

2023

Full Year and
Fourth Quarter Report



TELE2



Q4 2023 HIGHLIGHTS

- End-user service revenue of SEK 5.4 billion increased by 3% organically compared to Q4 2022 due to solid performance across operations. Total revenue of SEK 7.7 billion increased by 2% compared to Q4 2022.
- Underlying EBITDAaL of SEK 2.6 billion increased by 4% organically compared to Q4 2022 mostly driven by end-user service revenue growth which was partly offset by inflationary pressures.
- Net profit from total operations of SEK 0.9 (1.3) billion and earnings per share of SEK 1.35 (1.82). Net profit for Q4 2022 included a release of a tax provision of SEK 0.4 billion related to the former operations in Kazakhstan.
- Equity free cash flow of SEK 0.5 (0.5) billion. Over the last twelve months, SEK 4.7 billion has been generated, equivalent to SEK 6.8 per share.
- Tele2 delivered full year results in accordance with guidance. End-user service revenue growth of 4% organically, underlying EBITDAaL growth of 2% organically, and capex to sales of 14% (excluding spectrum and leases).
- The Board of Directors proposes an ordinary dividend of SEK 6.90 per share (6.80).
- Launch of Strategy Execution Program including SEK 600 million of cost reduction in three years.
- Full year 2024 guidance: 3-4% organic growth of end-user service revenue, 1-3% organic growth of underlying EBITDAaL, 13-14% capex to sales (excluding spectrum and leases).
- Mid-term outlook: Low to mid-single-digit organic growth of end-user service revenue, mid-single-digit organic growth of underlying EBITDAaL, 10-12% capex to sales (excluding spectrum and leases), however 13-14% in 2025.

Key financial data

SEK million	Oct-Dec 2023	Oct-Dec 2022	Organic %	Full year 2023	Full year 2022	Organic %
Continuing operations						
End-user service revenue	5,365	5,136	3%	21,130	20,097	4%
Revenue	7,684	7,454	2%	29,099	28,102	2%
Operating profit	1,405	1,203		5,466	6,596	
Profit after financial items	1,145	1,022		4,578	5,907	
Underlying EBITDAaL	2,624	2,483	4%	10,409	10,060	2%
Capex excluding spectrum and leases	1,131	1,177		3,941	3,171	
Operating cash flow	1,493	1,306		6,468	6,889	
Operating cash flow, rolling 12 months				6,468	6,889	
Equity free cash flow	531	454		4,720	3,461	
Equity free cash flow, rolling 12 months				4,720	3,461	
Total operations						
Net profit	936	1,258		3,735	5,574	
Earnings per share (SEK)	1.35	1.82		5.40	8.07	
Equity free cash flow	531	454		4,720	3,461	
Economic net debt to underlying EBITDAaL				2.5x	2.5x	



Continuing and discontinued operations

Figures presented in this report refer to the period October-December 2023 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2022. For discontinued operations, see Note 9.

Non-IFRS measures

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

CEO LETTER – Q4 2023



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2023 was a good and important year that helped laying strong foundations for our continued development.

Strong foundations in place allow Tele2 to write the next chapter

Entering a new year is like turning a page on a story that continues. What happened on the previous page sets the scene for the continuation. At Tele2, 2023 was a good and important year that helped laying strong foundations for our continued development. As we have returned to top-line growth within all major business areas, we are now addressing key elements that will provide operational leverage to the business for the coming years. We are doing this from a position of strength based on an overall financial leverage at the bottom end of our communicated range. This allows us to propose an increase of our dividend to SEK 6.90 per share.

We have spoken many times about the need to consolidate several IT platforms and build the most capital efficient 4G/5G mobile networks in the industry. Within both areas, we are making major progress and expect the main part of our IT infrastructure to be consolidated by this spring, as planned. Our network modernization is progressing at speed. We will have complied with regulatory requirements to replace radio equipment in our 4G/5G JV by the end of 2024. At the end of 2025, when closing down our 3G JV, we will have concluded very intense years of modernization, partly forced by regulatory decisions, allowing us to move back closer to historical investment levels in 2026.

Next stage – optimized go-to-market

As we turn the page from 2023, we will gradually allocate more resources directly to our go-to-market efforts and less to maintaining and replacing legacy systems. The new pages for 2024-2026 will see us building better and more digital tools for addressing customer needs. When we benchmark Tele2 on efficiency, we generally come out very well. However, we do see room for improvement in terms of the costs we incur to attract and retain customers, whether that be in terms of commissions in physical retail or cost of customer interactions with our staff and support services.

Over the course of 2024-2026, we have identified opportunities to save around SEK 600 million on an exit run-rate basis. We will be working actively towards realizing these savings as an effect of a reshaped go-to-market carried out through an internal Strategy Execution Program.

Directionally, we have already started adjusting our go-to-market execution, from being too dependent on volumes in external retail to building stronger and more long-term customer relationships. Building on our portfolio of assets, which include mobile, broadband, streaming and TV, we can deliver whatever mix of services and hardware our customers would like, and the task going forward is to make their interactions with us more convenient, reducing friction and complexity.

This transition will happen gradually over the next three years and build a stronger Tele2 overall. If 2020-2023 was heavily tilted towards fixing legacy, 2024-2026 will increasingly shift more resources towards ease of use, better customer understanding, automation, and business-led service development.

Sweden delivers strong fourth quarter

While we are excited about the opportunities ahead, the organization is focused on delivering the best possible customer experience today. For Q4, I am very

pleased to see a 3% organic underlying EBITDAaL growth in Sweden, supported by accelerated end-user service revenue growth in B2C and another solid quarter in B2B.

Performance in the Baltics continues to impress

In the Baltics we have shown very strong numbers throughout the year, despite challenging macro conditions, and Q4 remained solid too with 8% organic underlying EBITDAaL growth. Tele2 has proved over and over in the Baltics that customers are willing to pay for our services and remain loyal to the brand thanks to high customer satisfaction.

Financials

From a 2023 group financial perspective, I am glad to see that we have delivered 4% organic end-user service revenue growth alongside 2% organic underlying EBITDAaL growth, in line with our guidance in a challenging year.

In terms of future performance, we would like to give some perspective on where we are heading. For 2024, we are guiding for:

- 3-4% organic end-user service revenue growth
- 1-3% organic underlying EBITDAaL growth
- 13-14% capex to sales (excluding spectrum and leases)

To give investors an outlook beyond 2024, we currently estimate similar growth in end-user service revenue. The new levels of efficiency we have identified from focusing more on customer driven development rather than legacy consolidation will be realized through our Strategy Execution Program. Hence, we expect stronger underlying EBITDAaL growth as the effect of our improvements start coming through.

We will also finalize the main network related investments in 2025 in order to shut down our 3G JV, leading to a capex to sales of 13-14% for the year. For 2026, we will see reduced capex as the main swap and roll-out, partly dictated by regulatory requirements, will be done and we will be back to a pure demand-driven roll-out, leading to a Capex to sales level of 10-12%.

As a result of these changes, we are working towards the following mid-term outlook:

- Low to mid-single-digit end-user service revenue growth
- Mid-single-digit underlying EBITDAaL growth
- 10-12% capex to sales (excluding spectrum and leases)

The page for 2024 is yet to be filled with actions and deliverables. As we continue writing the next chapter of the story, I am pleased to see that our foundations are strong. We are well positioned to continue delivering high quality services that are virtually indispensable for people and businesses alike. By making our technologies more powerful, sustainable, and reliable we continue to enable a society of unlimited possibilities. We are very proud to play our part in that development.

Kjell Johnsen

President and Group CEO

Financial overview

Analysis of revenue

Continuing operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Organic %	Full year 2023	Full year 2022	Organic %
Mobile	1,516	1,474	3%	5,961	5,862	2%
- Postpaid	1,295	1,231	5%	5,052	4,880	4%
- Prepaid	221	243	-9%	909	983	-8%
Fixed	1,455	1,430	2%	5,776	5,726	1%
- Fixed broadband	764	707	8%	2,982	2,826	6%
- Digital TV	659	680	-3%	2,654	2,707	-2%
- Cable & Fiber	425	433	-2%	1,702	1,706	0%
- DTT	234	246	-5%	952	1,001	-5%
- Fixed telephony & DSL	32	42	-23%	139	193	-28%
Landlord & Other	169	164	3%	663	664	0%
Sweden Consumer	3,140	3,068	2%	12,400	12,252	1%
Sweden Business	1,051	1,031	2%	4,131	3,977	4%
Baltics	1,174	1,037	8%	4,599	3,867	10%
End-user service revenue	5,365	5,136	3%	21,130	20,097	4%
Operator revenue	592	611	-4%	2,304	2,416	-6%
Equipment revenue	1,726	1,707	0%	5,665	5,590	-1%
Revenue	7,684	7,454	2%	29,099	28,102	2%

Fourth quarter

End-user service revenue increased by 3% organically driven by solid performance across operations. International roaming had a positive effect of SEK 13 million compared to Q4 2022.

- **Sweden Consumer** increased by 2% as growth in Mobile and Fixed broadband exceeded continued decline in legacy services.
- **Sweden Business** grew by 2% mainly as growth in Mobile exceeded continued decline in Fixed.
- **Baltics** grew by 8% in local currency driven by both volume growth and strong ASPU (Average Spend Per User) growth from price adjustments and upselling.

Total revenue increased by 2% organically driven by growth in end-user service revenue, partly offset by a decline in operator revenue.

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

Full year

End-user service revenue increased by 4% organically primarily driven by continued strong performance in the Baltics and Sweden B2B. International roaming had a positive effect of SEK 48 million compared to full year 2022.

- **Sweden Consumer** increased by 1% as growth in Mobile and Fixed broadband exceeded continued decline in legacy services.
- **Sweden Business** grew by 4% as growth in Mobile and Solutions exceeded continued decline in Fixed.
- **Baltics** grew by 10% in local currency driven by both volume growth and strong ASPU growth from price adjustments and upselling.

Total revenue increased by 2% organically driven by growth in end-user service revenue, partly offset by declines in operator and equipment revenue.

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

Analysis of income statement

Continuing operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Revenue	7,684	7,454	29,099	28,102
Underlying EBITDAaL	2,624	2,483	10,409	10,060
Reversal lease depreciation and interest	375	350	1,475	1,334
Underlying EBITDA	2,999	2,833	11,885	11,395
Items affecting comparability	-80	-75	-268	-294
EBITDA	2,919	2,758	11,616	11,101
Depreciation/amortization	-1,515	-1,557	-6,150	-6,176
- of which amortization of surplus from acquisitions	-385	-425	-1,646	-1,725
- of which lease depreciation	-332	-313	-1,299	-1,231
- of which other depreciation/amortization	-798	-819	-3,206	-3,221
Result from shares in associated companies and joint ventures	0	1	0	1,672
Operating profit	1,405	1,203	5,466	6,596
Net interest and other financial items	-259	-181	-888	-689
Income tax	-214	-127	-846	-694
Net profit	932	895	3,731	5,213

Fourth quarter

Underlying EBITDAaL increased by 4% organically mostly driven by end-user service revenue growth which were partly offset by inflationary pressures.

Our energy costs decreased by SEK 11 million compared to Q4 2022.

Items affecting comparability of SEK -80 (-75) million was mainly driven by restructuring costs and other items affecting comparability. Refer to Note 3 for more details.

Net interest and other financial items of SEK -259 (-181) million increased compared to Q4 2022 due to higher financing costs for outstanding debt.

Income tax of SEK -214 (-127) million increased compared to Q4 2022 due to higher taxable profits and because Q4 2022 was positively impacted by a tax reduction relating to investments made during the pandemic.

Full year

Underlying EBITDAaL increased by 2% organically as higher end-user service revenue, cost savings from the Business Transformation Program and to some extent lower energy costs more than offset inflationary pressures and higher content costs.

We have received and recorded SEK 35 million of electricity support in Sweden during the full year. Including this, our energy costs decreased by SEK 55 million compared to full year 2022.

Items affecting comparability of SEK -268 (-294) million was mainly driven by restructuring costs. Refer to Note 3 for more details.

Result from shares in associated companies and joint ventures of SEK 0 (1,672) million decreased compared to full year 2022 as a result of the divestment of T-Mobile Netherlands.

Net interest and other financial items of SEK -888 (-689) million increased compared to full year 2022. Higher financing costs for outstanding debt were partly offset by significantly improving other financial items as 2023 was positively impacted by a gain related to bond repurchase, whereas 2022 was burdened by exchange rate losses from hedges related to the T-Mobile Netherlands transaction.

Income tax of SEK -846 (-694) million increased compared to full year 2022 due to higher taxable profits and because 2022 was positively impacted by a tax reduction relating to investments made during the pandemic.

Analysis of cash flow statement

SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Continuing operations				
Underlying EBITDA	2,999	2,833	11,885	11,395
Items affecting comparability	-80	-75	-268	-294
Amortization of lease liabilities	-266	-288	-1,240	-1,226
Capex paid	-1,473	-1,145	-4,053	-3,561
Changes in working capital	-315	-634	85	-1,380
Net financial items paid	-302	-70	-835	-389
Taxes paid	-65	-193	-987	-1,215
Other cash items	32	26	133	132
Equity free cash flow	531	454	4,720	3,461
Equity free cash flow, rolling 12 months ¹⁾			4,720	3,461

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

¹⁾ Reconciliation of equity free cash flow rolling 12 months are presented in an Excel document (Q4-2023-financial-and-operational-data) on Tele2's website www.tele2.com.

Fourth quarter

Capex paid of SEK -1,473 (-1,145) million increased compared to Q4 2022 primarily due to high capex levels and the first tranche of the recently acquired Swedish spectrum.

Changes in working capital of SEK -315 (-634) million were mainly impacted by seasonally high levels of equipment funding.

Net financial items paid of SEK -302 (-70) million increased compared to Q4 2022 due to higher interest rates both on loans and leases, and coupon timing.

Taxes paid of SEK -65 (-193) million declined predominantly due to a tax refund relating to year 2022.

Full year

Capex paid of SEK -4,053 (-3,561) million increased compared to full year 2022 primarily due to higher network investments and the first tranche of the recently acquired Swedish spectrum.

Changes in working capital of SEK 85 (-1,380) million were positively impacted by reduced inventory, offset primarily by increased contract costs.

Net financial items paid of SEK -835 (-389) million increased compared to full year 2022 due to higher interest rates both on loans and leases.

Taxes paid of SEK -987 (-1,215) million declined compared to full year 2022, which was negatively impacted by timing of final tax payments relating to 2020.

Equity free cash flow over the last twelve months amounted to SEK 4.7 billion, equivalent to approximately SEK 6.80 per share.

Analysis of financial position

Total operations SEK million	Dec 31 2023	Dec 31 2022
Bonds	23,113	22,475
Commercial papers	—	796
Financial institutions and other liabilities	4,343	4,050
Cash and cash equivalents	-1,634	-1,116
Other adjustments	-174	-558
Economic net debt	25,648	25,647
Lease liabilities	4,320	5,460
Net debt	29,968	31,108
Underlying EBITDAaL, rolling 12 months ¹⁾	10,409	10,060
Economic net debt to Underlying EBITDAaL	2.5x	2.5x
Unutilized overdraft facilities and credit lines	8,436	8,582

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

Economic net debt of SEK 25.6 (25.6 by the end of 2022) billion remained unchanged as the cash generated in the business corresponded to the payout of the ordinary dividend.

Economic net debt to underlying EBITDAaL (financial leverage) of 2.5x by the end of 2023 (2.5x by the end of 2022) was at the lower end of the target range of 2.5–3.0x.

Financial guidance

Financial guidance

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

2024 guidance

- 3-4% organic growth of end-user service revenue
- 1-3% organic growth of underlying EBITDAaL
- 13-14% capex to sales (excluding spectrum and leases)

Mid-term outlook

- Low to mid-single-digit organic growth of end-user service revenue [unchanged]
- Mid-single-digit organic growth of underlying EBITDAaL [unchanged]
- 10-12% capex to sales (excluding spectrum and leases), however 13-14% in 2025 [updated]

Dividend

The Board of Directors of Tele2 are proposing an ordinary dividend of SEK 6.90 (6.80) per A and B shares to be decided by the 2024 Annual General Meeting on 15 May, 2024. The proposal means that in total SEK 4.8 billion will be distributed to Tele2's shareholders in two tranches, in May and in October.

Guidance

Tele2 provides financial guidance for the inherent year and financial outlook on a mid-term basis (three-year horizon).

The guidance for 2024 is 3-4% organic growth of end-user service revenue, 1-3% organic growth of underlying EBITDAaL, and 13-14% capex to sales (excluding spectrum and leases) as our network investments continue at a high pace alongside intensified customer-centric transformation.

The mid-term outlook is low to mid-single-digit organic end-user service revenue growth and mid-single-digit organic underlying EBITDAaL growth as our operations will benefit from new levels of optimizations and efficiencies enabled by the newly launched Strategy Execution Program. In 2025, we expect 13-14% capex to sales (excluding spectrum and leases) driven by the final stage of the major 5G expansion in Sweden ahead of the 3G JV closure at the end of the year. From 2026, capex to sales (excluding spectrum and leases) is expected at 10-12% as our network expansion will return to being demand-driven.

The Strategy Execution Program, which will run from Q1 2024 to Q4 2026, is targeting SEK 600 million of run-rate cost savings in three years, and to support our digitalization journey and create even more focus on value and efficiency. The program is expected to generate restructuring costs of SEK 600 million or less over the implementation period.

Financial policy

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

Group summary

Continuing operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Organic %	Full year 2023	Full year 2022	Organic %
END-USER SERVICE REVENUE						
Sweden	4,191	4,099	2%	16,531	16,230	2%
Lithuania	654	562	11%	2,508	2,113	10%
Latvia	347	313	6%	1,394	1,142	13%
Estonia	173	162	1%	697	612	5%
Total	5,365	5,136	3%	21,130	20,097	4%
REVENUE						
Sweden	5,874	5,822	1%	22,300	22,112	1%
Lithuania	1,061	943	7%	3,944	3,483	5%
Latvia	537	471	8%	2,024	1,713	9%
Estonia	251	246	-3%	977	911	-1%
Internal sales, elimination	-40	-29	35%	-146	-116	17%
Total	7,684	7,454	2%	29,099	28,102	2%
UNDERLYING EBITDAaL						
Sweden	1,958	1,895	3%	7,768	7,890	-2%
Lithuania	409	358	9%	1,598	1,307	13%
Latvia	207	181	9%	834	668	16%
Estonia	50	48	-1%	209	196	-1%
Total	2,624	2,483	4%	10,409	10,060	2%
CAPEX						
Sweden	927	929	0%	3,245	2,649	22%
Lithuania	97	111	-18%	309	234	23%
Latvia	66	81	-24%	218	153	32%
Estonia	41	56	-31%	169	135	16%
Capex excluding spectrum and leases	1,131	1,177	-5%	3,941	3,171	23%
Spectrum	5	23		728	170	
Right-of-use assets (leases)	-210	824		420	1,370	
Total	926	2,023		5,089	4,711	
<i>of which:</i>						
- Network	653	825		2,501	1,981	
- IT	291	239		913	729	
- Customer equipment	170	94		491	386	
- Other	17	19		36	75	
Capex excluding spectrum and leases	1,131	1,177		3,941	3,171	
Capex to sales (excluding spectrum and leases)	15%	16%		14%	11%	
Capex to sales (excluding spectrum and leases), rolling 12 months				14%	11%	

Overview by segment

Sweden

Tele2 Sweden end-user service revenue increased by 2% in the fourth quarter driven by 2% growth in both consumer and business. International roaming revenue continued to recover with a positive effect of SEK 13 million compared to Q4 2022.

Although our Business Transformation Program formally completed by the end of Q2, we continue efforts to modernise and optimise in areas such as IT, networks and customer journeys.

Underlying EBITDAaL grew by 3% in the quarter mostly as higher end-user service revenue exceeded inflationary pressures and continued margin pressure from product mix changes as legacy services decline.

Capex excluding spectrum and leases amounted to SEK 927 million as our network investments continue at a high pace.

Financials SEK million	Oct-Dec 2023	Oct-Dec 2022	Organic %	Full year 2023	Full year 2022	Organic %
End-user service revenue	4,191	4,099	2%	16,531	16,230	2%
Revenue	5,874	5,822	1%	22,300	22,112	1%
Underlying EBITDA	2,274	2,193		9,015	9,026	
Underlying EBITDAaL	1,958	1,895	3%	7,768	7,890	-2%
Underlying EBITDAaL margin	33%	33%		35%	36%	
Capex						
Network	506	623		1,960	1,575	
IT	250	205		801	644	
Customer equipment	166	90		471	375	
Other	4	10		13	55	
Capex excluding spectrum and leases	927	929		3,245	2,649	
Spectrum	2	—		706	40	
Right-of-use assets (leases)	-199	753		322	1,217	
Capex	730	1,682		4,273	3,906	
Capex to sales (excluding spectrum and leases)	16%	16%		15%	12%	

Sweden Consumer

The fourth quarter delivered strong net intake within mobile postpaid and strong ASPU within fixed broadband. The fatigued economic climate did not appear to inhibit high campaign and acquisition activity during the quarter, which saw FMC and combination offers taking a more prominent role than previous years.

Total end-user service revenue grew by 2% in the quarter from a combination of volume and ASPU performance in core connectivity, partly offset by declining legacy businesses.

Mobile postpaid net intake was positive with 27,000 RGUs in the quarter, resulting from lower churn and strong sales of Unlimited and Family propositions. Mobile end-user service revenue grew by 3% as growth in

postpaid RGUs and ASPU more than offset a decline of 9% in prepaid end-user service revenue due to effects relating to the registration requirement from February 2023.

Fixed broadband end-user service revenue grew by 8% through a combination of volume and ASPU.

Digital TV end-user service revenue declined by 3% with Digital TV & Cable & Fiber slightly down 2% due to ASPU while the legacy DTT business contracted by 5%.

	Oct-Dec 2023	Oct-Dec 2022	Dec 31 2023	Dec 31 2022	Organic %
	Net intake		RGU base		
RGUs (thousands)					
Mobile	-33	-57	2,843	2,927	-3%
– Postpaid	27	19	2,083	2,004	4%
– Prepaid	-60	-76	760	924	-18%
Fixed	-16	-9	1,958	1,996	-2%
– Fixed broadband	1	6	969	949	2%
– Digital TV	-9	-5	857	888	-3%
– Cable & Fiber	0	4	632	633	0%
– DTT	-9	-9	226	256	-12%
– Fixed telephony & DSL	-7	-10	131	158	-17%
Total RGUs	-48	-66	4,801	4,923	-2%
Addressable fixed footprint	37	19	3,894	3,713	5%

	Oct-Dec 2023	Oct-Dec 2022	Organic %	Full year 2023	Full year 2022	Organic %
ASPU (SEK)						
Mobile	177	166	6%	172	166	4%
– Postpaid	209	206	1%	206	206	0%
– Prepaid	93	84	11%	90	85	6%
Fixed	247	238	4%	243	236	3%
– Fixed broadband	263	249	5%	259	251	3%
– Digital TV	255	254	0%	253	249	2%
– Cable & Fiber	224	229	-2%	224	224	0%
– DTT	339	316	7%	330	306	8%
– Fixed telephony & DSL	80	87	-7%	80	93	-14%
Revenue (SEK million)						
Mobile	1,516	1,474	3%	5,961	5,862	2%
– Postpaid	1,295	1,231	5%	5,052	4,880	4%
– Prepaid	221	243	-9%	909	983	-8%
Fixed	1,455	1,430	2%	5,776	5,726	1%
– Fixed broadband	764	707	8%	2,982	2,826	6%
– Digital TV	659	680	-3%	2,654	2,707	-2%
– Cable & Fiber	425	433	-2%	1,702	1,706	0%
– DTT	234	246	-5%	952	1,001	-5%
– Fixed telephony & DSL	32	42	-23%	139	193	-28%
Landlord & Other	169	164	3%	663	664	0%
End-user service revenue	3,140	3,068	2%	12,400	12,252	1%
Operator revenue	186	196		734	763	
Equipment revenue	703	543		2,057	1,880	
Internal sales	0	0		0	0	
Revenue	4,029	3,808	6%	15,191	14,895	2%

Sweden Business and Wholesale

In Sweden B2B, all business segments contributed to end-user service revenue growth of 2% during the quarter. However, adjusted for a previously reported SEK 17 million positive one-off deal in the Solutions area in Q4 2022, the underlying end-user service revenue growth was 4%, in line with previous quarters during 2023. Overall, our growth services continue to offset planned declines in legacy services, where our copper decommissioning project has reached 90% completion.

According to SKI (Swedish Quality Index), Tele2 Sweden has the most satisfied business customers in both broadband and mobile, hence a great confirmation of our efforts to be the number one in customer experience.

The macroeconomic situation continues to affect some of our customer groups more than others, however with moderate impact on our overall business.

Mobile net intake was positive with 3,000 RGUs in Q4, and our ASPU grew by 4%.

Equipment revenue decreased compared to Q4 2022 due to less market demand.

Sweden Wholesale revenue increased by 4% during the quarter, mainly driven by increased sales within A2P (application to person) and visitors roaming.

Sweden Business

	Oct-Dec 2023	Oct-Dec 2022		Dec 31 2023	Dec 31 2022	Organic %
	Net intake			RGU base		
RGUs (thousands)						
Mobile (excluding IoT)						
– Postpaid	3	28		1,055	1,033	2%
	Oct-Dec 2023	Oct-Dec 2022	Organic %	Full year 2023	Full year 2022	Organic %
ASPU (SEK)						
Mobile (excluding IoT)						
– Postpaid	146	140	4%	143	141	2%
Revenue (SEK million)						
Mobile	578	528	9%	2,236	2,037	10%
Fixed	181	202	-11%	759	820	-7%
Solutions	292	301	-3%	1,135	1,120	1%
End-user service revenue	1,051	1,031	2%	4,131	3,977	4%
Operator revenue	25	26		95	100	
Equipment revenue	479	680		1,774	2,016	
Internal sales	1	1		4	3	
Revenue	1,556	1,737	-10%	6,004	6,096	-2%

Sweden Wholesale

Financials SEK million	Oct-Dec 2023	Oct-Dec 2022	Organic %	Full year 2023	Full year 2022	Organic %
Operator revenue	288	275		1,096	1,115	
Equipment revenue	0	0		1	0	
Internal sales	1	1		5	5	
Revenue	289	277	4%	1,103	1,121	-2%

Baltics

Lithuania

In Q4, competition in the Lithuanian market centered around Christmas campaigns, 5G services including communication supremacy, and B2B market retention and growth. Tele2 successfully continued to upsell existing customers based on its more-for-more strategy.

Net intake for mobile postpaid was positive with 8,000 RGUs, whereas net intake in mobile prepaid was negative with 26,000 RGUs. Mobile ASPU grew by 11% in local currency mainly driven by upselling of prolongation contracts, additional revenues from new products, and price adjustments in the B2B segment.

End-user service revenue grew by 11% in local currency driven by ASPU growth.

Underlying EBITDAaL increased by 9% in local currency mainly driven by end-user service revenue growth and significantly lower energy prices, partly offset by inflationary pressures.

	Oct-Dec 2023	Oct-Dec 2022		Dec 31 2023	Dec 31 2022	Organic %
RGUs (thousands)	Net intake			RGU base		
Mobile	-18	-16		2,006	2,009	0%
– Postpaid	8	14		1,352	1,327	2%
– Prepaid	-26	-30		653	682	-4%
	Oct-Dec 2023	Oct-Dec 2022	Organic %	Full year 2023	Full year 2022	Organic %
ASPU (EUR)						
Mobile	9.4	8.5	11%	9.0	8.3	8%
– Postpaid	11.5	10.5	9%	11.0	10.3	7%
– Prepaid	5.2	4.6	13%	5.1	4.7	10%
Revenue (SEK million)						
Mobile	651	559	11%	2,495	2,102	10%
– Postpaid	532	454	11%	2,021	1,693	11%
– Prepaid	119	105	8%	473	409	7%
Fixed	3	3	15%	13	11	14%
End-user service revenue	654	562	11%	2,508	2,113	10%
Operator revenue	45	55		176	205	
Equipment revenue	339	312		1,179	1,104	
Internal sales	23	14		81	61	
Revenue	1,061	943	7%	3,944	3,483	5%
Underlying EBITDA	432	379		1,688	1,386	
Underlying EBITDAaL	409	358	9%	1,598	1,307	13%
Underlying EBITDAaL margin	39%	38%		41%	38%	
Capex	68	156		322	381	
Capex excluding spectrum and leases	97	111		309	234	
Capex to sales (excluding spectrum and leases)	9%	12%		8%	7%	

Latvia

The Latvian market environment continued to be highly competitive in the quarter, with constant fights for customers across segments. Customers purchasing power continued to be under pressure due to various forms of cost increases. Meanwhile, operators continued to seek to protect or increase market shares. Tele2 continued to achieve good results across segments based on its relatively new sales and retention strategy alongside continued network upgrades with increased 5G population coverage.

Net intake in mobile postpaid was positive with 6,000 RGUs in the quarter due to a combination of new sales and continued migration from mobile prepaid, which however gained 15,000 RGUs in the quarter. Mobile ASPU

grew by 3% in local currency driven by our more-for-more strategy and the price increases during 2022, as well as customer base mix shift towards more postpaid and higher value products.

End-user service revenue grew by 6% in local currency mainly due to ASPU growth, but to some extent also due to a larger postpaid base.

Underlying EBITDAaL grew by 9% in local currency driven by end-user service revenue growth more than offsetting inflationary pressure.

	Oct-Dec 2023	Oct-Dec 2022		Dec 31 2023	Dec 31 2022	Organic %
RGUs (thousands)	Net intake			RGU base		
Mobile	21	-11		1,057	1,015	4%
– Postpaid	6	6		821	795	3%
– Prepaid	15	-17		235	221	7%
	Oct-Dec 2023	Oct-Dec 2022	Organic %	Full year 2023	Full year 2022	Organic %
ASPU (EUR)						
Mobile	9.6	9.3	3%	9.7	8.9	9%
– Postpaid	11.2	10.9	3%	11.3	10.3	10%
– Prepaid	3.8	3.9	-3%	4.0	4.0	1%
Revenue (SEK million)						
Mobile	345	312	5%	1,387	1,138	13%
– Postpaid	316	283	6%	1,261	1,022	14%
– Prepaid	30	29	-4%	126	116	1%
Fixed	2	1	85%	7	4	54%
End-user service revenue	347	313	6%	1,394	1,142	13%
Operator revenue	30	34		119	143	
Equipment revenue	149	114		469	391	
Internal sales	11	10		42	37	
Revenue	537	471	8%	2,024	1,713	9%
Underlying EBITDA	223	194		892	717	
Underlying EBITDAaL	207	181	9%	834	668	16%
Underlying EBITDAaL margin	39%	38%		41%	39%	
Capex	85	96		279	224	
Capex excluding spectrum and leases	66	81		218	153	
Capex to sales (excluding spectrum and leases)	12%	17%		11%	9%	

Estonia

In Estonia, we have successfully expanded our customer base within the residential postpaid segment, whereas our business segment has been impacted by expected churn relating to a previously lost public contract. Our position as a price leader has been instrumental in maintaining growth during the period of macroeconomic uncertainty and high inflation. However, the quarter has been challenging due to aggressive campaign prices from competitors.

Mobile net intake was negative with 13,000 RGUs mostly driven by prepaid. Following a period of challenges in our B2B segment, we begin to see sales improving. Mobile ASPU grew by 1% in local currency driven by a

combination of price adjustments and continued customer base mix shift towards more postpaid.

End-user service revenue grew by 1% in local currency driven by both ASPU and volume growth in mobile postpaid.

Underlying EBITDAaL declined by 1% in local currency as slightly higher end-user service revenue and lower marketing costs were offset by lower contribution from operator revenue and inflationary pressure.

	Oct-Dec 2023	Oct-Dec 2022		Dec 31 2023	Dec 31 2022	Organic %
RGUs (thousands)	Net intake			RGU base		
Mobile	-13	-1		455	455	0%
– Postpaid	-1	4		412	404	2%
– Prepaid	-12	-6		44	52	-15%
	Oct-Dec 2023	Oct-Dec 2022	Organic %	Full year 2023	Full year 2022	Organic %
ASPU (EUR)						
Mobile	9.8	9.8	1%	10.1	9.7	4%
– Postpaid	10.5	10.6	-1%	10.8	10.5	3%
– Prepaid	4.4	3.9	12%	4.0	3.9	3%
Revenue (SEK million)						
Mobile	156	146	2%	632	554	6%
– Postpaid	149	139	2%	606	528	6%
– Prepaid	8	7	3%	26	26	-7%
Fixed	16	16	-2%	64	58	3%
End-user service revenue	173	162	1%	697	612	5%
Operator revenue	19	24	-26%	82	90	-16%
Equipment revenue	56	57	-8%	185	200	-14%
Internal sales	4	2	59%	13	9	29%
Revenue	251	246	-3%	977	911	-1%
Underlying EBITDA	70	67		290	266	
Underlying EBITDAaL	50	48	-1%	209	196	-1%
Underlying EBITDAaL margin	20%	20%		21%	21%	
Capex	43	88		214	200	
Capex excluding spectrum and leases	41	56		169	135	
Capex to sales (excluding spectrum and leases)	16%	23%		17%	15%	

Other items

Risks and uncertainty factors

The present challenging macroeconomic and geopolitical environment also affects Tele2, primarily through inflationary pressure and changes in exchange rates. Tele2 has a resilient business model, offering services that are highly valued and prioritized by our customers. In addition, we have a solid balance sheet. We are convinced that we are able to navigate through these uncertain times. Please refer to the section Enterprise risk management on p. 27–29 and Note 2 on p. 111–115 in Tele2's Annual and Sustainability Report 2022 for more information about Tele2's risk exposure and risk management.

Events during the quarter

October 19. Tele2 collaborates with Drifter World to optimize parking with AI and IoT

Tele2 delivers a cellular IoT connectivity solution that maximizes uptime and gives Drifter World full control over its fleet of devices.

November 1. Tele2 delivers gaming experiences and world-class broadband to DreamHack

Tele2 is partnering with DreamHack Winter 2023. In addition to providing Elmia in Jönköping with a lightning-fast connection to the festival participants, we are arranging a new tournament series and initiative in e-sports and gaming.

November 8. Tele2 enables sustainable forestry with AirForestry and Nokia 5G Private Wireless

Tele2 together with Nokia delivers a 5G private mobile network to AirForestry to be able to mobile control their six-meter wide electric drones that enable harvesting and thinning of the forest from the air.

November 15. Tele2 in collaboration with THING strengthens its IoT services targeting municipalities

Tele2 has signed a cooperation agreement with THING in order to strengthen the offer to the corporate market and public sector with solutions for smart properties, industries, homes, connected care, and sustainability in combination with Tele2's sustainable and cost-effective solutions for connectivity. Through this partnership, Tele2 supplements its connected offer with THING's platform and product portfolio.

Events after the end of the fourth quarter 2023

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

Financial calendar

Tele2 financial calendar for 2024 has been established.

April 2	Annual and Sustainability report 2023
April 18	Interim report Q1 2024
May 15	Annual General Meeting 2024
July 17	Interim report Q2 2024
October 22	Interim report Q3 2024

Auditors' review

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

Stockholm, January 30, 2024
Tele2 AB (publ)

Kjell Johnsen
President and CEO

Q4 2023 PRESENTATION

Tele2 will host a teleconference and webcast with presentation at 10:00 CEST (09:00 BST, 04:00 EDT) on Tuesday 30 January 2024. The presentation will be held in English.

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

This information is information that Tele2 AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 07:00 am CET on Tuesday 30 January, 2024.

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Contents

Condensed consolidated income statement

Condensed consolidated comprehensive income

Condensed consolidated balance sheet

Condensed consolidated cash flow statement

Condensed consolidated statement of changes in equity

Parent company

Notes

Non-IFRS measures

Other financial metrics

Condensed consolidated income statement

SEK million	Note	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Revenue	2	7,684	7,454	29,099	28,102
Cost of services provided and equipment sold	3	-4,630	-4,582	-17,288	-16,887
Gross profit		3,054	2,872	11,811	11,215
Selling expenses	3	-1,159	-1,127	-4,447	-4,228
Administrative expenses	3	-564	-593	-2,176	-2,183
Result from shares in associated companies and joint ventures		0	1	0	1,672
Other operating income	3	89	84	387	283
Other operating expenses	3	-16	-34	-109	-163
Operating profit	3	1,405	1,203	5,466	6,596
Interest income		29	13	98	33
Interest expenses		-290	-206	-1,061	-611
Other financial items		1	12	76	-111
Profit after financial items		1,145	1,022	4,578	5,907
Income tax		-214	-127	-846	-694
Net profit, continuing operations		932	895	3,731	5,213
Net profit discontinued operations	9	4	363	4	361
Net profit, total operations		936	1,258	3,735	5,574
Continuing operations					
<i>Attributable to:</i>					
Equity holders of the parent company		932	895	3,731	5,213
Net profit, continuing operations		932	895	3,731	5,213
Earnings per share (SEK)	7	1.35	1.30	5.40	7.55
Earnings per share, after dilution (SEK)	7	1.34	1.29	5.36	7.51
Total operations					
<i>Attributable to:</i>					
Equity holders of the parent company		936	1,258	3,735	5,574
Net profit, total operations		936	1,258	3,735	5,574
Earnings per share (SEK)	7	1.35	1.82	5.40	8.07
Earnings per share, after dilution (SEK)	7	1.34	1.81	5.37	8.03

Condensed consolidated comprehensive income

SEK million	Note	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
NET PROFIT		936	1,258	3,735	5,574
Components not to be reclassified to net profit					
Pensions, actuarial gains/losses		-126	46	5	189
Pensions, actuarial gains/losses, tax effect		26	-10	-1	-39
Components not to be reclassified to net profit/loss		-100	37	4	150
Components that may be reclassified to net profit					
Translation differences in foreign operations		-208	106	-6	441
Reversed cumulative translation differences from divested companies	3	—	—	-1	—
Translation differences in associated companies		-1	1	0	-4
Translation differences		-209	106	-7	437
Hedge of net investments in foreign operations		129	-68	10	-199
Tax effect on above		-27	14	-2	41
Hedge of net investments		102	-54	8	-158
Exchange rate differences		-107	52	2	278
Profit/loss arising on changes in fair value of hedging instruments		-61	-5	-91	130
Reclassified cumulative profit/loss to income statement		14	-3	39	-27
Tax effect on cash flow hedges		10	2	11	-21
Cash flow hedges		-37	-6	-42	82
Components that may be reclassified to net profit/loss		-143	46	-40	360
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		-244	83	-36	510
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		692	1,341	3,698	6,084
<i>Attributable to:</i>					
Equity holders of the parent company		692	1,341	3,698	6,084
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		692	1,341	3,698	6,084

Condensed consolidated balance sheet

SEK million	Note	Dec 31 2023	Dec 31 2022
ASSETS			
Goodwill		29,898	29,905
Other intangible assets		12,683	13,835
Intangible assets		42,580	43,740
Property, plant & equipment		8,986	8,220
Right-of-use assets		4,216	5,422
Tangible assets		13,202	13,642
Shares in associated companies and joint ventures		6	6
Other financial assets	4	1,044	957
Capitalized contract costs		810	633
Deferred tax assets		104	81
Non-current assets		57,746	59,060
Inventories		824	1,254
Trade receivables		2,111	1,986
Other current receivables		3,660	4,029
Current investments		84	156
Cash and cash equivalents	5	1,634	1,116
Current assets		8,313	8,542
Assets classified as held for sale	9	—	54
TOTAL ASSETS		66,059	67,656
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent company		22,780	23,683
Equity	7	22,780	23,683
Liabilities to financial institutions and similar liabilities	4	22,171	24,080
Lease liability		3,111	4,289
Provisions		1,045	1,286
Other interest-bearing liabilities		162	193
Interest-bearing liabilities		26,488	29,848
Deferred tax liability		3,597	3,807
Other non-interest-bearing liabilities		340	-
Non-interest-bearing liabilities		3,938	3,807
Non-current liabilities		30,426	33,655
Liabilities to financial institutions and similar liabilities	4	4,148	2,550
Lease liability		1,209	1,172
Provisions		46	76
Other interest-bearing liabilities		976	498
Interest-bearing liabilities		6,379	4,296
Trade payables		2,233	2,165
Other current non interest-bearing liabilities		4,156	3,766
Non-interest-bearing liabilities		6,388	5,931
Current liabilities		12,767	10,227
Liabilities directly associated with assets classified as held for sale	9	86	91
TOTAL EQUITY AND LIABILITIES		66,059	67,656

Condensed consolidated cash flow statement

Total operations SEK million	Note	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Operating activities					
Net profit		936	1,258	3,735	5,574
Adjustments for non-cash items in net profit		1,648	1,263	6,193	4,056
Changes in working capital		-315	-634	85	-1,380
Cash flow from operating activities		2,269	1,887	10,013	8,250
Investing activities					
Additions to intangible and tangible assets		-1,473	-1,145	-4,053	-3,561
Acquisition and sale of shares and participations	8	34	28	54	8,977
Other financial assets, lending		88	7	72	-156
Cash flow from investing activities		-1,351	-1,110	-3,926	5,259
Financing activities					
Proceeds from loans		-282	1,567	3,082	5,211
Repayments of loans		-467	-1,198	-3,969	-5,220
Dividends paid	7	-2,352	-2,315	-4,702	-13,629
Cash flow from financing activities		-3,101	-1,946	-5,589	-13,638
Net change in cash and cash equivalents		-2,183	-1,168	497	-129
Cash and cash equivalents at beginning of period		3,825	2,279	1,116	880
Exchange rate differences in cash and cash equivalents		-8	5	21	366
Cash and cash equivalents at end of the period	5	1,634	1,116	1,634	1,116

Condensed consolidated statements of changes in equity

Total operations SEK million	Note	Dec 31, 2023					
		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		869	27,378	-378	589	-4,775	23,683
Net profit		—	—	—	—	3,735	3,735
Other comprehensive income for the period, net of tax		—	—	-33	-7	4	-36
Total comprehensive income for the period		—	—	-33	-7	3,739	3,698
Other changes in equity							
Share-based payments	7	—	—	—	—	97	97
Share-based payments, tax effect	7	—	—	—	—	3	3
New shares issues	7	2	—	—	—	—	2
Repurchase of own shares	7	—	—	—	—	-2	-2
Dividends	7	—	—	—	—	-4,702	-4,702
Equity at end of the period		870	27,378	-411	582	-5,640	22,780

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 period, net of tax		—	—	-77	437	150	510
Total comprehensive income for the period		—	—	-77	437	5,724	6,084
Other changes in equity							
Share-based payments	7	—	—	—	—	77	77
Share-based payments, tax effect	7	—	—	—	—	10	10
New share issues	7	3	—	—	—	—	3
Repurchase of own shares	7	—	—	—	—	-3	-3
Dividends	7	—	—	—	—	-13,629	-13,629
Equity at end of the period		869	27,378	-378	589	-4,775	23,683

Parent company

Condensed income statement

SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Revenue	12	13	51	49
Administrative expenses	-27	-25	-105	-95
Other operating expenses	0	0	0	0
Operating loss	-15	-13	-54	-47
Dividend from group company	—	—	4,800	6,300
Interest income	88	48	296	189
Interest expense	-294	-144	-902	-467
Other financial items	127	-68	81	-370
Profit/loss after financial items	-94	-178	4,222	5,605
Appropriations	1,476	1,867	1,476	1,867
Tax on profit/loss	-287	-348	-188	-251
Net profit	1,095	1,341	5,510	7,222

Condensed balance sheet

SEK million	Note	Dec 31 2023	Dec 31 2022
ASSETS			
Financial assets		75,458	73,337
Non-current assets		75,458	73,337
Current receivables		1,969	2,444
Current investments		84	156
Current assets		2,053	2,601
TOTAL ASSETS		77,511	75,938
EQUITY AND LIABILITIES			
Restricted equity	7	5,856	5,854
Unrestricted equity	7	33,789	32,927
Equity		39,645	38,781
Untaxed reserves		915	610
Interest-bearing liabilities	4	27,283	29,187
Non-interest-bearing liabilities		—	4
Non-current liabilities		27,283	29,192
Interest-bearing liabilities	4	9,435	7,105
Non-interest-bearing liabilities		233	251
Current liabilities		9,668	7,356
TOTAL EQUITY AND LIABILITIES		77,511	75,938

Notes

NOTE 1 ACCOUNTING PRINCIPLES AND DEFINITIONS

The interim financial information for the Group for the twelve month period ended December 31, 2023 has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act and RFR 2 *Reporting for legal entities* and other statements issued by the Swedish Financial Reporting Board. In all respects other than those described below, Tele2 has presented the financial statements for the period ended December 31, 2023 in accordance with the accounting policies and principles applied in the Annual and Sustainability Report 2022. The description of these principles and definitions are found in Note 1 in the Annual and Sustainability Report 2022. Disclosures as required by IAS 34 p. 16 A are presented both in the financial statements and notes as well as in other parts of the interim report.

The amendments to IFRSs applicable from January 1, 2023 have no effects to Tele2's financial reports for the twelve month period ended December 31, 2023.

Figures presented in this report refer to October 1 – December 31 (Q4), 2023 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2022.

NOTE 2 REVENUE AND SEGMENTS

Revenue per segment

Continuing operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Sweden	5,874	5,822	22,300	22,112
Lithuania	1,061	943	3,944	3,483
Latvia	537	471	2,024	1,713
Estonia	251	246	977	911
Total including internal sales	7,724	7,483	29,244	28,219
Internal sales, elimination	-40	-29	-146	-116
TOTAL	7,684	7,454	29,099	28,102

Internal sales

Continuing operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Sweden	2	2	9	9
Lithuania	23	14	81	61
Latvia	11	10	42	37
Estonia	4	2	13	9
TOTAL	40	29	146	116

Revenue split per category

Continuing operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Sweden Consumer				
End-user service revenue	3,140	3,068	12,400	12,252
Operator revenue	186	196	734	763
Equipment revenue	703	543	2,057	1,880
Internal sales	0	0	0	0
Total	4,029	3,808	15,191	14,895
Sweden Business				
End-user service revenue	1,051	1,031	4,131	3,977
Operator revenue	25	26	95	100
Equipment revenue	479	680	1,774	2,016
Internal sales	1	1	4	3
Total	1,556	1,737	6,004	6,096
Sweden Wholesale				
Operator revenue	288	275	1,096	1,115
Equipment revenue	0	0	1	0
Internal sales	1	1	5	5
Total	289	277	1,103	1,121
Lithuania				
End-user service revenue	654	562	2,508	2,113
Operator revenue	45	55	176	205
Equipment revenue	339	312	1,179	1,104
Internal sales	23	14	81	61
Total	1,061	943	3,944	3,483
Latvia				
End-user service revenue	347	313	1,394	1,142
Operator revenue	30	34	119	143
Equipment revenue	149	114	469	391
Internal sales	11	10	42	37
Total	537	471	2,024	1,713
Estonia				
End-user service revenue	173	162	697	612
Operator revenue	19	24	82	90
Equipment revenue	56	57	185	200
Internal sales	4	2	13	9
Total	251	246	977	911
Internal sales, elimination	-40	-29	-146	-116
CONTINUING OPERATIONS				
End-user service revenue	5,365	5,136	21,130	20,097
Operator revenue	592	611	2,304	2,416
Equipment revenue	1,726	1,707	5,665	5,590
TOTAL	7,684	7,454	29,099	28,102

Underlying EBITDAaL

Continuing operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Sweden	1,958	1,895	7,768	7,890
Lithuania	409	358	1,598	1,307
Latvia	207	181	834	668
Estonia	50	48	209	196
TOTAL	2,624	2,483	10,409	10,060

NOTE 3 PROFIT AFTER FINANCIAL ITEMS

Reconciling items to reported profit after financial items

Continuing operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Underlying EBITDAaL	2,624	2,483	10,409	10,060
Reversal lease depreciation and interest	375	350	1,475	1,335
Underlying EBITDA	2,999	2,833	11,885	11,395
Restructuring costs	-35	-43	-146	-198
Disposal of non-current assets	-4	-5	-36	-55
Other items affecting comparability	-41	-26	-86	-41
Items affecting comparability	-80	-75	-268	-294
EBITDA	2,919	2,758	11,616	11,101
Depreciation/amortization	-1,515	-1,557	-6,150	-6,176
Result from shares in associated companies and joint ventures	0	1	0	1,672
Operating profit	1,405	1,203	5,466	6,596
Net interest and other financial items	-259	-181	-888	-689
Profit after financial items	1,146	1,022	4,578	5,907

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

Restructuring costs

Continuing operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Redundancy costs	-6	-9	-19	-58
Other employee and consultancy costs	-3	-7	-19	-35
Exit of contracts and other costs	-26	-27	-107	-105
Restructuring costs	-35	-43	-146	-198
Reported as:				
– Cost of services provided	-12	-15	-68	-36
– Selling expenses	-9	-8	-25	-59
– Administrative expenses	-14	-20	-54	-103

The restructuring costs are related to the business transformation program in Sweden, which was formally and successfully concluded in June 2023. Costs incurred in Q4 2023 refer to certain transformation activities included in the program that remain to be completed.

Disposal of non-current assets

Continuing operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Closure of projects and systems	—	—	-13	-12
Network equipment scrapping	-5	-8	-29	-36
Other	1	3	6	-7
Disposal of non-current assets¹⁾	-4	-5	-36	-55

¹⁾ Reported as other operating income and other operating expenses.

Other items affecting comparability

Continuing operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Legal disputes and settlements	-2	-18	-13	-18
Legacy receivable reconciliation	-21	—	-41	—
Inventory adjustment	-7	-6	-7	-13
Legacy prepaid voucher value adjustment	2	—	2	9
Legacy roaming discount reconciliation	—	—	—	-20
Legacy insurance costs	—	—	-16	—
Legacy pension adjustment	-10	—	-10	—
Other	-2	-2	0	2
Total	-41	-26	-86	-41
Reported as:				
– Cost of services provided	-24	-18	-24	-35
– Selling expenses	-6	-8	-40	-17
– Administrative expenses	-11	—	-23	3
– Other operating income	—	—	—	9

In Q4 2023, a negative non-recurring item of SEK 21 million was recognized, largely related to reconciliation of receivables attached to legacy network projects. In addition, a negative adjustment of SEK 10 million related to pay-roll taxes on pension liabilities was recognized in the quarter.

NOTE 4 FINANCIAL ASSETS AND LIABILITIES

Financing

SEK million	Dec 31 2023	Dec 31 2022
Bonds SEK	6,784	8,391
Bonds EUR	16,329	14,084
Commercial papers	—	796
Financial institutions	3,206	3,359
Total liabilities to financial institutions	26,319	26,630

Average maturity and average interest rate (including derivatives) for outstanding debt to financial institutions at December 31, 2023 amounted to 3.9 years and 3.2 percent, respectively.

As of the date of this report, Tele2 has a credit facility with a syndicate of eight banks maturing in 2028.

Classification and fair values

Tele2's financial assets consist mainly of receivables from end customers, other operators and resellers as well as cash and cash equivalents. Tele2's financial liabilities consist mainly of loans, bonds, lease liabilities and trade payables. For the category "Liabilities to financial institutions" the reported value amounted on December 31, 2023 to SEK 26,319 (December 31, 2022: 26,630) million and the fair value to SEK 25,930 (December 31, 2022: 25,350) million.

During 2023, no transfers have been made between the different levels in the fair value hierarchy and no significant changes were made to valuation techniques, inputs used or assumptions.

NOTE 5 RELATED PARTIES

Tele2's share of cash and cash equivalents in joint operations (Svenska UMTS-nät AB and Net4Mobility HB, Sweden, including subsidiaries) for which Tele2 has limited disposal rights was included in the Group's cash and cash equivalents and amounted at December 31, 2023 to SEK 74 (December 31, 2022: 135) million. Other transactions with joint operations and other related parties mainly consists of the same items as prior year end and are presented in Note 34 of the Annual and Sustainability Report 2022.

NOTE 6 CONTINGENT LIABILITIES

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

NOTE 7 EQUITY, NUMBER OF SHARES AND INCENTIVE PROGRAMS

Number of shares

	Dec 31 2023	Dec 31 2022
Total number of shares	696,221,597	695,021,597
Number of treasury shares	-4,588,520	-4,010,230
Number of outstanding shares	691,633,077	691,011,367
Number of outstanding shares, weighted average	691,399,936	690,647,136
Number of shares after dilution	696,244,505	695,074,506
Number of shares after dilution, weighted average	695,634,439	694,353,388

In Q1 2023, Tele2 issued, and immediately repurchased, 1,200,000 new C shares to be used for future exercises of long-term incentive programs (LTI), resulting in an increase in share capital of SEK 1.5 million.

In Q2 2023, 621 710 share rights attached to LTI 2020 were exchanged for shares (see also later in Note 7). Changes in shares during previous year are stated in Note 23 in the Annual and Sustainability Report 2022.

Outstanding share right programs

	Dec 31 2023	Dec 31 2022
LTI 2023	1,624,035	-
LTI 2022	1,509,122	1,460,226
LTI 2021	1,478,271	1,441,908
LTI 2020	-	1,161,005
Total outstanding share rights	4,611,428	4,063,139

All outstanding long-term incentive programs (LTI 2021, LTI 2022 and LTI 2023) are based on the same structure. Additional information regarding the objective, conditions and requirements related to the LTI programs is stated in Note 31 of the 2022 Annual and Sustainability Report. During the twelve months in 2023, the total cost including social security costs for all the programs amounted to SEK 115 (100) million before tax.

LTI 2023

At the Annual General Meeting held on May 15, 2023, the shareholders approved a retention and performance based incentive program (LTI 2023) for senior executives and other key employees in the Tele2 Group. In order to participate in the program, participants must own Tele2 Class B shares, which give the participants retention and performance rights. Subject to fulfilment of certain retention and performance based conditions during the periods January 1, 2023 – December 31, 2025 (the "Cash flow Measurement Period") and April 1, 2023 – March 31, 2026 (the "TSR Measurement Period") and the participant maintaining the invested shares at the release of the interim report for January – March 2026 and, with certain exceptions, as well maintaining the employment within the Tele2 Group, each right entitles the participant to receive Tele2 shares free of charge (subject to income taxation).

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 101 million, of which social security costs amount to SEK 34 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 700,000 Class C shares and subsequently to repurchase the Class C shares. The Board of Directors has not yet used its mandate.

LTI 2020

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

Serie	Performance criteria	Minimum level	Stretch level	Vesting at minimum	Target fulfillment	Allotment
A	Total Shareholder Return (TSR) - Tele2	0%	N/A	100%	2.5%	100%
B	Tele2s Relative Total Shareholder Return (TSR) compared to a peer group	0%	20%	50%	-16.4%	0%
C	Operating cash flow vs.target	90%	110%	30%	104.4%	80.3%

Dividend

To the Annual General Meeting (AGM) on May 15, 2024 Tele2's Board of Directors proposes for the financial year 2023 an ordinary dividend of SEK 6.90 per share (SEK 4.8 billion), to be paid in two equal tranches in May and October 2024.

The Annual General Meeting (AGM) held on May 15, 2023, resolved on an ordinary dividend of SEK 6.80 per share in respect of the financial year 2022, to be paid in two tranches of SEK 3.40 each. The first tranche of the ordinary dividend, amounting to SEK 2,352 million, was distributed to the shareholders on May 23, 2023. The second tranche of the ordinary dividend, amounting to SEK 2,352 million, was distributed to the shareholders on October 13, 2023.

NOTE 8 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Acquisitions				
Other minor acquisitions	-	-	-	-6
Total acquisition of shares and participations	-	-	-	-6
Divestments				
Tele2 Germany	34	29	58	49
T-Mobile Netherlands	-	-	-	8,956
Tele2 Switzerland, Swisscom	-	-	-	-17
Other minor divestments	-1	-1	-4	-5
Total sale of shares and participations	34	28	54	8,983
TOTAL CASH FLOW EFFECT	34	28	54	8,977

No material acquisitions or divestments have been made in 2023. The proceeds from Tele2 Germany refer to the earnout component, see Note 9.

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 (see also Note 3). Information on acquisitions and divestments made in 2022 is provided in the Annual and Sustainability Report 2022, Note 14 and Note 33.

NOTE 9 DISCONTINUED OPERATIONS

Tele2 Germany

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

In Q4 2023, Tele2 received SEK 34 million. It was the final payment, as the maximum accumulated proceeds of SEK 205 million have been reached.

Tele2 Kazakhstan

In March 2019, the Swedish Tax Agency rejected Tele2's claim for a deduction of an exchange loss related to a conversion of a shareholder loan from USD to Kazakh Tenge in connection with the establishment of Tele2's previous joint venture in Kazakhstan. Tele2 appealed the decision and in November 2022 the Administrative Court of Appeal ruled completely in favour of Tele2. Accordingly, Tele2 decided to release the provision of SEK 363 million in Q4 2022.

Income statement

All discontinued operations are included below. Tele2 Germany and Tele2 Croatia were divested in 2020, while Tele2 Netherlands and Tele2 Kazakhstan were divested in 2019.

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

Discontinued operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Interest expenses	—	25	—	22
Profit/loss after financial items	—	25	—	22
Net profit/loss from the operation	—	25	—	22
Profit/loss on disposal of operation including sales costs and cumulative exchange rate gain	4	0	4	2
– of which Germany	1	2	4	13
– of which Croatia	2	-1	0	-8
– of which Netherlands	1	-0	0	-2
Income tax from capital gain	—	337	—	337
– of which Kazakhstan	—	337	—	337
NET PROFIT	4	363	4	361
<i>Attributable to:</i>				
Equity holders of the parent company	4	363	4	361
NET PROFIT	4	363	4	361
Earnings per share (SEK)	0.01	0.52	0.01	0.52
Earnings per share, after dilution (SEK)	0.01	0.52	0.01	0.52

Balance sheet

Liabilities associated with assets held for sale as of December 31, 2023 refer to provisions related to the divested operations in Croatia and the Netherlands.

Discontinued operations SEK million	Dec 31 2023	Dec 31 2022
ASSETS		
Financial assets	—	32
Non-current assets	—	32
Current receivables	—	22
Current assets	—	22
Assets classified as held for sale	—	54
LIABILITIES		
Interest-bearing liabilities	26	26
Non-current liabilities	26	26
Interest-bearing liabilities	57	61
Non-interest-bearing liabilities	4	4
Current liabilities	61	65
Liabilities directly associated with assets classified as held for sale	86	91

Cash flow statement

Discontinued operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Cash flow from investing activities	34	29	54	27
Net change in cash and cash equivalents	34	29	54	27

Non-IFRS measures

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

EBITDA

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

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

Underlying EBITDA

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

Underlying EBITDA: EBITDA excluding items affecting comparability.

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

Underlying EBITDAaL and underlying EBITDAaL margin

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

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

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

Continuing operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Operating profit	1,405	1,203	5,466	6,596
Reversal:				
Result from shares in associated companies and joint ventures	0	-1	0	-1,672
Depreciation and amortization	1,515	1,557	6,150	6,176
EBITDA	2,919	2,758	11,616	11,101
Reversal, items affecting comparability:				
Restructuring costs	35	43	146	198
Disposal of non-current assets	4	5	36	55
Other items affecting comparability	41	26	86	41
Total items affecting comparability	80	75	268	294
Underlying EBITDA	2,999	2,833	11,885	11,395
Lease depreciation	-332	-313	-1,299	-1,240
Lease interest costs	-43	-38	-176	-94
Underlying EBITDAaL	2,624	2,483	10,409	10,060
Revenue	7,684	7,454	29,099	28,102
Revenue excluding items affecting comparability	7,684	7,454	29,099	28,102
Underlying EBITDAaL margin	34%	33%	36%	36%

Non-IFRS measures – Capex paid and capex

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

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

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

SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
CONTINUING OPERATIONS				
Additions to intangible and tangible assets	-1,474	-1,155	-4,059	-3,581
Sale of intangible and tangible assets	1	10	7	20
Capex paid	-1,473	-1,145	-4,053	-3,561
This period's unpaid capex and reversal of paid capex from previous period	338	-44	-609	240
Reversal received payment of sold intangible and tangible assets	-1	-10	-7	-20
Capex intangible and tangible assets	-1,136	-1,199	-4,669	-3,341
Additions to right-of-use assets	210	-824	-420	-1,370
Capex	-926	-2,023	-5,089	-4,711

No capex has been reported related to discontinued operations.

Non-IFRS measures – Operating cash flow

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

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

Continuing operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Underlying EBITDAaL	2,624	2,483	10,409	10,060
Capex excluding spectrum and leases	-1,131	-1,177	-3,941	-3,171
Operating cash flow	1,493	1,306	6,468	6,889

Non-IFRS measures – Equity free cash flow

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

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

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

SEK million	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
CONTINUING OPERATIONS				
Cash flow from operating activities	2,269	1,887	10,013	8,250
Capex paid	-1,473	-1,145	-4,053	-3,561
Amortization of lease liabilities	-266	-288	-1,240	-1,226
Equity free cash flow (eFCF)	531	454	4,720	3,461
eFCF per share (SEK)	0.77	0.66	6.83	5.01
eFCF per share after dilution (SEK)	0.76	0.65	6.78	4.98
OUTSTANDING SHARES				
Number of shares	691,633,077	691,011,367	691,633,077	691,011,367
Number of shares after dilution	696,244,505	695,074,506	696,244,505	695,074,506

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

Non-IFRS measures – Net debt and economic net debt

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

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

Economic net debt: Net debt excluding lease liabilities.

Total operations SEK million	Dec 31 2023	Dec 31 2022
Interest-bearing non-current liabilities	26,488	29,848
Interest-bearing current liabilities	6,379	4,296
Reversal provisions	-1,091	-1,362
Cash & cash equivalents, current investments and restricted funds	-1,720	-1,274
Derivatives	-89	-401
Net debt	29,968	31,108
Reversal:		
Lease liabilities	-4,320	-5,460
Economic net debt	25,648	25,647

Organic

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

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

Reconciliation of figures is presented in an excel document (Q4-2023-financial-and-operational-data) on Tele2's website www.tele2.com.

Other financial metrics

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

ASPU

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

Average interest rate

Annualized interest expense on loans (excluding penalty interest etc.) in relation to average interest-bearing liabilities excluding provisions, lease liabilities, debt related to equipment financing, balanced bank fees as well as adjusted for borrowings and amortizations during the period.

Earnings per share

Profit/loss for the period attributable to the parent company shareholders in relation to the weighted average number of shares outstanding during the fiscal year.

Economic net debt / Underlying EBITDAaL (financial leverage)

Economic net debt divided by underlying EBITDAaL (rolling twelve months) for all operations owned and controlled by Tele2 at the end of each reporting period.

End-user service revenue

Revenue from end-users excluding equipment revenue. End-user service revenue is presented to provide a view of revenue attached to the customers usage of services provided by the company.

Operating profit/loss (EBIT)

Revenue less operating expenses.

RGU

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

TSR

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



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