

TELE2

Q3 Interim Report 2025

Tuesday, 21st October 2025

Operator: Thank you for standing by. My name is Van and I will be your conference operator today. At this time, I would like to welcome everyone to the Tele2 Q3 Interim Report 2025.

I would now like to turn the call over to Jean Marc Harion, President and Group CEO. Please go ahead.

Third Quarter 2025

Jean Marc Harion

President and Group CEO, Tele2

Introduction

Thank you, and good morning. Welcome to Tele2's report call for the third quarter of 2025. With me, I have Peter Landgren, our Group CFO and some members of our group leadership team.

Please turn to Slide 2 for some financial highlights.

End-user service revenue grew by 2% in Q3 despite the continued impact of the discontinuation of Boxer TV terrestrial distribution in Sweden at the beginning of the year.

Underlying EBITDAaL continued to increase rapidly, growing to -- growing by 11% during the quarter, mostly thanks to excellent transformation efforts.

Once again, our equity free cash flow was very strong, totalling SEK 1.8 billion in the quarter, which is 60% more than last year.

At the end of September, we had reduced our workforce by slightly more than 600 positions, thereby already reaching the lower end of our targeted range of 600 to 700 by January 2026.

September marked a major milestone as we completed the 5G upgrade across our entire Swedish network coverage jumped from 25% to 90% of the territory, now reaching virtually 100% of the Swedish population. And just recently, Opensignal named Tele2, the global leader in 5G video experience.

We are also stepping up our long-term network ambition in the Baltics, the creation of the first pan-Baltic Tower Co is a key enabler supporting our future expansion, while unlocking value from our infrastructure there. The transaction is expected to close in Q1 2026.

Finally, we are proud to have been recognized by Time Magazine as one of the World's Best Companies, a ranking based on employee satisfaction, growth and transparency in sustainability.

Please move to Page 3 for more details on our results.

Transformation continues to deliver

As said, end-user service revenue grew by 2% organically in Q3 driven by continued strong growth in the Baltics and accelerating growth in Sweden, excluding the Boxer impact, group end-user service revenue grew by 3%.

The 11% growth in underlying EBITDAaL was driven by the transformation, improved profitability in Sweden business and the Baltic revenue growth. Our strong equity free cash flow benefited from lower paid CapEx and better working capital year-on-year, which Peter will soon discuss in more detail.

After reaching 12% in the first half year, our CapEx to sales ratio fell to 11% for the first nine months due to additional reprioritization and replanning. As a result, we have decided to lower our full year guidance, which I will return to shortly. Our leverage fell to 2.0x ahead of the final dividend tranche, which was paid last week.

In Sweden Consumer, end-user service revenue was unchanged as growth in core connectivity offset the decline in Boxer TV following the decommissioning of terrestrial distribution at the beginning of the year.

In Sweden business, end-user service revenue growth accelerated to 5%, thanks to good growth in Mobile & Solutions. The Baltic grew end-user service revenue by 7% and underlying EBITDAaL by a massive 20% matching Q2 performance.

Let's move to Slide 5 for more details on Swedish consumer.

Sweden

Sweden Consumer: Further improvements in Mobile & TV

Mobile postpaid and user service revenue grew by 4%, up from 3% in Q2. Total mobile revenue grew by 3%, partly offset by continued decline in prepaid.

Fixed broadband grew end-user service revenue by 3%, mainly due to ASPU growth. While Tele2 TV grew by a low single-digit end-user service revenue for DTV declined by 8% due to the Boxer migration. For full year 2025, we continue to anticipate Boxer revenue to be roughly SEK 225 million below 2024 with minor year-on-year impact on EBITDAaL.

Total consumer end-user service revenue remained unchanged in the quarter, excluding the Boxer impact, consumer grew by 2%.

Let's look at consumer KPIs on Slide 6.

Sweden Consumer: Improving mobile ASPU

Mobile Postpaid added a solid 8,000 RGUs during Q3. Mobile ASPU growth improved to 1% year-on-year but was still negatively impacted by IFRS 15 fair value adjustment in Tele2 customer base, which did not have handset binding until almost two years ago. Excluding this adjustment, ASPU grew by 2%.

As mentioned in my CEO letter, successful rebranding of our main brand and strong demand for iPhone 17 led to our best iPhone launch in years, reinforcing the shift towards own channel sales.

Fixed broadband grew by 1,000 RGUs in Q3, whereas ASPU grew by 2% due to price adjustments similar to Q2, we observed aggressive competition in open networks, along with escalating wholesale access fee, which hampered volume growth.

Our TV business further stabilized as the customer base approaches a neutral development Tele2 TV RGUs grew driven by our recently launched Flex TV offer whereas Boxer TV RGUs declined.

Please move to Slide 7 for Sweden business.

Sweden Business: Strong topline growth

In Q3, Sweden business once again delivered a strong end-user service revenue growth, reaching 5% with all main product lines growing while the micro segment remained stable. We saw continued growth in IoT in our larger segments, reflecting the evolution of mobile as to year-on-year.

Mobile grew by 5%, driven by our IoT business and continued solid RGU growth among larger customers.

Solutions grew by a strong 8% and driven by Network Solutions and Cloud PBX, whereas Fixed remained stable. A new partner program was launched in Q3 to enhance quality and customer satisfaction as a result around 60% of the specialized reseller partners for SMEs were phased out.

Please move to Slide 8 for Sweden financials.

Sweden financials: 8% EBITDAaL growth

All in all, our Swedish and service revenue improved to 1% growth in Q3, driven by business, 2% without Boxer impact.

Underlying EBITDAaL grew by 8%, driven by workforce reductions, stricter prioritization and cost control from a quarter-on-quarter perspective, growth was partly offset by substantial sequential increase in marketing expenses, as you probably noticed, we invited Frank back. Network operating costs increased due to the expansion of our mobile network and notable cost inflation in access fees from open networks.

The cash conversion has improved to 66% over the last 12 months.

Now let's move to Baltic financials on Slide 10.

Baltics*Baltics operational highlights: 20% EBITDAaL growth*

Our Baltic operations have maintained operational momentum with sustained strong top and bottom line growth in Q3. Total end-user service revenue continued to grow at 7%, supported by price adjustment during the first half year. Q3 was the third consecutive quarter in which all markets delivered double-digit growth in underlying EBITDAaL, driving a total growth of 20%, same as Q2 and with Estonia posting a massive 53%.

Cash conversion increased to a strong 78% during the last 12 months, reflecting increasing EBITDAaL margin.

As part of ongoing efficiency efforts, we have now initiated project to centralize support and IT across our Baltic countries to reduce operating costs and shortened development timelines in the coming years.

Let's move to Slide 11 for Baltic operating KPIs.

Baltics KPIs: ASPU growth across markets

The total postpaid base increased by 21,000 RGUs in Q3, driven by Lithuania and Latvia. Prepaid increased by 8,000 RGUs. Blended organic ASPU grew by a strong 12%, driven by price adjustment and continued prepaid to postpaid migration.

And with that, I hand over to Peter, who will go through the financial overview.

Financial Overview

Peter Landgren

Executive Vice President and Group CFO, Tele2

Introduction

Thank you, Jean Marc, and good morning, everyone. Please turn to Page 13.

Group results

First, a few comments on the group P&L for the quarter.

Total revenue grew by 1% with end-user service revenue up by 2%, driven by the Baltics and Sweden B2B.

Our equipment revenue declined in a continued slow handset market, but a successful launch of the new iPhones supported equipment revenue growth in Sweden B2C.

Both underlying EBITDAaL and underlying EBITDA at the lease grew by 11% organically, thanks to the sharp cost control across the group and the end-user service revenue growth.

Worth noting is that the group now has reached an underlying EBITDAaL margin of 40% year-to-date.

Items affecting comparability were at SEK 130 million in the quarter, impacted by redundancy costs related to workforce reductions.

Net financial items decreased year-on-year, thanks to both lower interest rates and reduced debt. In Q3, our average interest rate was 2.8% with a debt mix of 66% fixed rate and 34% floating rates.

Income tax increased largely due to higher profits.

Let's turn to Slide 14 and our group cash flow.

Group cash flow

CapEx paid decreased by around SEK 175 million. This was partly due to successful prioritization and partly due to the deferral of planned investment to 2026.

Changes in working capital remained quite neutral in the quarter, slightly impacted by reduced liabilities.

Net financial items paid, excluding leasing decreased year-on-year, thanks to the reduction of interest costs along with payments timing.

Net-net equity free cash flow added up to a strong SEK 1.8 billion in Q3, an improvement of SEK 670 million compared to last year. And over the last 12 months, equity free cash flow has reached SEK 9 per share.

So let's move to Slide 15 and our capital structure.

Leverage at 2.0x

End of Q3, economic net debt amounted to SEK 22.9 billion, reduced by SEK 3.3 billion compared to the end of 2024. This was enabled by the cash generated in the business, excluding the payout of the first dividend tranche in May.

Our leverage of 2.0x underlying EBITDAaL remains below our target range, thanks to the strong profitability and cash generation.

Adjusted for the payout of the final tranche of the ordinary dividend last week, pro forma leverage would have been at 2.2x.

And with that, I hand over to Jean Marc for some comments on our 2025 guidance.

2025 Guidance

Jean Marc Harion

President and Group CEO, Tele2

2025 Guidance

Thank you, Peter. Please turn to Slide 16 for our upgraded 2025 guidance.

2025 guidance updated

Following the first nine months of the year, we remain confident in our ability to deliver on our growth guidance, namely low single-digit organic growth of end-user service revenue, including around 1 percentage point drag from Boxer, slightly above 10% growth in underlying EBITDAaL that we committed on in July.

In addition, we are slightly reducing our 2025 guidance and CapEx to sales from around 13% to around 12%. This is driven by successful prioritization efforts as well as the deferral of some costs to 2026. That said, we reiterate our expectation of a midterm range between 10% and 12% from 2026 onwards.

I hand back to Peter for some additional comments regarding 2025 before we open up for Q&A.

Peter Landgren

Executive Vice President, Group CFO, Tele2

Additional Comments

Thank you, Jean Marc. A few business comments first on the P&L.

We continue to anticipate around SEK 500 million in restructuring costs this year related to the ongoing transformation on savings from workforce reductions, please remember that roughly 80% of our workforce costs impact OpEx, while the remaining share impact CapEx.

Also, I repeat what has been said about the Boxer effect. For the full year 2025, we continue to expect Boxer revenue roughly SEK 225 million below 2024 and with a somewhat negative year-on-year impact on underlying EBITDA after lease.

And then a few comments on the cash flow.

In Q4, we will pay the final roughly SEK 370 million for the Swedish spectrum licenses that we secured in 2023. Also now in Q4, an 1,800 megahertz spectrum auction will be held in Sweden, the payment terms in that auction is 50% in Q1 2026 and 50% in Q1 2028, as informed by the regulator.

On changes in working capital, we're satisfied with the performance in the first nine months of the year, while recognizing that Q4 is seasonally weak. We hand now estimate the full year outcome in the range of 0 to plus SEK 200 million full year.

On net financial items, excluding leasing, we continue to expect full year payments of around SEK 750 million.

And finally, regarding taxes, we still expect around SEK 1.0 billion net payments in 2025, including the SEK 280 million refund we received in Q1.

And with that, I hand over to the operator for Q&A.

Q&A

Operator: (Operator Instructions) Our first question comes from the line of Andrew Lee from Goldman Sachs.

Andrew Lee (Goldman Sachs): I had my first question was on -- well, both questions are on costs. First question was on EBITDA costs and specifically, the open network access fee inflation. I think that that impact is around SEK 30 million, but I'm not 100% sure. I wondered if you can give us any clarity on the scale of the impact from that.

And then just on that point, you have historically recently said that you feel that price rises can be put through over and above cost inflation? Do you feel like you can pass that increase in cost onto the customer over the next 12 months?

And then the second question is just on CapEx. You highlighted that you're reiterating the 10% to 12% CapEx to sales guide for next year. Obviously, there's an element of deferral of CapEx from 2025 into 2026 that's lowered your guidance for this year, does that deferral mean you're likely to end up towards the ceiling of the 10% to 12% CapEx to sales guide for next year?

Jean Marc Harion: Okay. I will take the first question on access fee.

Of course, this is nothing new here. We have observed a regular increase of the access fee. And in the meantime, due to the competition on retail prices, we observed a growing pressure on the profitability of the open access.

Of course, the consequence for the operators and especially for Tele2 will be in the future to focus more on other channels -- other networks, sorry, rather than open fibre. But I believe that we face here critical issue for the market and for the Swedish customer. It's as well related to the delay in the SDU regulation, so that means that open fibre today is a technology that we need to address specifically as a complement for other solutions for the customer.

And on top of that, of course, at a certain point, we may be obliged as well to reflect part of this access fee increase in the retail price. So that's one of the, I would say, battles that we are fighting and we will continue fighting in the coming months.

Regarding the CapEx, I will hand over to Peter. Just a comment, I would say the decision to lower the CapEx guidance was the consequence of the prioritization for -- of our investment in general and especially in the mobile network.

And I want to say two things. First, it doesn't impact the quality of the network. You probably noticed that, and I stated that in my presentation, that we have rolled out 5G on the entire Swedish network that we operate, and we now reached 99% of the population, 99.9% of the population with an excellent quality of service and our ambition is still to build the best 5G network in Sweden.

And some -- and the second point is that it doesn't change our midterm guidance. But Peter, feel free to elaborate on that.

Peter Landgren: Good morning, Andrew. I think you covered it quite well, but just to add a little bit on the -- as Jean Marc said, it's the stricter prioritization that is helping us to being able to reduce our CapEx guidance for 2025, including then also impact on CapEx from workforce reductions, which is helping there.

And then, of course, we always try to invest as late as possible, meaning that some pieces are deferred to 2026, but it doesn't change our ambition of being behind 10% to 12% going forward.

And to specifically answer your question on what it means for 2026, where we will be in that range is too early to respond on now. We'll come back to our CapEx guidance for 2026 when we release our Q4 numbers in January

Andrew Lee (Goldman Sachs): It's really helpful for both. Do you have any sense of the scale of the headwind that you got from the open network fee increase and your -- and the competition that stopped you from kind of fighting back on that? And any sense of the scale that would be helpful.

And I guess, Peter, on your answer on the CapEx to sales, you're not saying that you'll definitely be towards the upper end of that 10% to 12% because of this deferral, as you say, too early to say. Is that the right understanding of your comments there?

Jean Marc Harion: No, it's too early to comment on that. I believe that we observe a distortion of the market definitely compared to what's happening in other European countries.

The market evolution, the broadband market evolution in Sweden is not in favour of the customer interest. We should see an improvement of the competitive situation and what we observe is the opposite. It's due to the dominant position of some local players. It's not new. We are flagging that. And in the meantime, of course, we are taking actions in order to offset this impact and find alternative solution to serve our customers.

We'll come back to that in more details when we will comment on our full year results.

Peter Landgren: And on the access to answer on that, we're not providing a specific number on that impact, but it's, of course, something that is important to us in terms of costs.

Operator Our next question comes from the line of Andreas Joelsson from DNB Carnegie.

Andreas Joelsson (DNB Carnegie): Good morning, everyone. Just a follow-up basically on the open network side. You cannot control regulation, obviously, but and you say that you will look at alternatives, but what kind of alternatives do you have that you can sort of -- because leaving the open fibre network would leave -- would mean that you would leave quite a big market size. And just curious about the alternatives that you see should this -- there be further delays to this regulation, for instance.

Jean Marc Harion: Yes, okay. Let me be specific and give you an element of answer. But for this reason, I don't want to elaborate further.

Of course, it's all -- everything is a question of geography. But first, Tele2 operates on HFC cable infrastructure with DOCSIS, excellent Internet speed and customer experience. In some areas, a much better Internet quality than with fibre because some part of the fibre in Sweden is quite old. So this is definitely one part of the answer.

The other one is, of course, related to the recent extension of our 5G footprint. We now provide 5G connectivity to the entire Swedish population, with here again, an excellent quality of service as recognized by Opensignal, and this quality will even improve in the future. So that's the answer.

So of course, there are some areas where we will be -- we will have no access to the customers outside of the open fiber infrastructure, but there are many areas where we have multiple solutions. And so far, we were a little bit agnostic in the technology, but we cannot let the situation with open fibre degrade without responding.

Operator Our next question comes from the line of Erik Lindholm-Rojestal from SEB.

Erik Lindholm-Rojestal (SEB): Good morning. So Jean Marc, you mentioned exiting a major third-party retailer here in Sweden during the quarter and also making some changes on the B2B side with partners. And I understand the long-term positives from this, but would you expect sort of any short-term headwind to growth from this?

Jean Marc Harion: We will -- of course, we will prepare. We will not go unprepared to this big shift. But we have been preparing for a while. We are opening regularly new stores, own stores. For instance, next week, we

will open two new stores in Sweden in Gävle and Borlänge and then we will continue with others. So we are progressively increasing the number of stores.

Once again, we are not going to go crazy with the stores, but there were gaps in our footprint that we want to fill. It's important that we have stores in all the major areas where we see a commercial traffic that we can take advantage of.

In the meantime, we are improving the performance of our websites, investing in the future of the websites. We are as well doing a lot of changes and improvements in our customer operations. And we are determined to -- I have to say, to eradicate the questionable sales practice that we observe in the market. The Swedish Consumer Agency flagged some practice observed in the telemarketing area during the summer. It's not the only area where we observed this kind of practice. So this practice results into an artificial churn, which penalized the operators. That's why we believe that we need to take control of our relation with the customers.

We have stepped down from one of the retailers, a minor one that I don't want to disclose the name, already this year. And we are preparing to take more control on our distribution.

Today, we are very happy to see that the contribution of our own channels is increasing in our commercial activity, and we want to continue pushing that, not only in B2C, but in B2B as well. That's why we took the decision to, I would say, reform, transform our sales partners for SMEs. And here, we reduced the number of our sales partner by around 60% in order to focus on high-quality partner that we can trust to deal with our customers.

So for us, it's definitely a long-term investment. And of course, we don't want to make a hasty decision. We are in permanent discussion with all the partners, but we know where we want to go. And of course, there will be -- there may be from time to time, commercial hiccups, but we are absolutely certain that this is the strategy to follow and to deliver for the long-term value creation in the market.

Erik Lindholm-Rojestal (SEB): All right. So -- but do you expect any meaningful impact to sort of gross adds in the short term or maybe for next year?

Jean Marc Harion: That's why we are taking the time. We are just showing the path, but we are moving step by step. We don't expect to make any crazy move. We just want to consolidate, strengthen our own channels progressively and make case-by-case decisions.

Operator: Our next question comes from the line of Maurice Patrick from Barclays.

Maurice Patrick (Barclays): Good morning. If I could ask a follow-up question on CapEx, please. I appreciate you've indicated the 10% to 12% midterm range for next year and you don't want to narrow that. But just to understand a bit around the key projects that remain pending.

If I'm not wrong, you've signalled today you pretty much finished the mobile 5G upgrade and swap outs. You've signalled earlier in the prepared remarks, I think, a need to or desire to increase the investments in the Baltics post the Tower Co sale. I think in previous calls, you had suggested Remote PHY as in the cable upgrade was more on hold as such.

So could you help us understand sort of what additional projects beyond just maintenance you have in mind for '26? Is it just the Baltics? Or is there anything else we should be thinking about?

Jean Marc Harion: No, no, I believe that there is no hidden agenda or hidden project that we have kept in our wallet out of the sight of the investors. I believe that the revision of our CapEx guidance is just the consequence

of some replanning that we had to do and that we were able to do considering, I would say, the evolution of our rollout.

So this is a very ambitious rollout that we are in. Of course, our goal is to complete the largest part of this rollout by the end of the year. But in the meantime, as you can easily understand, the more we move forward, the more difficulties we collect in the building of the sites because they are remote. Sometimes we have issues to connect the energy to the sites, some permit delay and so on.

So the decision to revise our CapEx and sales guidance is just the result of pragmatic replanning of the rollout with, I would say, some sites that will not be built at the end of this year, but completed and switch off -- switch on, sorry, at the beginning of next year. So the impact -- the delay is minimal, but still impactful considering the size of the investment that we are making this year on the Swedish mobile network. And of course, one of the reason for this delay is called Swedish winter because in December, January, it's a little bit difficult to dig into the Swedish ground for obvious reasons. So not a big deal.

Next year, we'll have some, I would say, some additional sites to complete but with a minor impact on the CapEx for 2026. The main part of our investment next year will remain the modernization of some part of our Baltic operations with, of course, the impact of our TowerCo company as well.

And for the rest, I confirm that we will stick with our new strategy for the modernization of our cable network. Also, of course, we believe that in the current context of the fixed broadband market, there is a competitive advantage for us to push our mobile -- or sorry, our cable HFC network.

We don't see the point to systematically modernize the network. So we stick with our reactive modernization strategy that we have decided at the beginning of this year. So that we don't foresee any acceleration of the Remote PHY investment.

For the rest, of course, we are progressing on the modernization of our IT, centralizing as much as we can the platforms across all our product lines in Sweden, and we have as well some project to centralize some platforms between Baltics and Sweden. But I would say all this has been already anticipated. And compared to the network investment, it's a relatively minor part of our investment policy.

So that's why we are quite confident that the replanning of our CapEx in this end of year will have -- will not change our midterm guidance, which is to keep the CapEx and sales ratio between 10% and 12% over the next few years.

Operator: Our next question comes from the line of Owen McGiveron from Bank of America.

Owen McGiveron (Bank of America): Good morning. Owen McGiveron from Bank of America here. A question on costs. So on headcount, you said over 600 by the end of September versus the over 500 by the end of June. Could you give us a sense on the phasing of this reduction and when the incremental cuts will feed through into your numbers.

And then a quick one on marketing spend. Just thinking about the weighting of Q3 versus Q4, trying to weigh the initial cost of the launch where you said that there was a substantial increase in marketing spend in Q3 versus Q2 versus a more competitive Q4 where you'll do more advertising.

Jean Marc Harion: Yes. Maybe I will ask Peter to complete. But keep in mind that compared to H1, we have three areas where we had foreseen, I would say, slightly higher spending in H2.

The first one is definitely marketing areas where we have reintroduced Frank with a, I would say, an obvious result in the traffic in our stores, on our website. But I would say, a recognition of the Tele2 brand, which has

improved I'm referring here to the ID center KPI that improved significantly compared to H1 with a tripling of the recognition by the customers. So that, of course, has some impact on our cost, but it was foreseen because we had kept the -- we have planned the rebranding at the very end of June 2026.

We have the access fee impact which, of course, is a variable cost and something that we -- you probably understand is that, of course, we are impacted by access fees in proportion of the acquisition of customers we make in this area.

And something that you cannot -- we cannot forget either is the increase of our network OpEx, which is proportional to the rollout of the network. So the more sites we build and we are on a good path to complete the rollout of our 5G network, but the more maintenance OpEx, we need to support.

Peter?

Peter Landgren: Yes. Thanks, Jean Marc. And I can add maybe a little bit on the -- you asked specifically about the timing in the workforce reductions. And I think it's two aspects of this. One is that we, of course, try to optimize gradually and find improvements every day, but there was a bit of a larger portion in towards the end of the quarter, end of September, where a bit larger piece of the reduction came through, which means that -- and when it comes to the cost for that, you can see in our restructuring costs, a bit of elevated costs in Q3. And so that's all reflected in the Q3 numbers, the severance payments for those reductions.

And on marketing, I think it's quite well covered but maybe call out as well that the big impact then from the sequential EBITDAaL trends is that we were very, very low in Q2. So in Q2, we had a large tailwind in our EBITDAaL year-on-year from low marketing. We saved our money for the rest of the year when -- with the rebranding and also a little bit of a more intense sales season. I hope that answers.

Operator: Our next question comes from the line of Fredrik Lithell from Handelsbanken.

Fredrik Lithell (Handelsbanken): Thank you for taking my question as well. I thought maybe we could have -- if Stefan would like to talk a little bit about the trends in business-to-business. You have really good growth there. If you could sort of dig into the details a little bit more what's really going on in the business-to-business marketplace would be interesting to hear.

And then secondly, Jean Marc, if I could ask you, it seems like EQT is putting GlobalConnect up for sale. We don't know. It's news comments at this point. But if that would be, would you see that you have some pockets where you sort of could fill up your assets on long-haul fibre or anything? It would be interesting to hear your elaboration on that, if possible.

Jean Marc Harion: Stefan, please.

Stefan Trampus: All right. Thank you, Fredrik, for your question. Always a pleasure to talk about B2B. And as we've seen, it was a good quarter.

I think the profile of the revenue development in Q3 is very similar to Q2. It's a broad-based improvement year-on-year for the quarter in all of the basically all product lines. We see the stabilization on the fixed part, driven by broadband and data net services and the deals that we've done in that domain.

On the mobile side, we continue with good growth, both on the larger segments, SME and the larger segments on RGU development. We had a growth of 10,000 RGUs and also the previous quarters, of course, are helping us in the quarter-on-quarter growth of the mobile RGUs.

IoT is a little bit better than in Q2, actually on quarter-on-quarter growth, a couple of millions better.

So overall -- and then we have the Solutions area where we have continued good pace on the network security part, but also on Cloud PBX, which is more of a modern solution. So it's very similar to Q2 actually, a little bit better, I would say, everywhere.

Then on the Micro, we see a stabilization. It's something that we have seen with the recession that is impacting the growth. So we're still looking for the smaller segments or the smaller customers returning to better growth overall in the Swedish economy. So hopefully, we'll see that.

I hoped for that last year, but we didn't see it this year. But hopefully, that's something that we will see next year. I hope that gives you some color on the B2B and where the growth is coming from.

Jean Marc Harion: Yes. And maybe to complete what Stefan was commenting, the reason -- one of the reasons why we can accelerate in B2B is because, thanks to the transformation of this activity that Stefan has delivered in H1, we have no profitable growth. We can now secure a profitable growth in all the segments, including the solutions. So that's, of course, a key lever for us for the acceleration of the revenue.

And I will not comment on GlobalConnect. As commented by Peter, yes, we have, I would say, an excellent balance sheet so far, but we have stated at the beginning of the year, and I will stick with this statement that the decisions about the use of the cash flow will be taken after the full delivery of our transformation this year. So we still have a quarter to go. And therefore, I will not pre-empt any discussion that will be at the Board level, that will take place at the Board level in January.

Operator: Our next question comes from the line of Nick Lyall from Berenberg.

Nicholas Lyall (Berenberg): Good morning. Can I just ask two, please. Firstly, on the contracts with suppliers. Could you remind us how far you are through your negotiations with your suppliers so far? And could you help us by giving us some sort of target to quantify the savings you might make from that over time, please?

And then secondly, on the access cost point, trying to avoid access costs or alternatives to access costs, how does that fit with the idea that you're going to be just reactive on Remote PHY and the coax network and also sort of tailing off spending on 5G as well. Those two don't seem to tally. So could you tell me what I'm missing there, please?

Jean Marc Harion: Peter will answer on the contract and the savings.

Peter Landgren: Yes. Good morning, Nick, yes, on the number of contracts, we have now renegotiated around 225 contracts and keep working on them in full pace, of course, also going forward. We are not providing any specific financial targets on this exercise. It's, of course, an important component in our EBITDAaL improvement, but we stick to what we aim for in our -- on our EBITDAaL and CapEx guidance. So that's what I would say on the contract negotiations.

And then Jean Marc, I don't know if you want to comment again on the access cost in Remote PHY maybe.

Jean Marc Harion: No, I was consulting with Petr Cermak. I don't believe that there is more to say about the access fee. We are observing, I would say, a negative evolution of the market in terms of profitability. This evolution goes in the opposite direction compared to all the other operating countries.

We observed that PTS has been blocked in the SDU regulation. So there is a problem with the market structure. Of course, we will fight in order to get better market condition for the customers.

In the meantime, I would say, we have other cards to play. And I believe that the consequence of this increase in the access fee, which is not motivated by any reason, but the -- I would say, the collection of an additional

fee by the intermediary operators, the local intermediary operators is to motivate the operators to use other networks.

And once again, we have more than 1 million households served by our excellent DOCSIS network, providing 1 gigabit per second Internet to MDUs across all the country. And in the meantime, now we have our 5G technology that we can use in order to serve families and homes with 5G connectivity and no need to elaborate too much on that, but we observed that mobile broadband is becoming more and more popular amongst our customers, especially the new generation as the main access to Internet. So that's it.

So meaning that we observed this increase in access fees, and we are taking the consequence. And fortunately, we have other cards to play, and that's it.

We are just commenting on access fees because it was obviously one of the, I would say, the components that may have been underestimated from external observers on the Swedish market, but we are not the only one impacted by that.

Operator: Our next question comes from the line of Ajay Soni from JPMorgan.

Ajay Soni (JPMorgan): Thanks for taking my question. My one just goes back to the marketing costs. Obviously, you've called them out stepping up a little bit in Q3. Are you expecting this to continue into Q4 and then 2026? And is this driven by a more competitive environment? I understand some of the pricing, especially within the second brand has become more competitive. So maybe a comment on the pricing environment would be helpful as well.

Jean Marc Harion: I believe that Peter commented already that the seasonality dictates that we spend more in marketing in the second half of the year than in the first half. But do you want to elaborate on that, Peter?

Peter Landgren: No, I can just repeat that one. So it's not that we're -- just to be clear, it's not that we are intensifying our marketing spend. It's more that we reduced our marketing spend in the first half of the year and especially in Q2. So it's not an escalation in any sense. It's more that we had a very large tailwind from that in Q2, and now we don't have that tailwind.

So we will keep discipline in how much marketing we spend. That's what I would say there.

Operator: Our next question comes from the line of Felix Henriksson from Nordea.

Felix Henriksson (Nordea): Thanks for taking my question. I think beyond the FTE reductions and the vendor contract renegotiations, you've highlighted that the decommissioning of some unprofitable B2B services and sort of automating the service delivery is sort of one of the key drivers for profitability transformation. So could you just please provide a bit of an update on that work stream? That would be very helpful.

Stefan Trampus: All right. Thanks for the question and Stefan here to respond on the automation and IT transformation.

As we've been alluding to before, I mean, we are doubling down on IT transformation for B2B this year, and it will go on into next year. We're actually in the middle of the work -- of the scope work of that. So we're doing the requirement design, all of that, but we haven't come into production yet.

The first phases of production will come next year. We won't give you a specific quarter, but we will see specific product segments being handled by the new end-to-end IT ecosystem, which will really, really, really will be something different, much, much more efficient than the ways we are working on today. So really looking forward to those launches which start next year.

Operator: Our next question comes from the line of Max Findlay from Redburn Atlantic.

Max Findlay (Redburn Atlantic): Good morning everyone. This is Max Findlay from Rothschild & Co Redburn. Firstly, going back to the FTE question, just checking where in-quarter reductions were removed, I assume Sweden. And any clearer ideas where you might land in your 600 to 700 FTE reduction range would be very helpful.

I appreciate you've already been asked questions on contracts already, but the last couple of quarters, you've provided a percentage of large contracts renegotiated, but I could not find that this quarter. So any color on that would be very helpful.

And then finally, just checking that there were no one-off cost savings in Q2 that dropped out in Q3, maybe as costs were deferred during contract renegotiations.

Jean Marc Harion: Okay. I will let Peter answer the last two questions.

On the FTEs, as we commented, we have reached the lower end of the target already. We believe that we will land -- we'll finish the year, I would say, very close from the full year target that we gave ourselves, which was between 600 and 700. We are now in an execution phase for the long tail in some specific reorg. And we're in a good path.

Now we have completed the discussion with the union and so on to deliver all these workforce reduction, including in the Baltics, where we still have some minor workforce reduction ongoing. But we will be -- we will deliver workforce reduction in line with our target.

Peter Landgren: Yes. And on the workforce reduction, just to -- most of it then maybe a repetition, but was towards the end of the quarter, in end of September, and it's majority in Sweden then the workforce reductions in Q3.

On the contracts, it was -- altogether, we have renegotiated 225 contracts now year-to-date. And that's a decent portion of our large contracts, but we're not done yet. So we continue working on that.

And when it comes to one-offs, no specific one-offs in Q2 that was pushed in any way towards -- over to Q3. Last year in Q2, we had a one-off related to bad debt, which helped our -- or made our comps a bit easier in Q2 this year, which we have called out earlier, but no major one-offs in Q2 and Q3 this year.

Operator: Our next question comes from the line of Abhilash Mohapatra from BNP Paribas.

Abhilash Mohapatra (BNP PE): Good morning. Thanks for taking my question. Sorry to come back on the open network access fee question, but just trying to understand, has the impact been sort of greater than you had anticipated earlier in the year when you're sort of setting out the guidance? And so therefore, should we see this as you've been able to keep your guidance despite sort of greater-than-expected impact from this cost headwind? And then how do you sort of see the time line of this evolving in the coming months? You mentioned sort of talking to the regulators. How do you see this sort of evolving?

And then the second question was just around shareholder returns. You flagged that leverage is now down to sort of 2.2x, and you mentioned you'll be sort of examining this over the coming quarter. But as we think about your leverage target range, 2.5 to 3x, what are the sort of puts and takes of where you would want to end up compared to that sort of target leverage range, low end versus high end? What are the factors there? And does this development would be sort of open network access fees change that thinking at all?

Jean Marc Harion: Okay. So there's a lot of questions about access fees. We don't want to emphasize too much this topic. But okay, to answer your question, what can we add on top of what we have already commented. We observed that the situation is becoming a little bit critical. But once again, it's not -- it's the result as well of the fragmentation of the fixed broadband infrastructure market in Sweden.

So the reaction of the different landlord association, for instance, are not the same depending on the network swap that we are considering. And we see that, for instance, some landlord associations are reviewing the condition -- the terms and conditions of their agreement. They -- some of them realize that there is a limit to the current model. And of course, that translates in some decrease in the broadband penetration in their networks. And of course, this is not what they want, and this is not what we want to see.

So I don't want to elaborate too much, but it's a very fragmented situation on the broadband market. We see the result with some, I would say, greed from some landlord association that has some consequence for all the operators. We have to deal with that. That's our job.

So Peter, can you comment on the two other questions?

Peter Landgren: Yes. On the shareholder return and the leverage targets, of course, we recognize that we noticed that we are below our target range of 2.5 to 3x. As Jean Marc also mentioned previously in the call, we will not preempt the discussions around where we're moving. We will have the discussion with our Board ahead of the Q4 release to see how we should proceed in terms of shareholder remuneration and how to deal with our strong balance sheet.

It's a pleasant problem. We're happy with the strong profitability and cash generation leading to a very strong balance sheet position at present. And we'll come back in Q1 -- sorry, when we release Q4.

Operator: Our next question comes from the line of Ondrej Cabejsek from UBS.

Ondrej Cabejsek (UBS): Two questions from me, please. One is on just refocusing a bit on the top line in Sweden, where almost across the segments, you saw an acceleration of trends. I was wondering, from your perspective, because you are the first to report, how much of this improvement are you attributing to your own commercial initiatives, which you say obviously stepped up into the second half? And how much of this is some kind of market repair, which I believe we have seen since the summer. So that's one question.

And then the second question on contracts, please. So as you say, I think you mentioned the number 225 contracts have been kind of renegotiated. I was just wondering in terms of the actual impact when we're starting to see this, is it all -- or rather, can we assume that all 225 of these have already started to have some impact on the financials? Or is there a part of these which have been renegotiated, but for example, only have an impact starting 2026 or later?

Jean Marc Harion: Okay. I will let Petr to answer on the consumer revenue. But definitely, we see the impact of Frank being back, the iPhone launch, the own channels, Petr?

Petr Cermak: Yes. No. So we see an improvement in the connectivity quarter-on-quarter, both through both for the offers we have, but also through the focus on the own channels. So we are focusing our own stores, customer operations online. That's our main focus, and we are trying to tone down the rest of the external distribution.

We see good traction of our TV offers that we launched in April. So the Flex model is something the customer wants. We see good traction on it, and it partly compensates our decline in TV. This is entirely driven by Boxer.

So Frank has -- the relaunch of Frank has helped to improve our commercial momentum since summer. And it continues and we will continue what we are doing right now. It's a mix of pricing, some acquisitions and the focus on own channels.

Jean Marc Harion: And Peter, do you want to take the other one again?

Peter Landgren: Yes, I can take that again, but maybe in a slightly new angle to the question.

Again, 225 contracts has been renegotiated. When it comes to timing of this, it is a mix. In some cases, we were able to reap the benefits directly. We saw quite much of that in the first half of the year. But of course, depending on the nature of the contract and what we're negotiating, something is coming later. So some pieces will also come from 2026. So it's a gradual effect of what we're doing that you should expect.

Operator: Our final question comes from the line of Siyi He from Citi.

Siyi He (Citi): I just have a question on the cost side. I think Jean Marc, in your CEO letter, you talked about that Tele2 are ready to gradually increase the efforts to optimize your teams and optimize your process. Just wondering if you can comment on maybe the kind of savings that it could have and when it could -- when should we expect it to hit the financials?

And I also believe that you decided to take away the midterm targets at the beginning of this year. Just wondering after you complete the staff reduction, should we expect the reintroduction of the midterm guidance at the full year result?

Jean Marc Harion: Sorry, I didn't understand the last.

Peter Landgren: The second one, if we have a midterm financial guidance.

Jean Marc Harion: We don't. We -- apart from the -- for the CapEx, we don't have a midterm guidance.

On the CapEx, we already mentioned that our ambition, and we say this ambition turns into a more and more kind of commitment, but we will be between 10% and 12% of the sales.

But to come back to your initial question, I would say that the cost optimization or the transformation in general translate into three major benefits for the company.

The first one, of course, is overall cost reduction. We see the impact today in our cost structure of the payroll OpEx improvement as well the renegotiation of some contracts. But it's as well the benefit of, I would say, making the company more agile. And this agility comes with profitability.

We gave the example of B2B. We had some issues with the profitability of some line of business. So we have transformed the process. We have reviewed the portfolio.

Now we can accelerate the growth in B2B. And in other areas as well, I give B2B just as an example, because we have secured the profitability and we have simplified the process.

And I would say that this simplification is as well something that we benefit -- we benefit from globally in order to respond to the market. That's why, of course, when we observe that some part of -- some segment of the market are not evolving in the right direction, we are now able to react much more promptly that is, of course, what is happening today in the fixed broadband.

And I would say the third benefit of this transformation is that thanks to the strengthening of our -- and the simplification of our processes, we are able to take a stricter control on our distribution channels and prioritize our CapEx much more.

So that translates into the reinforcement, the strengthening of our own channels, the detriment of the third-party ones that will translate in the future into better value for Tele2 because we will increase the stickiness of the customers. We will increase the ASPU, and we will decrease the acquisition cost. And this is only possible because we have made the company agile and adaptive again.

So that's my summary. Do you want to add something?

Peter Landgren: Yes, maybe add one thing on the question on the guidance.

As Jean Marc pointed out, of course, right now, this is where we stand because we don't have a midterm guidance.

I think also the question were about if we will have it going forward, and that's too early to say. We'll talk to the Board ahead of the Q4 release and take it from there. Right now, we're here and now and focused on the guidance we have submitted for this year.

Operator: Ladies and gentlemen, that concludes today's call. Thank you all for joining. You may now disconnect.

[END OF TRANSCRIPT]