

TELE2

Tele2 Q1 Interim Report 2026

Wednesday, 22nd April 2026

Introduction

Jean Marc Harion

President & Group CEO, Tele2

Welcome

Good morning, and welcome to Tele2's report call for the first quarter of 2026. With me here in Stockholm, I have Peter Landgren, our Group CFO; Nicholas Högberg, our Chief B2C Officer and Deputy CEO, and Stefan Trampus, our Chief B2B.

Highlights

Please turn to slide two for some highlights from the first quarter.

In Q1, Group end-user service revenue grew by 3%, whereas underlying EBITDAaL grew by 11%, marking the fourth consecutive quarter of double-digit growth. We also continue to generate strong equity free cash flow with SEK2.2 billion in Q1, plus 7% versus last year.

Our Baltic Tower transaction was completed by the end of February, generating cash proceeds of SEK4.7 billion to Tele2. We also opened five new stores in Sweden in Q1 and upgraded our fixed network to 2.5 gigabit per second, a record internet speed, which are already available across many of the largest cities, including in Stockholm. With our 5G already recognised as the fastest in Sweden, we now operate the fastest networks in the country.

A solid start to the year

Please move to page three for more details on our results. Our 3% growth in end-user service revenue was driven across all our operations and core services. Our 11% growth in underlying EBITDAaL was driven by both transformation and revenue growth.

Our strong equity free cash flow, which grew by 7% year-on-year was largely driven by the increase in our operating cash flow. Peter will go through the details.

CAPEX to sales declined seasonally, partly due to lower 5G rollout speed in Q1. Leverage fell to 1.5 times due to the Baltic Tower transaction and organic cash generation.

In Sweden Consumer, end-user service revenue grew by 1% with contribution from all main services. In Sweden Business, end-user service revenue grew by 5%, driven by mobile and IoT. Our Baltic operations grew end-user service revenue by 7% and underlying EBITDAaL by 15%.

Sweden

Sweden Consumer: Growth across core services

Let us move to slide five for more details on Swedish Consumer. As commented in the CEO letter this quarter, we combined store expansion with rapid progress in AI and automation, improving customer experience, operational efficiency and our ability to anticipate customer needs.

Mobile postpaid end-user service revenue grew by 3%. Total mobile revenue grew by 2%, partly offset by continued decline in prepaid and some temporary issues due to the move to our new logistics platform.

Fixed broadband grew end-user service revenue by 1% due to ASPU growth. Digital TV once again improved sequentially, driven by healthy high-single-digit growth in Tele2 TV end-user service revenue, more than offsetting the latest impact of Boxer TV switch off.

Sweden Consumer: ASPU growth across services

Let us look at consumer KPI on slide six. Mobile postpaid RGUs remained unchanged in Q1 despite temporary negative impact related to 2G, 3G shutdowns. Mobile ASPU increased by 1% year-on-year, driven by price adjustments, while still negatively impacted by IFRS 15 fair value adjustments, which will gradually abate during the year.

Fixed broadband RGU declined slightly in Q1, while ASPU grew by 1% due to price adjustments. As in previous quarter, we have remained selective in parts of the market due to continued aggressive competition, which hampered volume growth.

TV RGUs increased by 4,000 in Q1 as the good growth momentum in Tele2 TV has continued. ASPU grew by 5% year-on-year, driven by pricing and cross-selling of sports content improving the success of our flexible offer.

Sweden Business: Continued strong growth

Please move to slide seven for Sweden business. Sweden business continued to deliver strong end-user service revenue growth, reaching 5% in Q1 despite strong competition. Mobile grew by 8%, largely driven by our IoT business, which is expanding in new industries such as the automotive sector and geographies, for example, in Latin America. Mobile RGUs increased by 3,000 in Q1, ASPU continued to be impacted by change in customer mix. B2B solutions grew by 3% in Q1, reflecting our decision to focus on a more targeted portfolio of services.

Sweden financials: 9% EBITDAaL growth

Please move to slide eight for Sweden financials. In total, Sweden end-user service revenue grew by 2% in Q1, driven by both business and consumer. Underlying EBITDA grew by a solid 9%, driven by the end-user service revenue, workforce reduction, stricter prioritisation and cost control. The cash conversion has improved to 73% over the last 12 months.

Baltics*Baltics financials: 15% EBITDAaL growth pro forma*

Let us move to the Baltics financials on slide 10. Baltics once again maintained strong top and bottom line growth in Q1. Total end-user service revenue grew by 7%, partly supported by previous price adjustments.

Q1 was the fifth consecutive quarter in which all Baltic markets delivered double-digit organic growth in underlying EBITDAaL, delivering a total growth of 15% pro forma the Baltic Tower transaction. It is worth commenting that our Baltic operations started accounting the cost of Baltic Tower company in March 2026.

Cash conversion based on the last 12 months stands at 80% despite the impact of the Tower transaction. As you know, a spectrum auction has already been announced and will take place in Lithuania in 2026.

Baltics KPIs: ASPU growth across markets

Let us move to slide 11 for Baltic's operating KPIs. The total postpaid base in the Baltics increased by 17,000 RGUs in Q1, driven by all markets. Prepaid decline was due to regulation and migration to postpaid. Blended organic ASPU grew by a strong 10%, driven by price adjustments and continued prepaid to postpaid migration.

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

Financial Overview

Peter Landgren

EVP & Group CFO, Tele2

Group results

Thank you, Jean Marc, and good morning, everyone. Please turn to page 13 and the Group income statement for the quarter.

Total revenue grew, thanks to organic service revenue growth of 3% with contribution from all operations. Underlying EBITDA grew by 10% organically or 11% after lease, thanks to the sharp cost control across the Group and the contribution from service revenue.

Items affecting comparability were mainly impacted by redundancy costs related to workforce reductions. Last year, the corresponding redundancy provisions were more significant as you might recall. The gain from sale of operations of SEK5.1 billion refers to the capital gain from the Baltic Tower transaction completed at the end of February.

Net financial items decreased year-on-year, mainly thanks to higher interest income and positive currency effects. In Q1, our average interest rate was 2.7% with a debt mix of 73% fixed rates and 27% floating rates.

Income tax increased year-on-year due to higher taxable profits.

Group cash flow

Let us move to the cash flow on slide 14.

CAPEX paid, excluding spectrum decreased compared to last year, mainly due to lower intensity in the Swedish 5G rollout and reduced workforce. The decline was also impacted by delayed hardware supply with an expected catch-up later in the year.

Spectrum CAPEX paid increased due to the first out of two payments for the Swedish spectrum secured in 2025. Changes in working capital contributed to the cash flow with around SEK450 million, largely driven by seasonal decrease in equipment receivables.

Taxes paid increased since last year included a tax refund of around SEK280 million, while the corresponding tax refund this year was around SEK50 million.

In summary, Q1 equity free cash flow reached SEK2.2 billion, which implies a 7% growth compared to last year, and this translates to around SEK9 per share over the last 12 months.

Leverage at 1.5x

Please turn to slide 15 for our capital structure.

End of Q1, economic net debt was SEK17.4 billion, a reduction of SEK6.9 billion compared to end of 2025. This was driven by two things. The cash proceeds of SEK4.7 billion from the Baltic Tower transaction, as well as the SEK2.2 billion generated in the business. This brings down leverage to 1.5 times underlying EBITDA after lease ahead of the proposed dividend distribution.

With that, I hand over to Jean Marc for some comments on our 2026 guidance.

Guidance & Outlook

Jean Marc Harion

President & Group CEO, Tele2

2026 guidance unchanged

Thank you, Peter. Please turn to slide 16 for 2026 guidance.

As highlighted last quarter, we concluded 2025 by setting a high standard and establishing a new reference point for Tele2 profitability. Building on that momentum, we remain focused on consolidating the company's transformation, further strengthening profitability and safeguarding revenue growth in the face of continued geopolitical uncertainty.

We, therefore, maintain our full year guidance for 2026 with low-single-digit organic growth of end-user service revenue, low to mid-single-digit organic growth of underlying EBITDAaL, CAPEX to sales in the range of 10% to 11%. Note that the organic growth rates include the impact of the Baltic Tower transaction on a pro forma basis.

I hand back to Peter for some additional comments regarding 2026 before we open up for Q&A.

Conclusion

Peter Landgren

EVP & Group CFO, Tele2

Thank you. First, a reminder about the Baltic Tower transaction. As previously stated, the transaction is expected to have a negative impact on underlying EBITDAaL of around €35 million on a 12-month basis. In Q1, this only impacted March, while we will see the full impact onwards.

Then a few reminders on the cash flow for the full year 2026. On spectrum, we noticed that an auction has been announced in Lithuania expected to take place during 2026. On financial items, excluding leasing, we still estimate full year net payments of around SEK650 million with a similar quarterly phasing to last year.

Finally, on taxes, we still estimate full year payments of around SEK1.4 billion.

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

Q&A

Ondrej Cabejsek (UBS): I had a few questions on Sweden and specifically mobile, I guess, please. I am looking at the mobile trends specifically in postpaid. If you could please talk about, you mentioned previously that you put through price rises this year about a month earlier than last year that the market has been kind of improving. So we would have maybe expected a bit more of an acceleration. You mentioned also that there has been some legacy negative impacts on mobile. If you can talk about the growth rates for postpaid Sweden specifically and how you see those throughout 2026.

Second question, if I may, also related to this, but maybe from a different angle. You have obviously put with the new portfolio on mobile. You seem to have a very stable base in the quarter on postpaid against some price rises specifically on like family plans, which I think are very important. How is the reception then and again, tied to how we should think about the service revenue profile for the rest of the year?

Jean Marc Harion: Slight technical issue, but we continue the Q&A session. Just to answer your first question first, and then I will hand over to Nicholas to develop on the portfolio and the new pricing. But of course, the price adjustment that we implemented a little bit earlier this year, of course, has a progressive impact, and it is, as always, mitigated by the BTL discount, the different segment, where these price adjustments are adjusted for.

I believe that the second question is more relevant to be answered by Nicholas about the postpaid portfolio now and the positioning and how we see the competition, not only, I would say, with the other operators but with the sales distributors as well.

Nicholas Högberg: Thank you, Jean Marc. This is Nicholas. Yes, the new portfolio has been very well received. We have simplified the portfolio radically, which is good, and we have also continued to build Frank. Of course, as you know, we have started somewhat a repositioning of Comviq with Jättebra, very good, and it is actually working very good so far.

What we can see is that it is still a fierce competition and a challenging market. We have been restricted to engage in the price war, especially when it comes to the no-frills brands. They are pushing the market really hard. We see that our new portfolio is working well and that our position in the market becomes clearer and clearer.

Then when it comes to our distribution, we have launched five new stores during the quarter, and they are working very well, and we think that that is the way forward for us. We also see that we are less dependent on third-party distribution.

Ondrej Cabejsek: If I may maybe follow-up on the last point. As you reposition the distribution channels, is it a case of maybe there will be slightly weaker volumes this year, but profitability will benefit as a result?

Jean Marc Harion: Yes. Jean-Marc here again. Let me complete what Nicholas was commenting. Of course, we are operating in a very competitive environment in Sweden on the consumer market. We like this kind of competition. We have two strong brands to compete with the others.

This is a comment that I already made several times. One of the specifics of the Swedish market is that the competition is distorted by the behaviours of some sales channels, which are too important, overwhelming on the volumes, for instance, telemarketing. That is probably what you were referring to.

We made a very clear statement last week supporting stricter rules for telemarketing operators. We believe that this stricter rules should apply as well to other channels, third-party retailers where we have as well received a lot of complaints from our customers. This, in my view, is one of the priorities for the industry in Sweden and, of course, for Tele2 in the coming few months.

Fredrik Lithell (Handelsbanken): I would like to come back to your cost profile and the good cost control you are driving the company with. A little bit more on the software stacks. You alluded to that in the report that you are working your way through with automating the software stacks and all that stuff. How much of that upgrade, modernising, automating your software environment will trickle through in improved cost profile over time as well? Or is this that you get into a modern state with your software and the cost will be pretty much the same to drive it. It would be interesting to hear a little bit more colour on that.

Jean Marc Harion: Okay. Thank you for your question. It is a very complicated exercise to answer your question in a few minutes in this Q&A session for one simple reason, because it is an ongoing transformation process. We have a huge potential ahead. I believe that Tele2 is leading the pack in the AI and automation initiatives. We received recently an international award for the automation of our processes.

In parallel, we were optimising the organisation in the company. We have created a dedicated data and AI team. Of course, one of the purpose is to help us better understand the customer behaviour, anticipate their issues and make the support to these customers smoother and more faster and more transparent.

We have engaged into a huge transformation of all our processes. We have a series of internal initiatives that empower the managers and the employees to automate their own processes. We have created a library of tools and small internal academy to support automation and AI initiatives. Furthermore, and I believe that that is more relevant with the content of your question. We started applying agentic coding in our development. This, of course, is a huge opportunity because it accelerates the delivery and lower the cost of the development.

We have not seen all the potential of this initiative yet, but I am personally very impressed by the first results that we are delivering. So far, we do not have any number to share with you. We are just trying to unleash the potential of agentic coding internally to accelerate our transformation.

Fredrik Lithell: Very clear. Can I have a follow-up on that, Jean Marc? Do you expect that you will see the biggest effect or maybe the earliest effects within your production? Or will you see it within your support systems or support functions, I should say. Where do you see the early signs?

Jean Marc Harion: No, I believe that we already see it in the customer interaction because that is where, of course, we put our priorities. We want to improve our knowledge in order to better understand the needs and the issues faced by every single customer segment.

The automation and the development is evolving fast as well, including in the support of our B2B customers. That is because, of course, I should have mentioned that the automation of our processes started in the B2B area last year when we started trying to automate the processes that we have in place in order to support our large accounts. This is from there that we have developed this automation academy and so on.

Andreas Joelsson (DNB Carnegie): Two questions from my side. First of all, Jean Marc, your comment about the macro situation currently, how does that impact your growth plans and growth ambitions for the year? Has there been any changes to that given what you see around you? Does it also make you more eager to look further to the cost side and CAPEX side?

Secondly, just curious, given a quite strong start to the year with 11% EBITDA growth, how did you reason when you decided to keep the EBITDA outlook unchanged?

Jean Marc Harion: Okay. Thank you, Andreas. I believe that the two questions are linked. First, so far the telecom industry has not been the one most impacted by the international situation. That is good news. But in the meantime, we see a sharp increase in the price of the component of IT equipment. This may impact our cost, CAPEX and OPEX in the coming months. But so far, we can deal with the situation, but this price increase in the component is a concern for our industry, not only for the telecom industry.

Of course, the major focus we have is about the consumer behaviour. So far the Swedish economy was recovering, but still lagging behind in terms of consumer consumption. The international situation will probably create some tension as well in the customer behaviour and appetite to spend. We will see. We are just careful. So far, so good.

But if the situation lasts, then we will need to adjust. This is why we are very happy to have transformed the company last year so that we are agile and reactive again. We can react very fast. We have a much leaner cost structure that help us adjust, if necessary. That explains as well why, for the time being, we are careful with our guidance.

Derek Laliberte (ABG Sundal Collier): Just a follow-up there on the guidance, and given the strong Q1, what would you say needs to happen or not happen for you to reach the upper end of this EBITDAaL guidance or even beat it?

Jean Marc Harion: Peter?

Peter Landgren: Morning. Derek, thanks for the question. It will be a little bit of a repetition of what Jean Marc is saying because we have elaborated on it. We have the geopolitical uncertainty, which is both on the component side, but also on things like energy costs and FX and things like that, but most of all, the customer sentiment. To add to the customer sentiment, it is also about the competitive situation, which is, of course, we know where we stand now in April, but it is a long year and it is early days and how that evolves is, of course, critical for our top line involvement. That is something to add and that can bring things to upper or lower end, I would say. That is what I would add.

Derek Laliberte: Okay. Got it. On competition there, has anything changed in terms of the Swedish competitive intensity in the consumer segment?

Jean Marc Harion: Nicholas?

Nicholas Högberg: Yes. We can see that it is a bit of an increased competition, and it has to do with all the product segments. We can see it both on voice, but also on broadband and entertainment TV. We see that there is clearly higher competition in the market during Q1.

Derek Laliberte: Got it. Finally, on TV in Sweden. How do you see the growth prospects from here on?

Nicholas Högberg: We have a positive view on the growth prospects for TV, and we feel that we have a strong offer and we see a continuous growth in TV.

Jean Marc Harion: The Swedish football team is qualified for the World Cup. That is good for the business.

Felix Henriksson (Nordea): I have two, both relating to capital allocation. Just want to hear your thoughts about why not distribute some proceeds from the Baltic Tower transaction given that your balance sheet is in an extremely healthy state at the moment? Secondly, in the report, you mentioned this proposal to regulate the Villafiber market by PTS. I just wanted to pick your brain if that has changed your mind in either way about making M&A in fibre assets in the future in Sweden.

Jean Marc Harion: Peter will answer the first question. I will try to answer the second.

Peter Landgren: Good morning, Felix. On the capital allocation then, I would put it this way that there was a proposal then from the Board, as you know, along with the Q4 release of a quite appealing shareholder return of SEK10.5 per share, which we assume will be approved by the AGM now in May. It is sizable and it fits well into our updated financial policy stating that we want to secure appealing shareholder return while retaining our flexibility.

On the Baltic Tower transaction, that is, of course, a sizable cash proceed we received now, SEK4.7 billion. As we have said before, that is not really turning the needle in terms of dividend capacity because it also affects which leverage we can allow based on our rating. We, of course, fully agree. We have a strong balance sheet. We see that as something very positive and something that enables appealing shareholder return also in the future. On top of that financial flexibility and, of course, good interest rates.

We see that we are in a quite good spot. Then, of course, it is up to the Board to conclude how to pay it going forward.

Jean Marc Harion: As a reminder, the proposal from the Board to the General Assembly consists in distributing 118% of 2025 equity free cash flow, which is partly an answer to your question.

Regarding your question about M&A and fibre infrastructure. I would say the comment we made is about the progresses made by PTS, the Swedish regulator in the regulation of the SDUs. This is, of course, a good news for the Swedish consumers. Let us remember that, in Sweden, one out of two households is a villa, meaning that one of two villa owner today does not have access to competitive offer for the fixed internet. This will be a big opening and a big opportunity. Of course, we expect to play a key role in the opening of the market.

We are waiting for the regulation to materialise, but at least the first publication by the PTS are a good sign, and we expect the regulation to materialize in the coming few months. Of course, the sooner the better.

Regarding the M&A, we will see. I already commented that we do not exclude anything. Of course, the assets have to be available at a reasonable price. So far we have not any opportunity on the table. We are observing and scrutinising the market, but nothing tangible, nothing concrete at this stage.

Maybe it is interesting to comment that to remind ourselves that the Swedish market is very fragmented at this stage. Maybe some consolidation will happen in the coming few years. It is not the time yet. Let us wait and see.

Keval Khuroya (Deutsche Bank): I have got two questions, please. Last year, you made strong progress on renegotiated supply contracts and on the workforce reduction savings. Can you elaborate a bit more on how you think about the source and scope of additional OPEX cuts in 2026? I appreciate you did speak a bit about automation.

Then secondly, in B2B, you have again shown strong revenue growth. Last year, you also talked about wanting to focus a bit more on profitability of some B2B contracts or segments. Are you now happy with the B2B profitability? How do we think about the B2B revenue to EBITDA growth translation?

Jean Marc Harion: Peter will answer on the contract side.

Peter Landgren: Yes. Thanks for the question, Keval. On the workforce and also the contracts, starting with the workforce, we had this big transformation last year, as you obviously recall with a reduction of 650 positions or 15% across the Group. That was completed, as you know, in last year.

This year, we are moving rather from this transformation phase to more of an optimisation, where we will continue to stay disciplined in the workforce number and, of course, use the opportunities created by automation and AI, but it is a different phase than last year.

On the supplier contracts, the work continues. Of course, we had a strong start last year when a lot of contracts were reopened with a lot of potential. There is still a lot of potential, but it is not as obvious as last year. The ambition is the same, the intensity in the supplier renegotiation is the same, and we reap benefit from it. But at the same time, we should, of course, also remind the inflationary pressure that we see in some pockets, especially around hardware, which Jean Marc has called out. We keep on working on this just like before, the discipline continues.

Jean Marc Harion: Maybe a short comment about the constant optimisation of the organisation. Once again, it is a never-ending exercise if we want to keep the company at the best of its efficiency. We are moving pieces of the organisation permanently, because we are close from the end of the rollout in Sweden. We reshuffled some team in the network organisation.

In the meantime, we are reinforcing our skills and capacities in AI and data analytics, but it is an investment in order to create more synergies, thanks to the automation. That is why it is a permanent exercise.

To answer your question about B2B, I will hand over to Stefan. But in a nutshell, yes, now, we are happy with the profitability of our B2B activities. Stefan?

Stefan Trampus: Thank you, Keval, for the question and also Jean Marc. The efforts that we have taken in the B2B during last year, but also coming into this year is really broad-based in order to create a better profitability, which trickles down to bottom line, but we are not revealing in the numbers, but we see a significant improvement during last year but also in this quarter.

We have addressed vendor partnering negotiations. We addressed the organisation where we changed the structure. We have done rightsizing of the organisation, and it also continued into Q1. We have done some nearshoring of some resources as well during this quarter. We have outsourced some of our production of some of our platforms.

We are working on IT modernisation, automation, which Jean Marc was alluding to earlier, which we kick started early last year. We are creating a centre of excellence.

We are, as you know, working on the channel optimisation in order to drive versus our internal challenge with one of the highlights during the autumn where we closed 60% of our external resellers. It is really a broad-based approach on improving efficiency. Of course, one part of this is also addressing individual customers and customer profitability. That is something that we are scrutinising and have a program in place to drive, and it has also yielded results.

Hope that gives you some colour, Keval, to what we are doing, and it is paying off.

Andrew Lee (Goldman Sachs): I had just a couple of questions around some temporary drags on your customer numbers at the moment in Sweden. Just if you could give us a better sense of scale of those drags and what your service revenue growth might be anticipated to be excluding those.

First off, in Swedish mobile, I think you had a drag on postpaid customer numbers from the 2G, 3G switch off this quarter. What scale of drag is that? When should we anticipate that drag disappearing or dissipating? And where do you think your service revenue growth could be without that?

Then similarly, you have talked a lot on the fixed broadband side about the drag from not competing in open networks areas at the moment. Your broadband net add number is negative at the moment. If you were competing in the open networks area with a viable wholesale price as you should achieve or at least hope to achieve post regulation, where would you expect your broadband net add number to be? Should it be still negative or would it be flat? What kind of drag do you think that is placing on your Swedish service revenue growth?

Those are the two questions. I mean, overarching is if you did not have those temporary drags, where do you think your Swedish service revenue growth would be this quarter as an insight for how we should think about things going forward given that even with those drags, your Swedish service revenue growth was 2.4%.

Jean Marc Harion: Thank you, Andrew. I will try to answer the question together with Nicholas. To make it clear, the 2G, 3G switch-off took place in December. It impacted some prepaid and low ASPU customers in January. It was a temporary hiccup.

We came with a number of solutions and proposals to support the customers who were using non-compatible phone for VoLTE, 4G and so on. Unfortunately, we could not reach all the customers for obvious reasons, but it was a temporary hiccup. It is behind us now.

Maybe Nicholas want to complete and elaborate on FBB and competition in the open networks.

Nicholas Högberg: Yes, absolutely. Thank you, Jean Marc. What we see is that some of our competitors is actually quite aggressive now in the broadband space and in the open networks. We even see competitors selling right now at below cost, which we are not participating in. When the regulations come in place, we, of

course, see an opportunity to expand more and hopefully take market shares. But we are waiting for the regulations to come in place, and then we can get back more on that matter.

Andrew Lee: Can you give us a sense of how many customers you ended up losing from that 2G, 3G switch off? I get your point on broadband that there is also intensified competition in the space that is also dragging on customers. Is there any scope for you to give us a sense of the scale of drag from not being able to compete in the open networks there at the moment?

Jean Marc Harion: No. Allow us not to answer the first question about the 2G, 3G drag because, of course, it is an information that we keep for ourselves. Once again, it is a temporary hiccup. It is behind us now.

Regarding the FBB, we do not have any forecast or estimation to share either.

Nick Lyall (Berenberg): Just coming back to the cost question, please, for 2026. I mean you mentioned about staff costs and procurement in Keval's question there. Could you give us an idea of the scale of savings available to you? You have got roughly three-quarters of your staff savings done before the end of the first half in 2025. It feels like the pull-through effect for 2026 is going to be minor. Also how far are you through the procurement process itself? Could you help us on that, please? Because some of the comments about inflation from maybe the geopolitical effects and others suggest there is not a lot to go. Could you help us with the absolute amount of savings you might see in 2026 versus 2025, please, so we can start to sort out the forecast?

Jean Marc Harion: Peter, can you take this one?

Peter Landgren: Yes. Morning, Nick. We are not calling out specific numbers, but the flavour around 2025 and 2026, of course, as we have said and the main impact or a larger impact was seen in 2025 when we kickstarted this exercise and had some quick wins as well. We had sizable savings last year.

We will see benefits from it this year as well. It is a contributor, of course, partly flow-through effects, some of it from last year and additional efforts that are doing this year. The magnitude is lower simply because it is getting tougher and tougher and because we have some cost avoidance to take care of as well. We are not calling out specific numbers, but it is a high priority also in 2026.

Nick Lyall: That is great. The timing of any AI contributions, it sounds like maybe it is a benefit possibly to service revenue, predictability of consumers and things like that. There is nothing we need to think about the AI contribution immediately, is there?

Peter Landgren: We have benefits from this in different places, obviously, on how we meet our customers and how we approach them. On the cost side, we have, of course, efficiencies to reap the benefits from on how we are working, and we will get savings from that. It is gradual. We have seen some of it, and we keep working on extracting more savings there.

Ajay Soni (JP Morgan): I have got two. The first is around business growth, which was very strong, and you mentioned IoT. I was just wondering, can this growth continue around this mid-single-digit level, because obviously, B2B revenues can be somewhat lumpy. If it is going to continue at that level, what is driving that growth?

Then my second question is just back to the costs. You still had pretty sizable redundancy costs in Q1. Could you tell us what your FTE reductions were in Q1? I can understand maybe you do not want to give a number, but do you have a target for your FTE reductions for 2026?

Jean Marc Harion: Okay. Let us start with IoT. Stefan, do you want to answer it?

Stefan Trampus: Yes. Ajay, thank you for the question. I am going to answer it in a general perspective. You are correct, and we talked about it before. We time to time have quarters with some swings due to larger customer wins or larger rollout projects. That can happen.

Overall, I am really happy that we have a well-diversified portfolio and that over time takes turns in driving the growth. We have a focused portfolio with some decisions that we did last year, but it is still a well-diversified portfolio, which gives us this ability to have growth from different sources.

This quarter, we basically have growth on all product lines and then the stabilisation of the fixed part and the fixed connectivity that we saw some quarters ago has continued, driven by deals that we are doing in that domain. Also that we see that there is a need of modernisation of networks, indoor networks, etc., for the customers. There is modernisation in regards to cloud, more capacity that customer needs to bring to their businesses. This is driving continuous need of modernisation for our customers, and that helps our growth overall.

This quarter, IoT stands out. It is the highest growth driver, which we are happy to see. It is driven by increased usage, which is a very positive sign. Not directly RGU. We have good RGU development as we have had before, but very much the usage part, which is good to see.

As I communicated before, we expect IoT to continue to grow on the basis of more deployments of IoT-enabled devices throughout the world. That is overall what we see at the moment.

Looking forward, I commented the profile for the year. I would not say that you should take into account Q4 or Q1 as the level of growth for B2B. You should rather look at the full profile for 2024 when you look at the profile for the full year.

You know that we had a really good ending of last year. It is going to be hard. The comps in end of this year will be high. So it is going to be hard to see the same growth rate that we have seen in the last couple of quarters. Look at it from a full perspective of 2025 going forward for this year. I hope that gives you some colour, Ajay.

Peter Landgren: This is Peter. I can continue with the second question around redundancies. Yes, you have probably noticed it in our notes that we have redundancy costs of around SEK40 million in Q1. To answer your question, that corresponds to roughly 45 people. We do not have any specific targets on downsizing this year.

As we have said, last year, we had a big transformation with the 650 people reduction. This year, it is more about optimisation. It will be more of a gradual optimisation never ending that will continue. That is how you should probably look at the workforce side.

Viktor Högberg (Danske Bank): Just a continuation on the Tower commitments and the rating agencies. Could you say anything if you got something new on the leverage cap you are looking at following the Tower deal? Is it still 2.6, 2.7?

Then another question on the cash flow. Just working capital, do you expect it to be neutral this year. The CAPEX, how much was the delayed hardware CAPEX now in Q1 that is going to be caught up during the rest of the year?

Jean Marc Harion: Okay. Peter?

Peter Landgren: Thanks for the questions. My favourite questions. Let us start with the leverage or the rating view on this. As you point out or as we have said before, we believe that the cap for our BBB rating is, as you said, around 2.6, 2.7, something like that based on the present context.

On working capital, we have a clear seasonal effect. We have seen it before. We are, of course, in the holiday season in Q4 with Black Friday and Christmas, and also sometimes also on Apple launch, we are selling a lot of equipment and then it is a bit of time lag before we can get it financed by our financing partner. That is a very big piece of the working capital upside we see in Q1 and that one, all else equal, will of course normalise or bounce back for the remainder of the year.

Yes, we see some delays on the CAPEX side. I can debate exactly which number, let us call it around SEK50 million that delay, but it is, of course, a matter of definition.

Siyi He (Citi): I have two questions relating to your fixed business. The first question is really a follow-up on your answers to Andrew's question earlier that you mentioned the pricing competition is particularly intense in the SDU market. Could you just let us have a visibility who are the operators that you see being aggressive on pricing? Are they MNOs or they are more like the ISPs?

The second question is that I wonder if you can tell us if you have seen any changes on the cable trends after you have done the speed upgrades. I saw that landlord revenue are still declining by 4%. Just wondering why you are still seeing all these rental revenues from MDU landlords are still coming down?

Jean Marc Harion: Okay. Thank you for the question. Nicholas is going to answer those. I am not sure that we want to share information about competition, but Nicholas?

Nicholas Högberg: Exactly. No. We can see an overall competition in the market from all the players. I would not comment that more. When it comes to our upgrade of the network, we see very positive reaction from our customers, and we see also that we have a strong offer in the market with the highest speed in Sweden in our network and with a very good footprint. We, of course, are very optimistic about that going forward. That is about it that I can comment right now.

Abhilash Mohapatra (Exane BNP Paribas): Maybe just one on the Baltics. We have seen you continue to deliver very strong organic end-user service revenue growth in these markets. There was a perception that maybe the price increases led revenue growth might slow in the future. It would be helpful to hear your latest thoughts on the potential to continue using pricing as a source for growth in these markets?

Then secondly, just any colour there on your thoughts heading into the spectrum auction that you mentioned in Lithuania. Just any thoughts around the potential size or any context that you can give us there would be very helpful.

Jean Marc Harion: Okay. Thank you for your question. I would say that the way price adjustments are applied in each Baltic country takes, of course, into account the positioning of Tele2 in this country, meaning that we are not doing anything crazy. We are just adjusting when we see an opportunity. We remain very well positioning in terms of price points.

Of course, in these markets, the largest part of the sales are done in our own stores, so based on conversation and in discussion with the customers. I would say it is a very smooth and more and more sophisticated price adjustment that we apply in the Baltic countries. No risk that Tele2 loses clear position as the best value for money in these countries.

Regarding the spectrum auction in Lithuania, I believe that the message that we wanted to convey here is that please do not forget about this auction in your computations. So far, we do not have any indication of the price, and we cannot, of course, comment on the details of the auction.

[END OF TRANSCRIPT]