leadership gender distribution changed to 40 percent women and 60 percent men.

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

For all active group companies (excluding discontinued operations)	Dec 31, 2022			Dec 31, 2021		
	Total	*of whom women*	*of whom men*	Total	*of whom women*	*of whom men*
Board members	19	*26%*	*74%*	20	*20%*	*80%*
Senior management	28	*39%*	*61%*	33	*39%*	*61%*
Total	**47**	*34%*	*66%*	**53**	*32%*	*68%*

Personnel costs

SEK million	2022					2021				
	Salaries and remunerations	*of which bonus*	**Social security expenses**	*of which pension expenses*	**Personnel costs**	**Salaries and remunerations**	*of which bonus*	**Social security expenses**	*of which pension expenses*	**Personnel costs**
Board of Directors and CEO	57	*13*	17	*3*	**74**	53	*15*	20	*5*	**73**
Other employees	2,329	*—*	1,019	*288*	**3,347**	2,311	*—*	1,039	*291*	**3,350**
Total	**2,386**	*13*	**1,036**	*291*	**3,422**	**2,364**	*15*	**1,059**	*296*	**3,423**

Pensions

SEK million	2022	2021
Defined-contribution plans	-258	-264
Defined-benefit plans, retirement pension	-33	-32
Total pension expenses	**-291**	**-296**

Most of Tele2 employees are in a defined contribution pension plan, with the majority in ITP1. Through previous acquisitions and historically, Tele2 has allowed defined pension plans.

The defined benefit plans relate essentially to Sweden, where companies included in the Group are affiliated to PRI Pensionsgaranti or Skandia. For companies affiliated to PRI Pensionsgaranti, the companies' obligation under the ITP-plan (ITP2) retirement pension are recognized as a liability in the balance sheet. A part of the liability for retirement pension is closed for new entries and instead premiums are paid to Collectum and Alecta for the employees. Additional information regarding the defined-benefit retirement plans is shown in the following tables.

Note 31 cont.

SEK million	2022	2021
Income statement		
Current service costs	-25	-24
Net interest cost	-1	-6
Curtailments/settlements	-6	-1
Defined-benefit plans, retirement pension	**-33**	**-32**
Special employer's contribution	0	-3
Net cost recognized in the income statement	**-33**	**-36**

SEK million	Dec 31, 2022	Dec 31, 2021
Balance sheet		
Present value of funded obligations	-538	-786
Present value of non-funded obligations	-2	-3
Fair value of plan assets	521	590
Net	**-19**	**-199**
Special employer's contribution	-38	-38
Net asset (+) / obligation (–) in balance sheet	**-57**	**-237**
of which assets	242	182
of which liabilities	-298	-419
Movements		
Net asset (+) / obligation (–) at beginning of year	-237	-333
Net cost	-33	-36
Payments	23	15
Actuarial gains/losses in other comprehensive income	189	116
Net asset (+) / obligation (–) in balance sheet at end of year	**-57**	**-237**

The defined-benefit pension plans under ITP2 are partly funded, where Tele2's assets have been invested in Skandia and by securing in Tele2 Joint Pension Fund. At December 31, 2022 the market value of Tele2's asset amounted to SEK 521 (590) million. Two smaller defined benefit plans of SEK 2 (3) million for management pension and conditional early retirement pension are non-funded.

The defined benefit pension obligation in Sweden is calculated using a discount rate based on interest on mortgage bonds. The Swedish covered mortgage bonds are considered high-quality bonds, the market is considered deep and the bonds are issued by large banks, thereby meeting IAS 19 requirements. The following key actuarial assumptions have been applied to calculate the commitments.

	Dec 31, 2022	Dec 31, 2021
Important actuarial assumptions		
Discount rate	3.7%	2.0%
Annual salary increases	3.0%	3.1%
Annual pension increases	3.0%	3.1%
Long-term inflation assumption	2.0%	2.1%
Average expected remaining years of employment	10 years	10 years

REMUNERATION FOR SENIOR EXECUTIVES

SEK million	2022						
	Annual fixed based salary	Variable short-term remuneration[1]	Variable long-term incentives	Pension benefits	Other benefits	Termination benefits	Total remuneration
CEO and President							
Kjell Johnsen	8,8	4,9	11,1	3,1	0,3	–	28,1
Other senior executives	22,6	11,8	10,1	4,5	3,3	–	52,2
Total salaries and remuneration to senior executives	**31,3**	**16,7**	**21,2**	**7,6**	**3,6**	**–**	**80,4**

[1] The variable short-term remuneration program 2022 for Senior Executives (and other Managers in Sweden) are weighted 80% on financial criterias and 20% on non-financial criterias of which 5% are weighted on Sustainability goals. Sustainability goals for 2022 are measuring percentage of female employees and CO_2 emission reductions. Individual goals are weighted 15% and are measuring goals linked to business impact including Tele2 values and Tele2 code of conduct.

At the end of the year, the group other senior executives comprise of 8 (8) persons. The increase in remuneration for other senior executives compared with previous year is a result of senior executives being eight persons the entire year of 2022, whereas some of the senior executives were partly reported during 2021 since hired during that year.

SEK million	2021						
	Annual fixed based salary	Variable short-term remuneration	Variable long-term incentives	Pension benefits	Other benefits	Termination benefits	Total remuneration
CEO and President							
Kjell Johnsen	8,5	6,7	4,8	2,8	0,2	–	23,0
Other senior executives	22,0	13,0	9,0	4,7	2,2	2,8	53,7
Total salaries and remuneration to senior executives	**30,5**	**19,7**	**13,8**	**7,5**	**2,5**	**2,8**	**76,7**

Guidelines for remuneration to senior executives

The current guidelines for remuneration to senior executives were approved by the Annual General Meeting 2020 and are presented below. The Boards' proposal for the Annual General Meeting in 2023 to resolve on updated Guidelines for remuneration to senior executives are presented in the Board of Directors' report.

Note 31 cont.

Applicability

Senior executives covered by the provisions of these guidelines include the CEO and members of the Group Leadership Team ("senior executives"). For the purpose of these guidelines, senior executives also include Board Members, elected at General Meetings, to the extent such Board Members perform services within their respective areas of expertise outside of their Board duties. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2020. These guidelines do not impose restrictions to any remuneration decided or approved by General Meetings. Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Our approach to the remuneration guidelines

The remuneration policy provides a structure that aligns remuneration with the successful delivery of our long-term business strategy, interests and sustainability.

In short, the company's business strategy is the following.
Tele2's vision is to be the smartest telco in the world, creating a world of unlimited possibilities. We enable the transformation of businesses and the creation of tomorrow's infrastructure. Connecting people and technology far and wide, as well as right here around us. Simple. Sustainable. Smart. Tele2's values are Fearless, Open, Cost Efficient, Reliable and Flexible. These values together constitute "The Tele2 Way" – our way of relating to each other internally, and to the world around us. Tele2's culture and strong values, "The Tele2 Way", make the foundation for attracting and retaining driven and engaged talent.

For more information regarding the company's business strategy, please see www.tele2.com.

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

General Meetings in Tele2 have separately resolved on long-term share and share-price related incentive plans. Going forward, any new long-term share and share-price related incentive plans will be resolved upon separately by the General Meetings and are therefore not covered by these guidelines since these guidelines do not impose restrictions to any remuneration decided or approved by General Meetings. The performance criteria used to assess the outcome of these long-term share and share-price related incentive plans are distinctly linked to the business strategy and thereby to the company's long-term value creation, including its sustainability. At present, these performance criteria comprise i.a. Tele2's absolute TSR and Tele2's TSR vs a defined Peer Group. However, such criteria may change in future long-term share and share-price related incentive plans. Current plans are also conditional upon the participant's own investment and certain holding periods of several years. For more information regarding these long-term share-related incentive plans, including the performance criteria which the outcome depends on, please see www.tele2.com/governance/remuneration.

Remuneration elements

Remuneration to the senior executives should comprise annual fixed base salary, variable short-term remuneration, variable long-term incentives, pension benefits and other benefits.

Annual fixed base salary
For defining the annual fixed base salary for the senior executives, the Remuneration Committee uses a similar methodology as for benchmarking other employees' fixed annual remuneration, utilizing external benchmark and reviewing peers. The Board considers the remuneration of employees and the average annual increases an important element in determining the annual salary increase for senior executives.

Variable short-term remuneration, including criteria for awarding
The variable short-term remuneration ("STI") shall be linked to predetermined and measurable criteria, measured over a period of maximum one year, which can be financial, such as EBITDA or revenue, or non-financial, such as sustainability. In addition, they may be individualized, quantitative or qualitative objectives. For senior executives, the financial criteria are weighted 80 percent and the non-financial criteria are weighted 20 percent. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy, "The Tele2 Way" or promote the senior executive's long-term development.

The variable short-term remuneration can amount to a maximum of 100 percent of the annual fixed base salary.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated and/or determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable cash remuneration to the senior executives. The evaluation for financial objectives shall be based on the latest financial information made public by the company.

Variable long-term incentives, including criteria for awarding
The structure of any variable long-term incentives shall ensure a long-term commitment for Tele2's development and value creation and may be both share and share-price related as well as cash based. Going forward, any long-term share and share-price related incentive plans will be resolved upon separately by the General Meetings and are therefore not covered by these guidelines.

Note 31 cont.

Pension benefits
The senior executives are offered defined contribution pension plans, including health insurance. Defined contributions for pensions to the CEO and the other senior executives can amount to a maximum of 20 percent premium based on the annual fixed base salary and the STI, which could maximum lead to 40 percent of the annual fixed base salary.

Other benefits
Other benefits may include e.g. company cars, health care insurance and for expatriated senior executives e.g. housing benefits for a limited period of time. Such benefits may amount to not more than five percent of the annual fixed base salary.

Termination of employment
The maximum period of notice of termination of employment shall be twelve months in the event of termination by the CEO and six months in the event of termination by any of the other senior executives.

In the event of termination by the company, the maximum notice period during which compensation is payable is eighteen months for the CEO and twelve months for any of the other senior executives.

Additionally, remuneration may be paid for non-compete undertakings and such remuneration shall compensate loss of income. The remuneration shall be paid during the time the non-compete undertaking applies, however not for more than six months. With regard to the CEO, the remuneration shall amount to not more than 60 percent of the CEO's average monthly remuneration (both fixed and variable) paid by the company during the twelve months preceding the time of termination and with regard to other senior executives, the remuneration shall amount to not more than 80 percent of the senior executive's monthly base salary at the time of the termination.

Salary and employment conditions for employees
In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report.

The decision-making process to determine, review and implement the guidelines
The Board has established a remuneration committee. The committee's tasks include preparing the Board's decision to propose guidelines for remuneration to senior executives. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the senior executives, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other senior executives do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines
The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Deviations from guidelines for remuneration to senior executives

According to the remuneration guidelines, the Board may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. In 2021, the Board has resolved to deviate from the guidelines in two instances. First, the Board has awarded a new variable short term incentive, the One Time Transformation Award to the senior executives that is measured over two and a half financial years and not one year as stated in the guidelines. Further, in respect of the CEO, for 2022 and 2023, the variable short-term remuneration can amount to maximum 175 percent of the annual fixed base salary, due to the implementation of the One Time Transformation Award, whilst the maximum outcome in the guidelines is set to 100 percent. For three Group Executives the implementation of the One Time transformation award, can lead to a payout of maximum 115% of short-term variable remuneration in relation to the annual fixed base salary, during two years.

In view of the importance that the Company reaches the Business Transformation Program communicated to the market as well as attributes to Group Executives and selected key individual's continued service for the Company, the Board of Directors of Tele2 decided to introduce a One Time Transformation Award to senior executives and selected key individuals. The One time Transformation award has been implemented in 2021 and will be vesting Q2 2023, with payment in 2023. Payment under the one Time Transformation award corresponds to 6-18 months base salary per participant, paid at completion of the Transformation project in 2023. The One time Transformation Award is conditional upon the participant being continuously employed during the vesting period and the defined goal for Transformation established is reached. The defined goal is to reach the cost savings in line with the externally communicated Business Transformation Program. The CEO has in addition one KPI, part of One Time Transformation Award, which is the delivery of the of Tele2 Group revenue target during the vesting period.

Note 31 cont.

Share rights

During 2022 the CEO, other senior executives and other key employees received 455,000 (396,555) share rights in the new incentive program for the year and 132,484 (55,644) share rights in previous years incentive programs as compensation for dividend. No premium was paid for the share rights.

Number of share rights	LTI 2022		LTI 2021	
	CEO	Other senior executives	CEO (former)	Other senior executives
Outstanding as of January 1, 2022 [1]	—	—	210,105	204,874
Allocated	200,000	255,000	—	—
Allocated, compensation for dividend	7,434	9,492	35,241	34,372
Forfeited		-28,006	—	-33,128
Total outstanding rights as of December 31, 2022	**207,434**	**236,486**	**245,346**	**206,118**

Number of share rights	LTI 2020		LTI 2019	
	CEO	Other senior executives	CEO (former)	Other senior executives
Outstanding as of January 1, 2022 [1]	113,421	88,486	—	95,844
Allocated, compensation for dividend	19,023	14,854	—	12,068
Exercised	—	—	—	-107,912
Total outstanding rights as of December 31, 2022	**132,444**	**103,340**	—	—

[1] This year we have included in "Other senior excecutives" in LTI 2021-2019, LTI program participations which other senior executives had before they were appointed into the role as senior executive, hence the numbers from 2021 years annual report are not comparable to this year, since those shares were not included.

Board of directors

SEK	Fees to the board		Fees to the board committees		Total fees	
	2022	2021	2022	2021	2022	2021
Carla Smits-Nusteling (chairman)	1,800,000	1,750,000	126,000	122,000	1,926,000	1,872,000
Andrew Barron	900,000	875,000	105,000	102,000	1,005,000	977,000
Georgi Ganev	660,000	640,000	—	—	660,000	640,000
Eva Lindqvist	660,000	640,000	251,000	244,000	911,000	884,000
Lars-Åke Norling	660,000	640,000	179,000	173,000	839,000	813,000
Sam Kini	660,000	640,000	126,000	122,000	786,000	762,000
Stina Bergfors	660,000	640,000	53,000	51,000	713,000	691,000
Total fee to board members	**6,000,000**	**5,825,000**	**840,000**	**814,000**	**6,840,000**	**6,639,000**

Long-term incentive program (LTI)

The objective of the long-term incentive programs (LTI) is to create conditions for retaining competent employees in the Tele2 Group. The program has been designed based on the view that it is desirable that senior executives and other key employees within the Group are shareholders in Tele2 AB. Participation in the Plan requires a personal investment in Tele2 shares, by shares already held or shares purchased on the market in connection with the application to participate in the Plan.

By offering an allotment of retention rights and performance rights which are based on profits and other retention and performance-based conditions, the participants are rewarded for increasing shareholder value. Furthermore, the program rewards employees' loyalty and long-term growth in the Group. In that context, the Board of Directors is of the opinion that the program will have a positive effect on the future development of the Tele2 Group and thus be beneficial to both the company and its shareholders.

The LTI programs are usually launched annually after approval from the Annual General Meeting, and run for around 3 years. In 2022, LTI 2019 was finalized and LTI 2022 was launched.

Outcome 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.

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

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 as per Dec 31, 2022 not yet used its mandate.

Note 31 cont.

	LTI 2022		
	Series A	Series B	Series C
Expected annual turnover of personnel	10%	10%	10%
Weighted average share price	131,63 kr	131,63 kr	131,63 kr
Expected life (years)	2.93	2.93	2.93
Reduction parameter due to market related conditions	75%	84%	100%
Estimated fair value	98,43 kr	110,37 kr	131,61 kr

Outstanding share rights LTI 2019–2022

	Average fair value/share rights at grant date (in SEK)	Number of participants at grant date	Measure period: TSR measurement	Measure period: Cash flow measurement period	Outstanding share rights: Dec 31, 2022	Outstanding share rights: Dec 31, 2021
LTI 2022	116	194	"Apr 1, 2022 - Mar 31, 2025"	"Jan 1, 2022 - Dec 31, 2024"	1,460,226	—
LTI 2021	80	198	"Apr 1, 2021 - Mar 31, 2024"	"Jan 1, 2021 - Dec 31, 2023"	1,441,908	1,414,817
LTI 2020	84	218	"Apr 1, 2020 - Mar 31, 2023"	"Jan 1, 2020 - Dec 31, 2022"	1,161,005	1,142,715
LTI 2019	65	202	"Apr 1, 2019 - Mar 31, 2022"		—	991,226
Total					**4,063,139**	**3,548,758**

No share rights were exercisable at the end of the year.

Number of rights	LTI 2022		LTI 2021	
	2022	Cumulative	2022	Cumulative
Allocated at grant date	1,497,456	1,497,456	—	1,448,860
Outstanding as of January 1, 2022	—	—	1,414,817	—
Allocated, compensation for dividend	54,313	54,313	227,264	298,933
Forfeited	-91,543	-91,543	-200,173	-305,885
Total outstanding rights as of December 31, 2022	**1,460,226**	**1,460,226**	**1,441,908**	**1,441,908**

Number of rights	LTI 2020		LTI 2019	
	2022	Cumulative	2022	Cumulative
Allocated at grant date	—	1,597,152	—	1,365,908
Outstanding as of January 1, 2022	1,142,715	—	991,226	—
Allocated, compensation for dividend	182,415	356,574	123,791	398,642
Allocated, compensation for new issue	—	—	—	-220,279
Forfeited	-164,125	-792,721	-13,141	-302,022
Adjustments for outcome of the performance conditions, Equity settled	—	—	—	-55,319
Exercised, Equity settled	—	—	-1,101,876	-1,186,930
Total outstanding rights as of December 31, 2022	**1,161,005**	**1,161,005**	**—**	**—**

Conditions and status LTI 2020–2022

The principles and structure described for LTI 2022 above also apply for LTI 2020 and LTI 2021. All three ongoing programs include the conditions absolute TSR, relative TSR and accumulated operating cash flow.

	Maximum profit/right	Retention and performance based conditions (ranges): Series A TSR	Series B TSR peer group	Series C Operating cash flow
LTI 2020	SEK 562	>0%	0–20%	90–110%
LTI 2021	SEK 429	>0%	0–10%	90–110%
LTI 2022	SEK 514	>0%	0–10%	90–110%

Status LTI 2020: Since April 1, 2020 (the start of the TSR measurement period) until December 31, 2022, the Tele2 Group has reached a total shareholder return (TSR) of -11%. The TSR development relative to the assessed peer group was –14% for the same period. The TSR measurement period ends at March 31, 2023. Accumulated operating cashflow for the completed measurement period reached 104% of the targeted level.

Status LTI 2021: Since April 1, 2021 (the start of the TSR measurement period) until December 31, 2022. the Tele2 Group has reached a total shareholder return (TSR) of -6%. The TSR development relative to the assessed peer group was -8% for the same period. The TSR measurement period ends at March 31, 2024. Accumulated operating cashflow for 2021 and 2022 (two out of three years of the measurement period) reached 105% of the targeted level.

Status LTI 2022: Since April 1, 2022 (the start of the TSR measurement period) until December 31, 2022, the Tele2 Group has reached a total shareholder return (TSR) of -24%. The TSR development relative to the assessed peer group was -11% for the same period. The TSR measurement period ends at March 31, 2025. Operating cashflow for the full year 2022 (the first out of three years of the measurement period) reached 104% of the targeted level.

Note 31 cont.

Costs and liabilities

Total cost before tax for outstanding incentive programs and liability is stated below.

SEK million	Actual costs before tax		Expected cumulative cost during the vesting period		Liability	
	2022	2021	2022	2021	Dec 31, 2022	Dec 31, 2021
LTI 2022	27	—	123	—	4	—
LTI 2021	30	23	101	109	13	7
LTI 2020	26	28	95	94	17	14
LTI 2019	16	29	100	92	—	30
LTI 2018	—	16	—	*132*	—	—
Total	**100**	**96**	**419**	**427**	**34**	**51**
of which cash based programs	—	—	—	—	—	—

NOTE 32 FEES TO THE APPOINTED AUDITOR

SEK million	2022		2021	
	Deloitte	Other elected auditors	Deloitte	Other elected auditors
Audit fees	8	1	8	0
Audit-related fees	—	0	—	0
Consultation, all other fees	1	—	1	0
Total fees per appointed auditor	**9**	**1**	**8**	**1**
Total fees to the appointed auditors		**10**		**9**

NOTE 33 DISCONTINUED OPERATIONS

Discontinued operations includes Tele2s former operations in Germany, Croatia, Kazakhstan, Netherlands and Switzerland.

Tele2 Germany

In December 2020 Tele2 completed the divestment of its German business to the Tele2 Germany management. The purchase price included an earnout 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 Croatia

In March 2020 Tele2 completed the divestment of its Croatian business to United Group. During 2022 an amount of SEK 8 million has been expensed related to an ongoing dispute, including FX effects on existing provisions.

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, divided on interest expenses SEK 25 million and income tax on capital gain SEK 337 million.

Tele2 Netherlands

In January 2019 Tele2 and Deutsche Telekom completed the combination of Tele2 Netherlands and T-Mobile Netherlands. Tele2 Netherlands was sold for SEK 1.9 billion and 25 percent share in the combined company. In 2021 Tele2 reported a positive impact of SEK 130 million related to a dispute attached to the former Tele2 operation in the Netherlands, as the dispute is now resolved.

Tele2 Switzerland

In 2008 Tele2 sold its operations in Switzerland to TDC Sunrise. In 2021 Tele2 reported a positive effect in the income statement of SEK 193 million related to a settled dispute with Swisscom, attached to Tele2s former Swiss operation. In 2021, Tele2 also received the corresponding payment of SEK 209 million, of which SEK 16 million has been distribution to a third party during 2022.

Note 33 cont.

Income statement

All discontinued operations are included in the income statement below, with a retrospective effect on previous periods.

SEK million	2022	2021
Administrative expenses	—	-3
Operating profit	**—**	**-3**
Interest expenses	22	-4
Profit/loss after financial items	**22**	**-8**
Net profit/loss from the operation	**22**	**-8**
Profit/loss on disposal of operation including sales costs and cumulative exchange rate gain	**2**	**354**
of which Germany	13	46
of which Croatia	-8	-13
of which Netherlands	-2	128
of which Switzerland	—	193
Income tax from capital gain	**337**	**—**
of which Kazakhstan	337	—
Net profit/loss	**361**	**346**
Attributable to:		
Equity holders of the parent company	361	346
Net profit/loss	**361**	**346**
Earnings per share, SEK	0,52	0,51
Earnings per share, after dilution, SEK	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 2021, Tele2 AB entered into an agreement to sell the 25 percent share in T-Mobile Netherlands, subject to customary closing conditions. The asset was therefore reclassified to Asset held for sale. The divestment was completed during Q1 2022. See note 14 for further details.

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

Cash flow statement

SEK million	2022	2021
Cash flow from operating activities	-0	-2
Cash flow from investing activities	27	329
Net change in cash and cash equivalents	**27**	**327**

NOTE 34 JOINT OPERATIONS AND OTHER RELATED PARTIES

Business relations and pricing between Tele2 and all related parties are based on commercial terms and conditions. During 2022, Tele2 engaged in transactions with the following related companies/persons.

Joint operations

Svenska UMTS-nät AB, Sweden

Tele2 is one of two turnkey contractors which plan and operate the joint operation Svenska UMTS-nät AB's 3G network. Tele2 and Telia Company each own 50 percent and both companies have contributed capital to the 3G company. In addition to this, the build-out was financed by the owners. Based on an agreement from 2020 Tele2 and Telia Company have during 2021 started to gradually decommission the 3G network with the aim to have the network fully shut down by the end of 2024.

Net4Mobility HB, Sweden

Net4Mobility is an infrastructure joint operation between Tele2 Sweden and Telenor Sweden, where each party owns 50 percent. The company's mission is to build and operate the combined 2G, 4G and 5G network. The network enables Tele2 and Telenor to offer their customers mobile services for data communications and voice. The build-out has owner financing.

SIA Centuria, Latvia and Lithuania

In 2019 Tele2 and Bite partnered to investigate a shared mobile network and spectrum setup in Latvia and Lithuania. However, since the partnership only received partial regulatory approval, Tele2 and Bite agreed in 2021 to terminate the cooperation agreements and the companies were liquidated during 2022.

Extracts from the income statements, balance sheets and cash flow statements

The tables below show summarized financial information for significant joint operations before inter-company eliminations.

Income statement SEK million	2022		2021	
	Sv UMTS-nät, Sweden	Net4Mobility, Sweden	Sv UMTS-nät, Sweden	Net4Mobility, Sweden
Revenue	768	1,629	1,035	1,428
Operating profit	114	118	100	109
Profit/loss before tax	115	-93	96	-188
Net profit/loss	91	-93	77	-188

Balance sheet SEK million	Dec 31, 2022		Dec 31, 2021	
	Sv UMTS-nät, Sweden	Net4Mobility, Sweden	Sv UMTS-nät, Sweden	Net4Mobility, Sweden
Intangible assets	–	2,887	–	3,027
Tangible assets	271	3,254	542	2,703
Right-of-use assets	232	2,020	232	1,749
Deferred tax assets	27	–	51	–
Current assets	890	765	537	629
Total assets	**1,421**	**8,926**	**1,362**	**8,108**
Equity	891	-556	800	-464
Untaxed reserves	–	3,053	–	2,953
Non-current liabilities	212	4,336	222	3,960
Current liabilities	318	2,093	340	1,658
Total equity and liabilities	**1,421**	**8,926**	**1,362**	**8,108**

Cash flow statement SEK million	2022		2021	
	Sv UMTS-nät, Sweden	Net4Mobility, Sweden	Sv UMTS-nät, Sweden	Net4Mobility, Sweden
Cash flow from operating activities	249	2,064	537	1,149
Cash flow from investing activities	-5	-1,717	-12	-1,052
Cash flow from financing activities	-166	-217	-484	-136
Net change in cash and cash equivalents	**78**	**131**	**41**	**-38**
Cash and cash equivalents at beginning of the year	41	10	0	49
Cash and cash equivalents at end of the year	**119**	**142**	**41**	**10**

Note 34 cont.

Other related parties

Senior executives and Board members

Information related to senior executives and Board members is presented in Note 31.

Kinnevik Group

Tele2 rented premises from Kinnevik during 2021, but not during 2022.

Joint ventures and associated companies

Information about joint ventures and associated companies is presented in Note 15.

Transactions and balances

Transactions between Tele2 and joint operations are included to 100 percent below. In the consolidated financial statements the joint operations are however based on Tele2's share of assets, liabilities, revenues and expenses (50 percent).

SEK million	Revenue		Operating expenses		Interest revenue	
	2022	2021	2022	2021	2022	2021
Kinnevik	0	1	—	-1	—	—
Joint ventures and associated companies	1	92	-5	-12	—	—
Joint operations	263	159	-1,153	-1,177	28	18
Total	**264**	**252**	**-1,158**	**-1,189**	**28**	**18**

SEK million	Other receivables		Interest-bearing receivables		Non-interest-bearing liabilities		Interest-bearing liabilities	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Joint ventures and associated companies	0	4	—	—	1	1	—	—
Joint operations	1,450	642	1,200	1,165	213	291	300	110
Total	**1,450**	**646**	**1,200**	**1,165**	**214**	**292**	**300**	**110**

NOTE 35 EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events expected to have a material effect on Tele2's financial statements have occurred after the end of the financial year.

Financial statements – Parent company

Parent company's income statement

SEK million	Note	2022	2021
Revenue	2	49	46
Gross profit		**49**	**46**
Administrative expenses		-95	-130
Other operating expenses	3	-0	-7
Operating loss		**-47**	**-91**
Profit/loss from financial investments			
Dividend from Group companies		6,300	7,325
Other interest revenue and similar income	4	189	166
Interest expense and similar costs	5	-836	-549
Profit/loss after financial items		**5,605**	**6,851**
Appropriations, untaxed reserves		-380	-230
Appropriations, group contribution		2,247	1,430
Tax on profit/loss for the year	6	-251	-144
Net profit/loss		**7,222**	**7,907**

Parent company's comprehensive income

SEK million	2022	2021
NET PROFIT/LOSS	7,222	7,907
Components that may be reclassified to net profit		
Gain/loss arising on changes in fair value of hedging instruments	130	61
Reclassified cumulative loss to income statement	-27	-30
Tax effect on cash flow hedges	-21	-6
Components that may be reclassified to net profit	**82**	**25**
Other comprehensive income for the year, net of tax	**82**	**25**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	7,303	7,931

Parent company's balance sheet

SEK million	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Shares in group companies	7	60,894	60,894
Receivables from group companies	9	12,359	11,358
Deferred tax assets	6	-0	16
Other financial assets	8	85	79
Non-current assets		**73,337**	**72,347**
Other receivables from group companies	9	2,300	3,385
Other current receivables	10	140	147
Prepaid expenses and accrued income		5	4
Current receivables		**2,444**	**3,536**
Restricted Cash		156	—
Current investments		**156**	**—**
Cash and cash equivalents	11	0	0
Current assets		**2,601**	**3,536**
TOTAL ASSETS		75,938	75,884

SEK million	Note	Dec 31, 2022	Dec 31, 2021
EQUITY AND LIABILITIES			
Share capital		869	866
Restricted reserve		4,985	4,985
Restricted equity		**5,854**	**5,851**
Reserves		22,499	22,418
Retained earnings		3,205	8,852
Net profit		7,222	7,907
Unrestricted equity		**32,927**	**39,177**
Equity		**38,781**	**45,028**
Untaxed reserves		**610**	**230**
Liabilities to financial institutions and similar liabilities	12	24,080	22,390
Pension and similar commitments		107	112
Other liabilities to group companies		5,000	5,000
Deferred tax liability	6	4	—
Non-current liabilities		**29,192**	**27,502**
Liabilities to financial institutions and similar liabilities	12	2,550	2,783
Provisions	13	23	5
Other liabilities to group companies		4,201	5
Other interest-bearing liabilities	12	330	—
Interest-bearing liabilities		**7,105**	**2,793**
Accounts payable	12	0	1
Current tax liabilities		45	147
Other current liabilities	12	4	3
Other liabilities to group companies		0	0
Accrued expenses and deferred income	14	201	179
Non-interest-bearing liabilities		**251**	**330**
Current liabilities		**7,356**	**3,123**
TOTAL EQUITY AND LIABILITIES		75,938	75,884

Parent company's cash flow statement

SEK million	2022	2021
Operating activities		
Operating loss	-47	-91
Adjustments for non-cash items in operating loss		
- Incentive program	20	12
Interest paid	-344	-343
Finance items paid	0	-2
Income tax paid	-350	-185
Changes in working capital		
- Operating receivables	-2	2
- Operating liabilities	-0	-7
Cash flow from operating activities	**-723**	**-614**
Investing activities		
Ohter financial assets, lending	-156	—
Lending to group companies	13,934	6,450
Cash flow from investing activities	**13,778**	**6,450**
Cash flow after investing activities	**13,055**	**5,837**
Financing activities		
Proceeds from credit institutions and similar liabilities	4,453	5,202
Repayment of loans from credit institutions and similar liabilities	-3,878	-4,834
Dividends paid	-13,629	-6,205
Cash flow from financing activities	**-13,055**	**-5,837**
Net change in cash and cash equivalents	**0**	**-0**
Cash and cash equivalents at beginning of year	0	0
Cash and cash equivalents at end of the year	**0**	**0**

Change in parent company's equity

SEK million	Restricted equity		Unrestricted equity			Total equity
	Share capital	Restricted reserve	Hedge reserve	Share premium reserve	Retained earnings	
Equity at January 1, 2022	**866**	**4,985**	**25**	**22,393**	**16,759**	**45,028**
Net profit	—	—	—	—	7,222	7,222
Other comprehensive income for the year, net of tax	—	—	82	—	—	82
Total comprehensive income for the year	**—**	**—**	**82**	**—**	**—**	**7,303**
Other changes in equity						
Share-based payments	—	—	—	—	77	77
Share-based payments, tax effect	—	—	—	—	2	2
Proceeds from issuances of shares	3	—	—	—	—	3
Repurchased shares	—	—	—	—	-3	-3
Dividends	—	—	—	—	-13,629	-13,629
Equity at December 31, 2022	**869**	**4,985**	**107**	**22,393**	**10,427**	**38,781**
Equity at January 1, 2021	**863**	**4,985**	**1**	**22,393**	**14,999**	**43,240**
Net profit	—	—	—	—	7,907	7,907
Other comprehensive income for the year, net of tax	—	—	25	—	—	25
Total comprehensive income for the year	**—**	**—**	**25**	**—**	**7,907**	**7,931**
Other changes in equity						
Share-based payments	—	—	—	—	60	60
Share-based payments, tax effect	—	—	—	—	2	2
Proceeds from issuances of shares	3	—	—	—	—	3
Repurchased shares	—	—	—	—	-3	-3
Dividends	—	—	—	—	-6,205	-6,205
Equity at December 31, 2021	**866**	**4,985**	**25**	**22,393**	**16,759**	**45,028**

Notes

NOTE 1 ACCOUNTING PRINCIPLES AND OTHER INFORMATION

The parent company's financial statements have been prepared according to the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities and other statements issued by the Swedish Financial Reporting Board.

The parent company follows the same accounting policies as the Group (see Group Note 1) with the following exceptions.

Subsidiaries

Shares in subsidiaries are recognized at cost, including expenses directly related to the acquisition, less any impairment.

Classification and measurement of financial instruments

IFRS 9 Financial Instruments is adopted, except regarding financial guarantees where the exception allowed in RFR 2 is chosen. Financial guarantees are included in contingent liabilities.

Internal loans are managed by the Group's Corporate Affairs function and all internal credit facilities are reviewed on regular basis. Internal loans are managed to collect contractual cash flows and is therefore designated as amortized cost. Impairment losses are calculated based on expected credit losses.

Group contibution and shareholders' contribution

Group contributions are reported as appropriations in the income statement. Shareholders' contribution is repored in equity in the receiving company and is activated as shares in group companies in the parent company, unless a write-down is required.

Pensions

The parent company applies defined contribution plans in line with the group's accounting policy, but they are secured with endowment insurances accounted for under financial assets. This means that the pension premium payments are accounted for both as a finacial asset and as a provision under Pension and similar commitments. The premiums are not tax deductible until they are paid out as pensions.

Taxes

Untaxed reserves are reported without split on equity and deferred tax in the balance sheet of the parent company, unlike how it is reported in the group. Correspondingly, in the income statement, no allocation of appropriations to deferred tax expense is made.

Other information

The annual report has been approved by the Board of Directors on March 30, 2023. The balance sheet and income statement are subject to adoption by the Annual General Meeting on May 15, 2023.

NOTE 2 REVENUE

Revenue relates to sales to other companies within the Group.

NOTE 3 OTHER OPERATING EXPENSES

SEK million	2022	2021
Other operating expenses	-0	-7
Total other operating expenses	**-0**	**-7**

NOTE 4 OTHER INTEREST REVENUE AND SIMILAR INCOME

SEK million	2022	2021
Interest, Group	187	166
Interest, Other	1	0
Total other interest revenue and similar income	**189**	**166**

All interest income is for financial assets reported at amortized cost.

NOTE 5 INTEREST EXPENSE AND SIMILAR COSTS

SEK million	2022	2021
Interest, financial institutions and similar liabilities	-409	-359
Interest, Group	-58	-29
Exchange rate difference on financial liabilities	-366	-155
Other finance expenses	-4	-6
Total interest expenses and similar costs	**-836**	**-549**

All interest costs refer to financial instruments not valued at fair value through the income statement, except for interest costs related to derivatives amounting to SEK 27 (30) million.

NOTE 6 TAXES

SEK million	2022	2021
Current tax expense, on profit/loss current year	-239	-145
Current tax expense, on profit/loss prior periods	-9	6
Current tax expense	**-249**	**-140**
Deferred tax expense/income	-2	-4
Total tax on profit/loss for the year	**-251**	**-144**

The difference between recorded tax and the tax based on prevailing tax rate consists of the below listed components.

SEK million	2022		2021	
Profit/loss before tax	7,472		8,051	
Tax effect according to tax rate in Sweden	-1,539	-20.6%	-1,658	-20.6%
Tax effect of				
Non-taxable dividend from group company	1,298	17.4%	1,509	18.7%
Non-deductible expenses other	0	0.0%	-0	0.0%
Adjustment of tax assets from previous years	-9	-0.1%	6	0.1%
Tax expense and effective tax rate	**-251**	**-3.4%**	**-144**	**-1.8%**

Deferred tax liability of SEK 4 (-16) million is attributable to temporary differences for liabilities of SEK 26 (4) million and pensions of SEK -22 (-20) million.

NOTE 7 SHARES IN GROUP COMPANIES

Company, reg. No., reg'd office	Number of shares	Total par value	Holding (capital/ votes)	Dec 31, 2022 mSEK	Dec 31, 2021 mSEK
Tele2 Sverige AB, 556267-5164, Stockholm, Sweden	1,500,000	SEK 100	100%	59,694	59,694
Tele2 Treasury AB, 556606-7764, Stockholm, Sweden	1,000	SEK 100	100%	1,200	1,200
Total shares in group companies				**60,894**	**60,894**

SEK million	Dec 31, 2022	Dec 31, 2021
Acquisition value		
Acquisition value at January 1	60,894	60,894
Total shares in group companies	**60,894**	**60,894**

A list of all subsidiaries, excluding dormant companies, is presented in Note 19.

NOTE 8 OTHER FINANCIAL ASSETS

Other financial assets consist of pension funds.

NOTE 9 RECEIVABLES FROM GROUP COMPANIES

SEK million	Dec 31, 2022	Dec 31, 2021
Acquisition value at January 1	14,743	9,443
Lending	13,000	13,957
Repayments	-17,702	-11,039
Other changes in cash pool	4,618	2,382
Total receivables from group companies	**14,659**	**14,743**

NOTE 10 OTHER CURRENT RECEIVABLES

SEK million	Dec 31, 2022	Dec 31, 2021
Derivatives	134	143
Other	6	4
Total other current receivables	**140**	**147**

Derivatives consists of fair value interest swaps, valued at fair value. For fair value hedges, the effective and ineffective portions of the change in fair value of the derivative, along with the gain or loss on the hedged item attributable to the risk being hedged, are recognized in the income statement in the same line. For additional information please refer to Group Note 2.

NOTE 11 CASH AND CASH EQUIVALENTS AND UNUTILIZED OVERDRAFT FACILITIES

SEK million	Dec 31, 2022	Dec 31, 2021
Cash and cash equivalents	0	0
Unutilized overdraft facilities and credit lines	7,790	7,772
Total available liquidity	**7,790**	**7,773**

NOTE 12 FINANCIAL LIABILITIES

SEK million	Dec 31, 2022	Dec 31, 2021
Liabilities to financial institutions and similar liabilities	26,630	25,173
Other interest-bearing liabilities	330	—
Total interest-bearing financial liabilities	**26,961**	**25,173**
Accounts payable	0	1
Other current liabilities	4	3
Total financial liabilities	**26,965**	**25,178**

The parent company's financial liabilities consist mainly of liabilities to financial institutions and similar liabilities. Specification of them, including maturity, is presented in the Group's Note 24. Receivables from financial institutions in the form of cash pledged as collateral to reduce credit risk amounted on December 31, 2022 to SEK 156 (-183) million, please refer to the Group's Note 2.

NOTE 13 PROVISIONS

Provisions amounted at December 31, 2022 to SEK 23 (5) million. The number for 2022 consists entirely of reserves for One Time Transformation Award to senior executives and selected key individuals. The corresponding reserve for 2021 amounted to SEK 12 million and was included under Pensions and similar commitments. For more information regarding the One Time Transformation Award, see note 31 section Deviations from guidelines for remuneration to senior executives. Last year's reported provisions of SEK 5 million related to employee termination benefits.

NOTE 14 ACCRUED EXPENSES AND DEFERRED INCOME

SEK million	Dec 31, 2022	Dec 31, 2021
Interest costs	159	129
Personnel related expenses	36	43
External services expenses	6	7
Total accrued expenses and deferred income	**201**	**179**

NOTE 15 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

At December 31, 2022, the parent company's provided guarantees for the benefit of group companies amounted to SEK 3,984 (816) million.

NOTE 16 NUMBER OF EMPLOYEES

The average number of employees in the parent company is 8 (9), of whom 3 (2) are women and 5 (7) men.

NOTE 17 PERSONNEL COSTS

SEK million	2022			2021		
	Salaries and remunerations	Social security expenses	*of which pension expenses*	Salaries and remunerations	Social security expenses	*of which pension expenses*
Board and President	36	13	*3*	33	16	*5*
Other employees	52	22	*5*	60	35	*9*
Total	**88**	**35**	*8*	**93**	**51**	*13*

Personnel expenses directly recharged to Tele2 Sweden for some employees of the parent company working are netted with the cost in the income statement. The parent company's pension expenses relate to defined-contribution plans. Salary and remuneration for the CEO are presented in Group Note 31.

NOTE 18 FEES TO THE APPOINTED AUDITOR

Audit fees to the appointed auditor are SEK 2 (2) million. All other fees amount to SEK 1 (1) million.

NOTE 19 LEGAL STRUCTURE

The table below lists all the subsidiaries, associated companies, joint ventures and other holdings that are not dormant companies.

Company, reg. No., reg'd office	Note Group	Holding (capital/votes)
TELE2 SVERIGE AB, 556267-5164, Stockholm, Sweden		100%
SNPAC Swedish Nr Portability Adm.Centre AB, 556595-2925, Stockholm, Sweden	15	40%
Triangelbolaget D4 AB, 556007-9799, Stockholm, Sweden	15	25%
AVY Finans AB, 559163-3259, Stockholm, Sweden	16	3%
Svenska UMTS-nät Holding AB, 556606-7988, Stockholm, Sweden		100%
Svenska UMTS-nät AB, 556606-7996, Stockholm, Sweden	34	50%
Interloop AB, 556450-2606, Stockholm, Sweden		100%
Net4Mobility HB, 969739-0293, Stockholm, Sweden	34	50%
N4M Service AB, 556759-0392, Stockholm, Sweden	34	50%
iTUX Communication AB, 556699-4843, Stockholm, Sweden		100%
Tele2 IoT Latvia SIA, 40003681691, Riga, Latvia		100%
Tele2 IoT Netherlands, 72180137, Amsterdam, Netherlands		100%
UAB Tele2, 111471645, Vilnius, Lithuania		100%
UAB Tele2 prekyba, 302473332, Vilnius, Lithuania		100%
Viesoji istaiga Numerio perkelimas, 303386211, Vilnius, Lithuania	15	25%
SIA Tele2, 40003272854, Riga, Latvia		100%
SIA Baltic Shared Services Center, 40203242091, Riga, Latvia		100%
Tele2 Eesti AS, 10069046, Tallinn, Estonia		100%
Estonian Broadband Development Foundation, Estonia	16	12.5%
Tele2 Europe SA, R.C.B56944, Luxembourg		100%
Tele2 Finance Luxembourg SARL, RCB112873, Luxembourg		100%
TELE2 TREASURY AB, 556606-7764, Stockholm, Sweden		100%

Proposed appropriation of profit

The Annual General Meeting has the following funds at its disposal (SEK)

Profit brought forward and non-restricted reserves	25,704,957,479
Net profit for the year	7,221,700,356
Total	**32,926,657,835**

The Board of Directors proposes the following appropriation of profit (SEK)

Dividend to shareholders of SEK 6.80 per A and B share	4,698,877,296
Balance to be carried forward	28,227,780,539
Total	**32,926,657,835**

The proposed dividend at the disposal of the Annual General Meeting 2023 of SEK 4,699 million, or SEK 6.80 per A and B share, represents 84 per percent of the Group's net profit for 2022. The dividend will be paid in two tranches of SEK 3.40, in May and in October. The proposed record date for the first tranche of the dividend is 17 May 2023.

The members of the Board are of the opinion that the proposed dividend is justifiable considering the demands on the Group's equity imposed by the type, scope, and risks of the business and with regard to the Group's consolidation requirements, liquidity and overall position. For information regarding the dividend policy refer to Note 2.

The Board of Directors and President affirm that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's profit and financial position. The Annual Report has been prepared in accordance with the generally accepted accounting policies and provides a true and fair view of the Parent Company's profit and financial position. The statutory Board of Directors' Report for the Group and the Parent Company provides a true and fair overview of the development of the Group's and Parent Company's operations, profit and financial position and describes significant risks and uncertainty factors faced by the Parent Company and the companies included in the Group.

Stockholm March 30, 2023

Carla Smits-Nusteling
Chairman

Andrew Barron
Deputy Chairman

Stina Bergfors

Georgi Ganev

Sam Kini

Eva Lindqvist

Lars-Åke Norling

Kjell Johnsen
President and CEO

Our auditors' report was submitted on March 30, 2023
Deloitte AB

Didrik Roos
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Tele2 AB (publ) corporate identity number 556410-8917

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Tele2 AB (publ) for the financial year 2022-01-01 - 2022-12-31 except for the corporate governance statement on pages 30-36. The annual accounts and consolidated accounts of the company are included on pages 12-41 and 94-151 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 30-36. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue recognition and IT

Tele2 reports revenue of SEK 28,102 million for the financial year 2022. Tele2 has multiple revenue streams from a large number of customers. Revenues are characterized by a large volume of low value transactions, but also instances of larger projects and bundled offerings requiring management estimates and judgment such as determining fair values and the period in which the revenue should be recognized. Appropriate billing and IT operations are key for service delivery and for accurate and complete financial reporting.

In Note 1 the Group's accounting principles for revenue recognition are described and in Note 3 revenue by segment and by category are presented..

Our audit procedures included, but were not limited to:

- evaluating whether the accounting principles applied by management for revenue are in accordance with IFRS,
- relevant internal controls in IT systems critical for financial reporting,
- testing relevant revenue process controls, and
- testing different revenue streams through analytical procedures and on a sample basis to ensure appropriate revenue recognition.
- audit of expected credit losses including allowance for expected credit losses, and
- evaluating the adequacy of disclosures related to the various revenue streams and allowances for expected credit losses.

Valuation of goodwill and other intangible assets

Tele2 reports goodwill and other intangible assets of SEK 43,740 million as of December 31, 2022. On an annual basis management impairment tests the carrying value of goodwill and other intangible assets. The impairment assessments are complex and require management's estimates and judgement in determining the Group's cash generating units, the method selected for determining the recoverable amount as well as assumptions used regarding future growth rates, profit margins, investment levels and discount rates.

In Note 1 the Group's accounting principles for impairment testing of goodwill and intangible assets are described, and Note 11 describes the key assumptions used by management when preparing the annual impairment assessments.

Our audit procedures included, but were not limited to:

- assessing Tele2's principles and procedures when preparing its impairment tests for compliance with IFRS,
- assessing the valuation methodology and valuation assumptions used by management with the support of our valuation specialists,
- assessing the reasonableness of the business and accounting assumptions used in the impairment assessment, such as management's projections and forecast data,
- testing the mathematical accuracy of the models used for impairment testing, and
- evaluating the appropriateness of disclosures made in the financial statements.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-11, 42-45 and 157-161. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Tele2 AB (publ) for the financial year 2022-01-01 - 2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Tele2 AB (publ) for the financial year 2022-01-01 - 2022-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Tele2 AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 30-36 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of Tele2 AB (publ) by the general meeting of the shareholders on the 2022-04-28 and has been the company's auditor since 2004-05-12.

Stockholm, March 30, 2023
Deloitte AB

Didrik Roos
Authorized Public Accountant

Definitions

Non-IFRS measures

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

EBITDA

Tele2 considers EBITDA to be relevant measure to present profitability aligned with industry standard. *EBITDA:* Operating profit/loss before depreciation/amortization, impairment as well as results from shares in associated companies and joint ventures.

Underlying EBITDA

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

Underlying EBITDA: EBITDA excluding items affecting comparability.

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

Underlying EBITDAaL and underlying EBITDAaL margin

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

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

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

Continuing operations **SEK million**	2022	2021
Operating profit	6,596	4,787
Reversal:		
Result from shares in associated companies and joint ventures	-1,672	-221
Depreciation and amortization	6,176	5,952
EBITDA	**11,101**	**10,517**
Reversal, items affecting comparability:		
Acquisition costs	-0	11
Restructuring costs	198	251
Disposal of non-current assets	55	40
Other items affecting comparability	41	80
Total items affecting comparability	**294**	**382**
Underlying EBITDA	**11,395**	**10,900**
Lease depreciation	-1,240	-1,197
Lease interest costs	-94	-63
Underlying EBITDAaL	**10,060**	**9,639**
Revenue	28,102	26,789
Revenue excluding items affecting comparability	**28,102**	**26,789**
Underlying EBITDAaL margin	**36%**	**36%**

Capex paid and capex

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

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

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

SEK million	2022	2021
TOTAL OPERATIONS		
Additions to intangible and tangible assets	-3,581	-3,328
Sale of intangible and tangible assets	20	1
Capex paid	**-3,561**	**-3,327**
This period's unpaid capex and reversal of paid capex from previous period	240	-185
Reversal received payment of sold intangible and tangible assets	-20	-1
Capex intangible and tangible assets	**-3,341**	**-3,513**
Additions to right-of-use assets	-1,370	-1,306
Capex	**-4,711**	**-4,819**
CONTINUING OPERATIONS		
Additions to intangible and tangible assets	-3,581	-3,328
Sale of intangible and tangible assets	20	1
Capex paid	**-3,561**	**-3,327**
This period's unpaid capex and reversal of paid capex from previous period	240	-185
Reversal received payment of sold intangible and tangible assets	-20	-1
Capex intangible and tangible assets	**-3,341**	**-3,513**
Additions to right-of-use assets	-1,370	-1,306
Capex	**-4,711**	**-4,819**

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	2022	2021
Underlying EBITDAaL	10,060	9,639
Capex excluding spectrum and leases	-3,171	-3,158
Operating cash flow	**6,889**	**6,482**

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	2022	2021
TOTAL OPERATIONS		
Cash flow from operating activities	8,250	10,297
Capex paid	-3,561	-3,327
Amortization of lease liabilities	-1,226	-1,185
Equity free cash flow (eFCF)	**3,461**	**5,785**
eFCF per share (SEK)	5,01	8,39
eFCF per share after dilution (SEK)	4,98	8,34
CONTINUING OPERATIONS		
Cash flow from operating activities	8,250	10,272
Capex paid	-3,561	-3,327
Amortization of lease liabilities	-1,226	-1,185
Equity free cash flow	**3,461**	**5,760**
eFCF per share (SEK)	5,01	8,35
eFCF per share after dilution (SEK)	4,98	8,31
OUTSTANDING SHARES		
Number of shares	691,011,367	689,909,491
Number of shares after dilution	695,074,506	693,458,249

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	28,331
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 for assets classified as held for sale	—	-0
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 are presented in an excel document (Tele2-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 financial year.

Economic net debt / Underlying EBITDAaL (leverage)
Economic net debt divided by underlying EBITDAaL (rolling twelve months) for all operations owned and controlled by Tele2 at the end of each reporting period.

End-user service revenue
Revenue from end-users excluding equipment revenue. End-user service revenue is presented to provide a view of revenue attached to the customers usage of services provided by the company.

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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