COM HEM

ANNUAL REPORT 2015

CONTENTS

COM HEM'S HISTORY

1983

Com Hem founded

Com Hem founded by Televerket, the former Swedish state telephone monopoly and predecessor of Telia.

1992

Svenska Kabel-TV

The television division established as a separate subsidiary of Telia.

1997

Digital TV

Svenska Kabel-TV AB launched digital TV.

1999

Com Hem

Broadband services launched. Renamed Com Hem in 1999.

2003

EQT new owner

Com Hem acquired by the Swedish private equity firm EQT in June.

2004

Fixed-telephony

Fixed-telephony service launched.

2006

Com Hem and UPC Sweden merge

Com Hem is acquired by The Carlyle Group and Providence Equity Partners in January. The Carlyle Group and Providence Equity Partners acquire UPC Sweden. The two companies are integrated under the Com Hem brand.

2011

BC Partners acquires Com Hem

2013

B2B services launched

Broadband and fixed-telephony services to Single office/Home office business customers are launched.

TiVo launched

Com Hem's new digital TV service TiVo commercially launched.

2014

Phonera is acquired

The B2B focus is accelerated and expanded by the acquisition of Phonera Företag AB.

New management and listing on Nasdaq Stockholm

New management is appointed with Anders Nilsson as CEO. Com Hem's shares are listed on Nasdaq Stockholm in June, Large Cap list.

Com Hem's Annual Report is published in both Swedish and English. The Annual Report in Swedish is the binding version. In this Annual Report, "Com Hem" or the company refers to Com Hem Holding AB.

THE YEAR IN BRIEF

Q1

Strong operational numbers and momentum in customer intake as the consumer subscriber base grew by 12,000 to 888,000 unique customers.
For the first time in Com Hem´s history, the number of broadband revenue generating units ("RGUs") outnumbered digital TV RGUs. Consumer churn continued to improve, declining to 13.3 per cent.

Q2

The company started to grow in a more balanced way, from primarily volume to a combination of volume and price. Improvements of products and services combined with an improved customer service supports price adjustments. The reaction to the price adjustments was more positive than expected; adjusting prices for twice as many customers compared to last year with a third of the consumer churn impact.
The share repurchase program was decided by the Annual general meeting and a dividend of SEK 1 per share was paid.

Q3

Steady execution on our plan manifested by an all-time low consumer churn rate of 12.9 per cent.
We launched our TV everywhere service Com Hem Play for all our TiVo customers available on all platforms and devices. The penetration of TiVo customers reached 34 per cent of the digital TV ("DTV") base. Our broadband extended its lead as best in class according to Netflix speed Index in 10 out of the last 12 months. Within B2B a new management team was appointed and our newly developed and launched cloud based private branch exchange ("PBX") was awarded for being best in test according to Mobil magazine.

Q4

The record low consumer churn rate of 12.9 per cent remained. Our broadband quality further endorsed by Google Video's inaugural report on Sweden which gave Com Hem the highest performance rating. The demand for high broadband speeds increased as 82 per cent of new broadband subscribers chose speeds of 100 Mbit/s and above. Com Hem redeemed its EUR 187m Senior Notes, which is expected to save the company more than SEK 100m in annual interest expenses.

KEY FINANCIAL HIGHLIGHTS

Revenue
SEK 5,000m (4,761), +5.0 per cent

Underlying EBITDA
SEK 2,346m (2,262), +3.7 per cent

Capital expenditure ("Capex")
SEK 991m (1,051), -5.7 per cent

Operating free cash flow ("OFCF")
SEK 1,355m (1,211), +11.8 per cent

Blended interest rate
4.1 per cent (7.1 per cent), -3 percentage points

Leverage
Net debt of 3.8x (3.9) Underlying EBITDA

Underlying cash flow generation
SEK 887m (-63), +SEK 950m

Shareholder remuneration
SEK 983m or 6.5 per cent of market cap, at year end

COM HEM

WELCOME TO COM HEM'S 2015 ANNUAL REPORT

This has been a successful year for the company in delivering the operational and financial objectives we have set out at our IPO. Most importantly, we have transformed the quality of Com Hem's customer experience – demonstrated by the dramatic fall in consumer churn – thanks to a tight management focus on quality combined with investments in customer service, in improved reliability and in the launch of new, improved services.

Over the year, we have successfully grown our customer base from 876,000 to 911,000 unique customers. A key factor in this success has been the fall in our consumer churn rate from 14.2 per cent in Q4 2014 to an all-time low of 12.9 per cent in Q3 and Q4 2015 – a clear sign of the increased trust our customers place in us.

Delivering a radically improved customer experience has been phase one of our transformation, and I am delighted at the pace of the transformation.

We are now entering the second phase of our transformation, in which we are aiming to be the clear leader in our sector – whether in terms of broadband speed, the quality of our TV services or the excellence of our customer service. The new brand – which you see reflected in this report – signals to our customers, employees and other stakeholders the high ambition we hold for the next phase of Com Hem's journey.

Network investments to deliver speed leadership

Investment in our network capacity is central to our strategy of improving customer experience, and to our ambition to be the undisputed leader in the broadband market.

Demand from our customers for ever faster broadband tiers continues to grow at an exceptional rate, underlining the opportunity for our broadband services. The average speed in our customer base is now 115 Mbit/s compared to 97 Mbit/s last year, while the percentage of new customers choosing 100 Mbit/s and above has gone from 71 per cent to 82 per cent over the year. And our customers are, of course, increasing their consumption dramatically; their demand for capacity increases by approximately 40 per cent annually as they upgrade to higher broadband speeds and become more advanced in their digital consumption.

Within our capital guidance, we are investing substantial sums to ensure both that our network can meet this demand and that we aim for performance ahead of our competitors, both large and small.

Our speed advantage in the Swedish market has been recognised by multiple independent sources during this year. We are particularly proud that the Bredbandskollen report published in February 2016 showed that Com Hem's fibre-Coax infrastructure delivered the fastest average download speed in 2015 compared to all other infrastructure types in Sweden.

Designing and delivering next generation TV

The TV market is undergoing a period of rapid change, driven by steady shift in customers' viewing behavior. Viewing of linear TV, particularly traditional terrestrial, continues to decline while customers are increasingly integrating PVR, on-demand and OTT viewing into their viewing habits.

We continue to be exceptionally well-positioned to profit from this evolution thanks to our unique ability to integrate linear, on-demand, personal video recorder ("PVR") and over the top ("OTT") services. Our goal remains to act as customers' trusted guide through this change, aggregating and curating their increasing range of viewing choices. Our introduction of TiVo was a significant innovation in the Swedish market; our goal is to continue to innovate rapidly to deliver the best solution for changing consumer behavior.

TiVo has clearly struck a chord with Swedish consumers; penetration has grown from 27 per cent to 35 per cent over the course of 2015 and it remains among the very fastest rollouts of advanced TV technology in any advanced market.

In 2015 we begun the rollout of more advanced products; in September, we launched Com Hem Play – our own suite of applications that allows customers to view their linear and on-demand content in and outside the home on the full range of devices. Com Hem Play enables TiVo customers to control their TiVo devices remotely – adding another layer of sophistication and control to their experience. Our customers are responding well; by the end of the year, both customer growth and streaming usage had grown substantially.

Generating unprecedented cash flow enabling high shareholder returns

Our operational focus together with the enhanced capital structure following the IPO as well as the 2014 and 2015 refinancing activities have resulted in improved underlying cash flow generation of almost SEK 1bn during 2015.

In mid-November, we redeemed our EURO notes, which completed the refinancing of our legacy debt. The redemption of the EURO notes is expected to reduce our interest expenses by at least SEK 100m per annum, implying an average interest rate of about 3 per cent in Q1 2016 under current market conditions, compared to 4.1 per cent on average for 2015. The transformation of our balance sheet together with our strong and steady operational free cash flow provide scope to deliver sustainably high shareholder returns in the form of dividends and/or share repurchases with an unchanged leverage target of 3.5x – 4.0x Underlying EBITDA last twelve months ("LTM").

During the period May to December, we remunerated shareholders through a cash dividend, share redemption and share repurchases totaling SEK 983m, representing 6.5 per cent of our market capitalisation at 31 December 2015.

Higher dividend and renewed repurchase mandate

Following the increased cash flow generation the Board of Directors are proposing to increase the cash dividend by 50 per cent to SEK 1.50 per share at the AGM in May. Further, the Board are proposing to renew the mandate to repurchase up to 10 per cent of the share capital of the company. This follows feedback from shareholders to shift the shareholder remuneration slightly more in favor of cash dividend.

Looking ahead

The next phase for Com Hem means continued focus on improving and enhancing our broadband and DTV services, and to make our customer experience the best in Sweden. We are also aiming for increasing growth within B2B, and especially the OnNet small businesses where we have potential to grow the coming years, with compelling economics.

However, our focus is on telling customers about the transformation we have achieved within Com Hem.

I am proud of the shape of Com Hem today – in terms of our talent, our new culture and our operational and financial performance. The upcoming year will be an exciting one!

Stockholm, April 2016

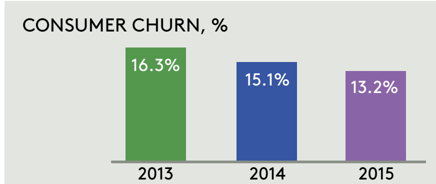
Anders Nilsson, CEO

VALUE CREATION

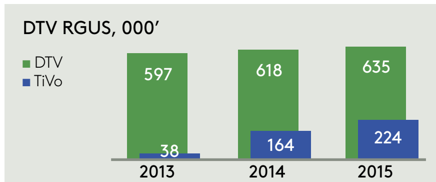
Our growth drivers explain how we create long-term value for our stakeholders. We do not expect all drivers to deliver substantial progression each quarter, but in the long run this is how we grow the company. During 2015 we have executed on our plan and showed continued progress primarily within customer satisfaction, TV and broadband.

GROWTH DRIVERS / OUTCOME

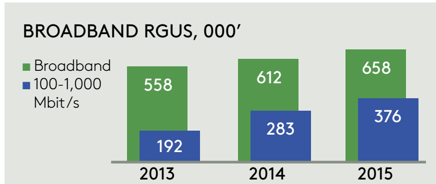
Customer satisfaction
Full year consumer churn of 13.2%, an improvement of 1.9 p.p compared to 2014.



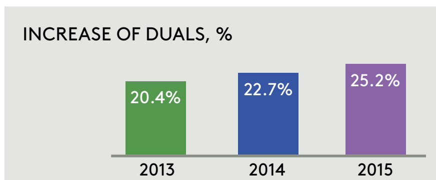
Drive DTV penetration with powerful DTV services
Digital TV grew to 635,000 RGUs , TiVo penetration reached 35.2% equivalent to 224,000 RGUs two years after launch.



Leverage network and speed advantage
Broadband grew by another 47,000 net additions to a record high of 658,000 RGUs, which is the eleventh consecutive quarter of growth.



Capitalise on unique consumer bundle opportunity
Duals increasing steadily. Triples becoming less relevant due to decreased usage of fixed telephony.



Leverage B2B opportunity
Continued transformation of Phonera focusing on higher margin OnNet sales. OnNet unique customers grew by 8,000 during 2015. However, partly offset by decline in legacy telco business.

DRIVERS FOR SHAREHOLDER RETURN

FINANCIAL DRIVERS	OUTCOME 2015		GUIDANCE 2016
Revenue growth	5.0% annual growth of which 3.6% was organic growth.	5.0%	We aim to deliver mid-single-digit revenue growth on a full year basis.
Stable Underlying EBITDA margin	46.9% Underlying EBITDA margin, down from 47.5% in 2014, in accordance with our 2015 guidance.	46.9%	We aim to maintain a stable Underlying EBITDA margin, resulting in mid-single-digit growth of Underlying EBITDA on a full year basis.
Stable CAPEX levels	SEK 991m, 19.8% of revenue compared to SEK 1,051m, 22.1% 2014.	19.8%	We expect CAPEX to be in the range of SEK 1.0-1.1bn in 2016.
Leverage target	3.8x Underlying EBITDA LTM at 31 December.	3.8x	Target leverage of 3.5x to 4.0x Underlying EBITDA LTM.

Improved scope for shareholder remuneration

During the period May to December, Com Hem remunerated shareholders through a cash dividend, share redemption and share repurchases totalling SEK 983m, representing 6.5 per cent of market capitalisation at 31 December.

The Board of Directors proposes to the AGM in May a 50 per cent increase of the cash dividend to SEK 1.50 per share (last year SEK 1), and a renewed mandate to repurchase shares.

BUSINESS OVERVIEW

Com Hem sells digital entertainment and communication services to about 1 million customers in our footprint of almost 2 million households, connected to our network through contracts with landlords and communication operators. Com Hem also, through Phonera, sells communication services to small and medium-sized businesses across Sweden.

VISION:
The most satisfied customers in Sweden within digital TV, broadband and fixed telephony.

Total revenue - SEK 5bn

CONSUMER

Share of revenue

78%

Digital TV | Broadband | Fixed telephony

We sell broadband, digital TV and fixed telephony to households within our footprint. By the end of 2015, we delivered 1,6 million RGUs to 911,000 customers.

BUSINESS TO BUSINESS

Share of revenue

6%

phonera en del av com hem

We have more than 62,000 business customers. 16,000 of these customers subscribe to our services via Com Hem's network.

LANDLORD including iTUX

Share of revenue **16%**

Our consumer services require that we also have a contract with a landlord or a communication operator. We have contracts with over 20,000 separate landlords and 13 communication operators. Our own communication operator iTUX serves approximately 135,000 households.

Com Hem operates and maintains one of the fastest and most technologically advanced networks in the world. It gives us a competitive advantage over other industry players as we are able to use the same platform for all our services. Com Hem takes total responsibility for the customer experience – from delivering a wide range of services on a reliable network to a fully integrated in-house customer service.

Our goal is to convert as many as possible of our almost 2 million households – whether via the vertical or open infrastructures – into subscribers of our digital services. In 2015, we grew our consumer customer base by 4.0 per cent or 35,000 unique consumers.

CONSUMER BUSINESS

> We now have the pillars in place to move into the second phase of our transformation with continued upgrades to TV technology and investments in broadband leadership.

Consumer	2013	2014	2015
Unique subscribers end of period ("EoP") (000')	830	876	911
Net adds for the year (000')	*2.4*	*46.1*	*35.0*
Revenue (SEKm)	3,423	3,540	3,755
Average revenue per unit (SEK)	356	360	361

Phase 1 – Delivered

During 2015 we completed the first phase of our transformation journey.

We have now delivered consistent growth in revenue, subscribers and average revenue per unit ("ARPU"), supported by steady falls in churn as we invest in improved customer experience.

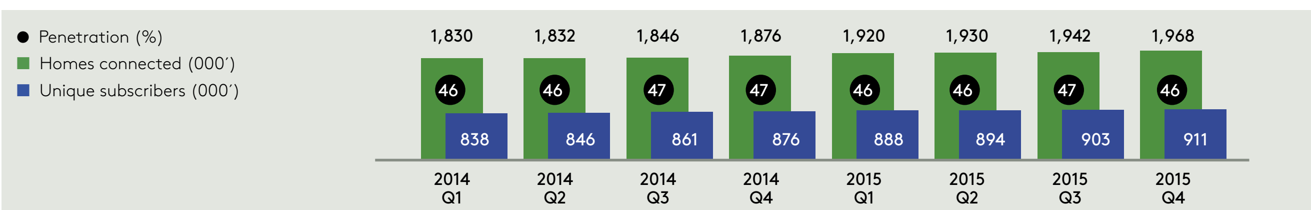
In parallel, we have invested to deliver a powerful digital TV and broadband proposition.

Phase 2 – The New Com Hem

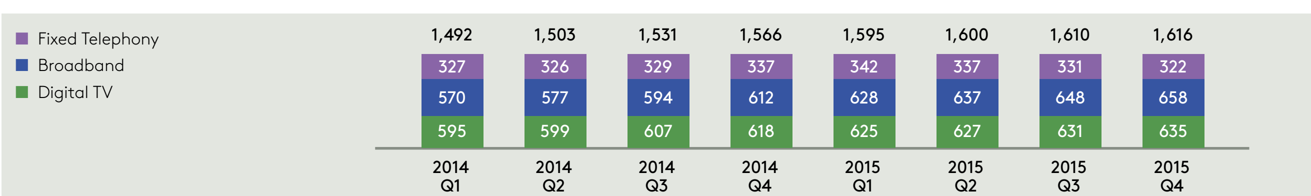
Our second phase of growth is focused on upsell and bundling.

These include upselling digital TV and broadband customers, bundling digital TV and broadband to our single play base, upselling our analogue TV base and testing expansion into the single-dwelling unit ("SDU") market.

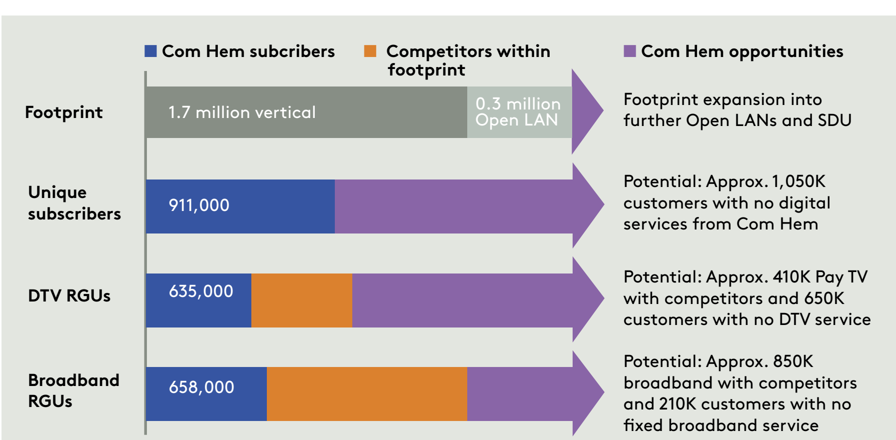
FOOTPRINT DEVELOPMENT 000'



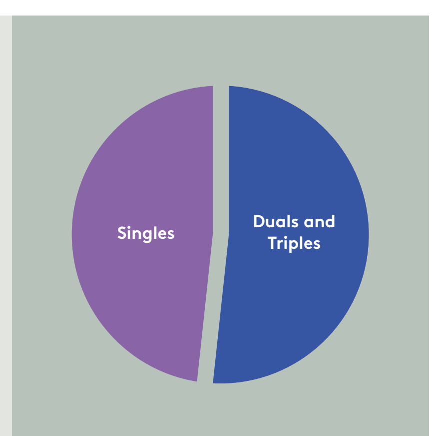
RGU DEVELOPMENT PER QUARTER



OUR KEY GROWTH POTENTIAL



OUR BUNDLING OPPORTUNITY



COM HEM

REMARKABLE CUSTOMER SATISFACTION JOURNEY

Transforming the Com Hem customer experience has been the foundation of the wider company transformation over the last two years.

Across the entire organisation, improving our customer relationship – measured primarily by Net Promoter Score ("NPS") – is our no. 1 objective. Today, all our employees are measured and incentivised against their NPS performance.

The internal monitoring of NPS is showing great progress on all customer satisfaction measures.

Most significantly, there have been major reduction in consumer churn, primarily a reflection of our improved customer satisfaction – despite pricing activities conducted in both 2014 and 2015.

The key investment areas for the customer experience activities include;

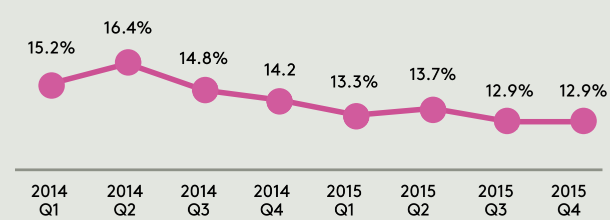
- Major broadband capacity investments
- Investments in fault reduction and fault tracking
- Improved call wait times in customer service
- Improved e-care provision
- Simplified customer propositions
- Tight quality management of customer service agents, field service technicians and sales teams

WHAT IS NPS?

NPS or Net Promoter Score is a customer loyalty metric that Com Hem has used since 2013. It is based on responses to a single question: How likely is it that you would recommend our company/services to a friend or colleague?

Thereafter further questions are asked to get more insights around why and what needs to be improved to achieve higher scores.

CONSUMER CHURN
(%)



> Across the entire organisation, improving our customer relationship – measured primarily by NPS is our no. 1 objective.

Customer service centres in Örnsköldsvik, Härnösand and Sundsvall. Total number of employees: approx.

700 including part-time resources

SWEDEN'S WIDEST RANGE OF DIGITAL TV & PLAY

Com Hem offers a strong and comprehensive digital TV service in the Swedish market. We are investing to further strengthen our position, including developing our TV Everywhere service: Com Hem Play.

> Com Hem Play is TV wherever you want. Your device will work as a remote and you can record programs from anywhere.

Digital TV	2013	2014	2015
RGUs EoP(000')	597	618	635
Net adds (000')	*-15.2*	*21.1*	*17.7*
Revenue (SEKm)	1,712	1,737	1,785
Average revenue per unit (SEK)	233	242	238

TV

2015 has been a year of significant investments both in the core DTV and TiVo platforms, but also in extending the depth and breadth of our TV offering, to be become even more powerful.

During the autumn Com Hem Play was launched, replacing our previous TiVoToGo service. Available exclusively to our TiVo customers, it provides access on iOS, Android and web to up to 125 linear channels and on-demand content from 18 providers with a slick and easy-to-use interface.

Our flagship DTV product TiVo, has enjoyed a rapid adoption, and only two years since launch 35 per cent of our digital TV subscriber base now have a TiVo subscription. The rapid growth of TiVo customers does not only derive from our existing digital TV base, but also from our analogue TV customers who now return to our digital TV services, when we can offer them the next generation TV service.

As an effect of the TiVo launch in October 2013, we have successfully been able to rapidly grow our DTV subscriber base. Since the TiVo launch, the DTV subscriber base has grown with 6.5 per cent or 39,000 RGU to 635,000 by the end of 2015, combined with an improved DTV ARPU of 5 SEK or 2.3 per cent compared with 2013.

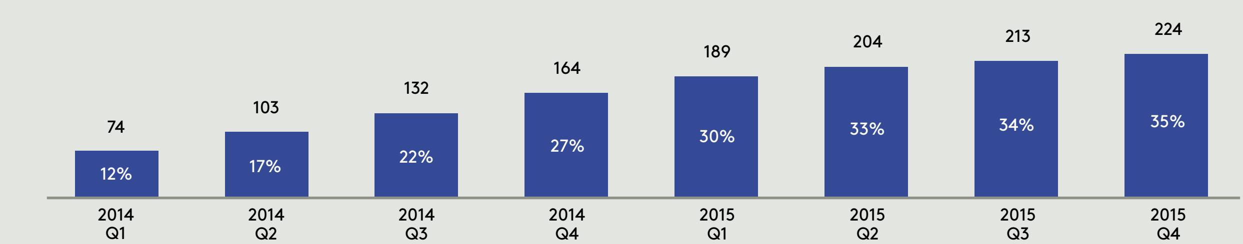
TiVo customers can use Com Hem Play;

- To watch content on all their mobile devices
- To set recordings remotely
- As a remote control on their phone or tablet

35%

Since launch in October 2013, TiVo has grown to reach 35 per cent of the DTV subscriber base.

TIVO SUBSCRIBER BASE PER QUARTER, (000')
TIVO PENETRATION, %



COM HEM

OUR NETWORK

With more than 40 per cent of Swedish homes connected to our network, we are a significant driver of digital Sweden.

> To establish broadband leadership in the Swedish market has been a central pillar of the transformation of Com Hem.

We have invested heavily in our network capacity as we strive to deliver a market-leading performance in our customers' fixed and wireless broadband experience.

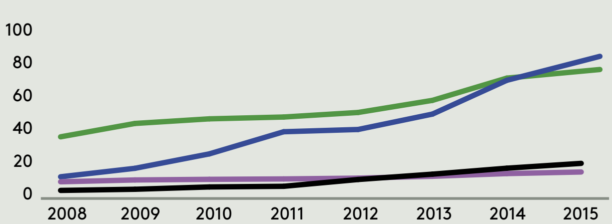
As a result of these investments, 2015 has seen Com Hem deliver great results in several independent measures of performance.

Our strong broadband position, supported by clear marketing, has tapped into continuing strong demand for our quality broadband services.

We have successfully grown our broadband subscriber base by 8 per cent during 2015, while simultaneously driving up the speed and tier mix of our broadband customer base by 19 per cent to an average of 115 Mbit/s in Q4 2015.

BREDBANDSKOLLEN SURF SPEED IN SWEDEN (DOWNSTREAMING DATA)

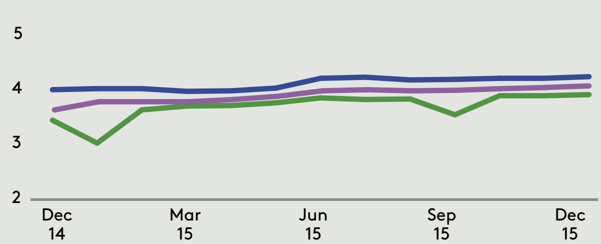
■ FibreCoax ■ Fibre ■ xDSL ■ Mobile



We are particularly proud that our fibreCoax broadband delivered the fastest average download speed during 2015 according to Bredbandskollen survey, compared to all other infrastructure types in Sweden.

NETFLIX ISP SPEED INDEX

■ Com Hem ■ Bredbandsbolaget ■ Telia



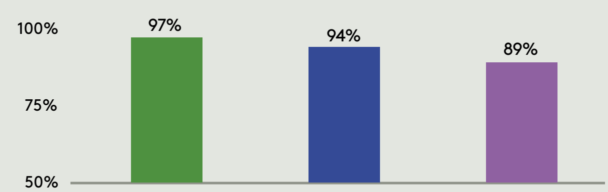
We have led the Netflix ISP speed index in 10 of the last 12 months, and beaten our key competitors since December 2014.

Broadband	2013	2014	2015
RGUs EoP (000')	558	612	658
Net adds (000')	*15.1*	*53.5*	*46.7*
Revenue (SEKm)	1,296	1,461	1,666
Average revenue per unit (SEK)	203	210	219

GOOGLE VIDEO QUALITY REPORT (DECEMBER 2015)

(%)

■ Com Hem ■ Bredbandsbolaget ■ Telia



Google Video's inaugural report on Sweden gave Com Hem the highest performance rating with a full 97% of streams delivered in HD

Our success in broadband delivery comes from a major capacity upgrade program, quality improvements and a major underlying technology transformation.

During 2015 we have upgraded capacity for almost 0.5 million households – a record year for Com Hem's Operations team.

We are equally focused on the quality of in-home connectivity, primarily WiFi, as on the quality of the access network.

During 2015 we have continued to launched high quality broadband services. "The latest generation of wireless connectivity enabling wifi speeds over 500 Mbit/s."

OUR BROADBAND UPGRADE PROGRAM

Our upgrades use the new Converged Cable Access Platform ("CCAP") technology giving us the ability to double the capacity to these customers with a significantly lower investment. With CCAP we have also taken the first step towards DOCSIS 3.1 which is the next DOCSIS (Data Over Cable Service Interface Specification) standard giving us the ability to deliver up to 10 Gbps over the coax cable infrastructure.

POTENTIAL TO GROW WITH A STRONG OFFERING

Com Hem's B2B division offers broadband and telephony services to small and medium-sized companies. We enjoy a unique competitive advantage when competing for businesses in buildings already connected to our network.

> The focus within B2B continues to be on the transformation from an OffNet legacy fixed telco business to the high margin OnNet business

B2B	2013	2014	2015
Unique subsrcribers EoP (000')	1	60	62
– of OnNet EoP (000')	*1*	*8*	*16*
– of OffNet EoP (000')	*–*	*51*	*46*
Revenue (SEKm)	2	222	311
Average revenue per unit (SEK)	n/a	430	425

At the end of 2015, we delivered our B2B broadband and telephony services to roughly 62,000 unique business customers. 16,000 of these are buying our OnNet services, which are services delivered over our own network.

The remaining customers purchase our OffNet services primarily delivered over the copper network under the trademark of Phonera, a B2B company that Com Hem acquired in 2014 and has used as base for expanding our full service B2B offering.

SOHO ONNET

These are customers with small offices or home offices ("SoHo"), with up to 20 employees, which are already connected to our network. This group of companies represents an important potential for us, as only marginal investments are required to connect these customers.

Therefore, we can typically offer twice the speed at half the price compared to the competition, since most of the business customers within this segment currently are served by lower speed DSL services.

SOHO OFFNET

These are customers with small offices or home offices, with up to 20 employees, outside our network, where we act as a virtual operator reselling broadband and telephony services.

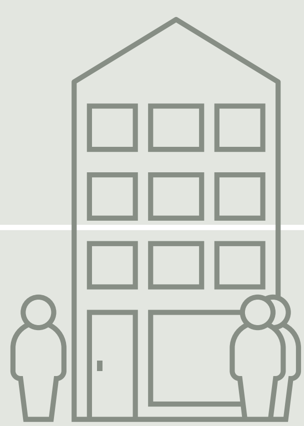
SME

We also approach Small and Medium sized Enterprises (SMEs) with up to 100 employees.

Our SME business offers telephony solutions, primarily based on our own Private Branch Exchange (PBX), as well as broadband services. By offering services through our cloud-based PBX, there is a potential for growth in this area. Our cloud-based PBX was recognised for its quality and awarded for being best in test according to Mobil magazine*.

*2015-08-14 Tidningen Mobil

	Penetration in Com Hem's network	Average revenue per unit
B2C COM HEM	46%	SEK 361
B2B phonera en del av com hem	11%	SEK 425



Customers with Small offices or Home offices that are already located in a Com Hem building and connected to our network.

OUR BUSINESS MODEL

Once we have established a distribution and service relationship with the landlord or communication operator, individual subscribers (consumers or businesses) connected to our network have the ability to subscribe to our full range of services.

VERTICAL (COAX OR LAN)

Operator	Involved parties	Services
One operator taking full end-to-end service responsibility	Landlords purchase basic TV services and in-house network services to tenants	Basic TV service
		In-house network
	COM HEM Com Hem act as service provider and network operator	Access network
		Backbone
		Service platforms and provisioning
		Sales, customer service, billing
		End customer service

In a vertical infrastructure – whether coax or LAN – Com Hem takes full responsibility for the delivery of services.

The contract with our landlords enables us to offer customers and landlords a hassle free service, from service and installation to support. This typically includes a basic TV service bought by the landlord and included in the rent, and access to our advanced digital TV, broadband and telephony services.

These relationships are typically exclusive against other LAN or coax providers and have an average contract length of 3 to 4 years.

OPEN LAN

Operator	Involved parties	Services
Multiple players involved	Landlords agree with COs to operate the network e.g iTUX	No basic TV service
		In-house network
		Access network
	COM HEM Competing service providers e.g Com Hem	Backbone
		Service platforms and provisioning
		Sales, customer service, billing
		End customer service

In an Open LAN, a landlord or city network owns and builds the LAN. Typically, the network is operated by a separate Communication Operator ("CO") on behalf of the owner. Com Hem is one of a number of Communication Operators.

The Communication Operator in turn enter into agreements with various service providers (including Com Hem) who can offer customers their services on a non-exclusive basis via the network.

In an Open LAN, the responsibility for end-to-end services is divided between multiple parties.

LANDLORD

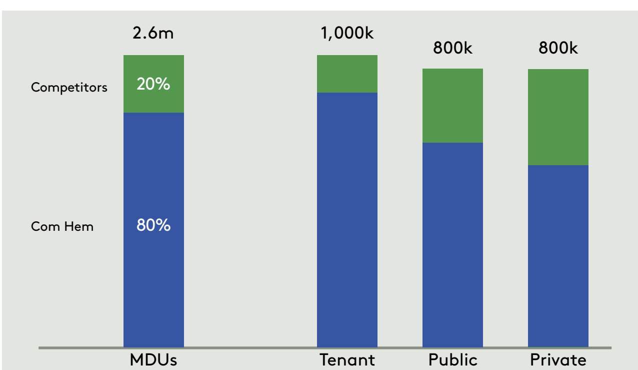
> Our basic TV offering for landlords is both attractive for tenants and compelling for the landlords

Landlord	2013	2014	2015
Homes Connected EoP (million)	1.8	1.9	2.0
– of which Vertical EoP (million)	*1.7*	*1.7*	*1.7*
– of which Open EoP (million)	*0.1*	*0.2*	*0.3*
Revenue (SEKm)	797	774	695
Average revenue per unit (SEK)	37	35	30

Our footprint
The 2 million households in our footprint are split between 1.7 million "vertical" households and some 300k homes accessed via Open LANs, predominantly in the multi-dwelling unit segment ("MDU"). Our footprint grew by 5 per cent in 2015, due to the addition of Open LANs.

Our basic TV service
The vast majority of our vertical landlords are fibreCoax households where we typically offer the tenants a basic TV service of 7 to 18 channels. The fee for the basic TV packages is generally included in the rent and therefore often perceived as free for the tenant.

BREAKDOWN OF THE MDU SEGMENT



Com Hem estimates

BASIC TV SERVICE

# of Channels	9	18
Households ('000s)	~300	~1,400

The MDU segment can be divided into three different segments;

1. Tenants: Tenants that own share in the tenant associations and decisions are made by votes.
2. Public: Muncipalities and social housing with politically appointed board
3. Private: Large commercial and small private landlords

We currently have contracts with more than 20,000 landlords in Sweden. Com Hem has a leading position in the MDU segment across all major cities in Sweden. As a full service provider, we offer landlords and tenants hassle-free services, including installation, service and support.

iTUX our Communcation Operator
iTUX is the Groups communication operator, and services some 135,000 households. Customers connected to the networks operated by iTUX can choose from several different service providers, including Com Hem.

MARKET WITH ROOM FOR CONTINUED GROWTH

Com Hem operates in Sweden, which as of June 2015 had approximately 4.6 million dwellings according to Swedish Post and Telecom Authority ("PTS").

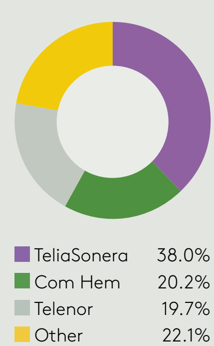
Our markets consist of broadband, TV, and fixed telephony services for consumers as well as broadband and telephony services for small and medium sized companies. The Swedish market for the services we provide either in the consumer, landlord or B2B business, can be split into fixed accesses via coax, fibre and copper, satellite & terrestial as well as mobile.

TECHNICAL PLATFORMS IN THE MARKET

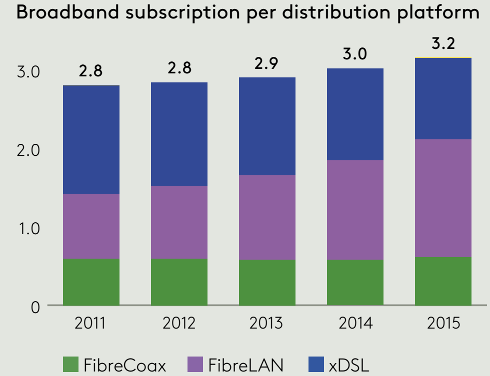
Technology	Services	Status
FibreCoax	TV, broadband and telephony	✔ Sustainable fixed asset technology ✔ Comprehensive TV solution incl. on-demand ✔ Speeds up to 1 Gbit/s
FibreLAN	DTV, broadband and telephony	✔ Sustainable fixed asset technology ✔ Comprehensive TV solution incl. on-demand ✔ Speeds from 100 Mbit/s to 1 Gbit/s
xDSL	DTV, broadband and telephony	✘ Declining relevance as delivery infrastructure ✘ Poor TV solution ✘ Limited bandwidth
Satellite & terrestrial	DTV only	✘ Declining penetration vs. cable/FibreLAN as unable to offer broadband and on-demand TV capability
Mobile 3G and 4G	Limited broadband and telephony	✔ Improving capability for mobile web surfing ✘ Performance, economics remain uncompetitive vs. cable, FibreLAN for broadband or TV

THE BROADBAND MARKET

The fixed broadband market has grown steadily over the past couple of years. In June 2015 there were 3.2 million fixed broadband subscribers in the Swedish market, corresponding to an annual growth of 4.7 per cent. Com Hem's market share was 20.2 per cent by the end of June 2015 which was an increase of 1.0 percentage points since June 2014.

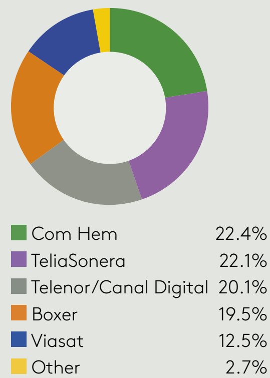


Broadband subscription per distribution platform

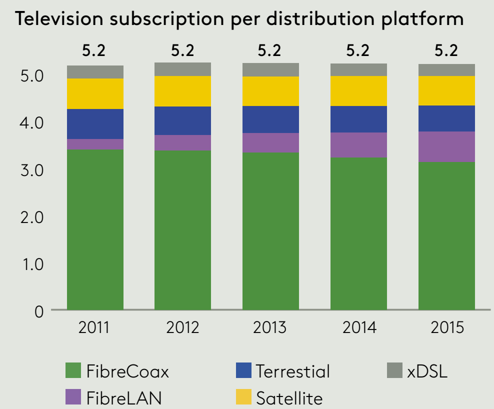


THE TV MARKET

In June 2015 there were 5.2 million TV subscriptions in Sweden (digital and analogue). The market for digital TV has been stable in recent years, but did in H1 2015 resume growth of approximately 1.9 per cent. The growth comes primarily from increased demand for IPTV.
Com Hem was one of two suppliers growing its market share. By June 2015 Com Hem had a market share of 22.4 per cent, an increase of 0.6 percentage points compared to the previous year.

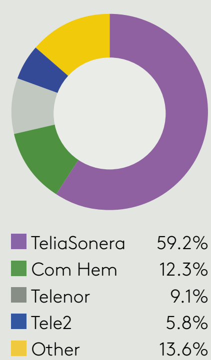


Television subscription per distribution platform

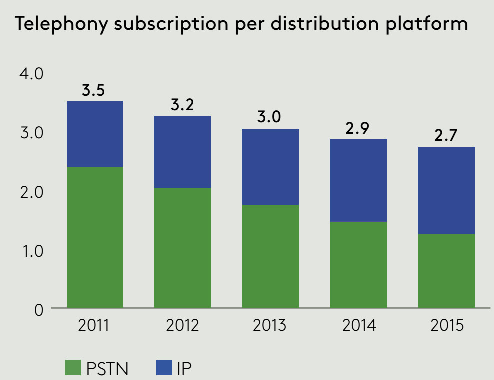


THE TELEPHONY MARKET

The market for fixed telephony has declined over the last years. In June 2015, there were 2.7 million fixed telephony subscriptions in Swedish households, a decline of 130 thousand subscriptions or 4.6 per cent compared to the previous year. PSTN subscriptions declined by 15 per cent or 216 thousand subscriptions, partly offset by an increase in IP telephony growing by 6 per cent or 86 thousand subscriptions. Com Hem's market share grew by almost 1 percentage point to 12.3 per cent by June 2015.



Telephony subscription per distribution platform



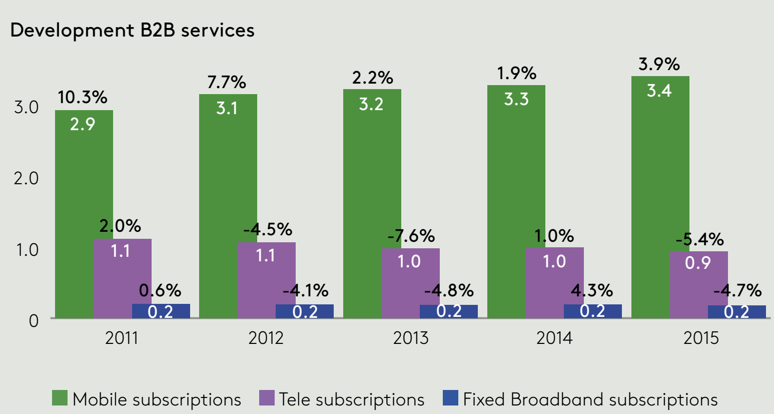
THE B2B MARKET

The demand for mobile services has continued to increase in the Swedish B2B market. The unique number of mobile subscriptions grew by 3.9 per cent in 2015 to a total of 3,398 thousand subscriptions.

The market for fixed telephony has seen a declining trend over the past years. In 2015, the total number of subscriptions was 939 thousand, which is a decrease of 5.4 per cent year over year.

Demand for fixed broadband decreased by 4.7 per cent in 2015 following a year of strong growth in 2014. By the end of 2015 the number of subscriptions amounted to 182 thousand.

Development B2B services



COM HEM

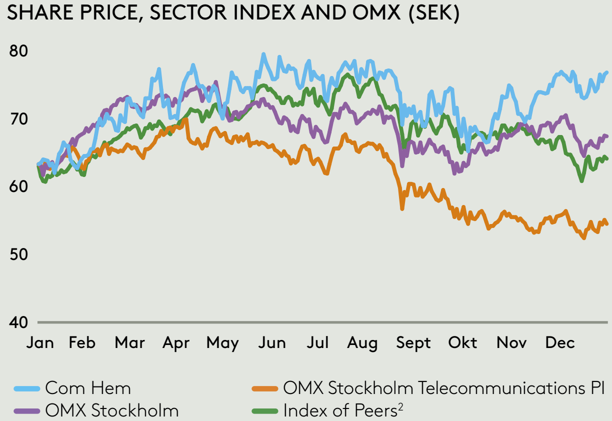
SHAREHOLDER INFORMATION

The Com Hem share is since June 2014 listed on Nasdaq Stockholm in the Large Cap segment. In 2015, the Com Hem share rose by 21.9 per cent and thereby outperformed the OMX Stockholm Telecommunications PI as well as the OMX Stockholm PI.

Share Performance

The Com Hem share rose by 21.9 per cent during 2015, from SEK 63.00 to SEK 76.80, and thereby significantly outperformed the OMX Stockholm PI (positive 6.6 per cent), the OMX Stockholm Telecommunications PI (negative 14.0 per cent) as well as Com Hem's peer group[2] which showed an average increase of 2.5 per cent. The highest price paid in 2015 was SEK 80.00 on 29 May, and the lowest price paid was SEK 61.00 on 28 January. The average share price was SEK 72.68. Total shareholder return ("TSR", measured as change in share price adjusted for dividends) has been 34.1 per cent since the IPO on 17 June 2014 (introduction price of SEK 58). For 2015, the Com Hem share delivered a TSR of 23.5 per cent.

SHARE PRICE, SECTOR INDEX AND OMX (SEK)



Turnover and trading[1]

In 2015, a total of 96.1 million Com Hem shares were traded on Nasdaq Stockholm for a value of approximately SEK 7.0bn and the share turnover was 46 per cent. An average of 382,705 Com Hem shares were traded per trading day, representing a value of approximately SEK 27.7m.

Share capital

Based on a decision at an Extraordinary Shareholders' Meeting in March, Com Hem carried out a voluntary share redemption program whereby 886,221 shares were redeemed with SEK 73.50 per share paid in cash to the shareholders who accepted the offer (SEK 65m in total). After the redemption, the total number of shares outstanding was reduced to 206,643,376, which also corresponded to the number of shares at year-end. Each share has a quota value of approximately SEK 1.03 and the share capital amounted to SEK 213,337,879. Com Hem's share capital comprises a single class of shares in which each share has the same voting power and grants the same entitlement to dividends. For further information regarding the share capital see note 18.

Share repurchases

In accordance with the mandate given at the Annual General Meeting on 21 May 2015, the Board of Directors have resolved to repurchase shares in accordance with the European Commission's ordinance (EC) No 2273/2003 of 22 December 2003 "EC ordinance". The share repurchases are carried out by a credit institution that makes its trading decisions regarding Com Hem's shares independently and without the influence of Com Hem with regard to the timing of the repurchase. The Board of Directors have also resolved on the possibility, up until the 2016 Annual General Meeting, to make repurchases through block trades that will not be made in accordance with the EC ordinance. During 2015, 9,645,123 shares were repurchased representing 4.7 per cent of the number of registered shares for a total of SEK 711m, of which block trades comprised SEK 80m corresponding to 1,099,663 shares.

Change in number of shares in 2015	No. of shares	Average price per share SEK	SEKm
Number of shares, 31 Dec 2014	207,529,597	–	–
Redemption of shares	-886,221	73.50	65
Registered shares, 31 Dec 2015	**206,643,376**	**–**	**–**
Share repurchases			
Programmes according to EC ordinance	-8,545,460	73.91	632
Block trades	-1,099,663	72.32	80
Total number of repurchased shares held by Com Hem	**-9,645,123**	**73.73**	**711**
Total number of outstanding shares, 31 Dec 2015	**196,998,253**	**–**	**–**

[1] Source: Nasdaq OMX Nordic
[2] TeliaSonera, Tele2, MTG, TDC, Telenet, Altice, Charter Communications, Time Warner Cable, Liberty Global, Cablevision, Comcast

THE SHARE IN BRIEF

Market place: Nasdaq Stockholm
Ticker symbol: COMH
ISIN code: SE0005999778
Sector: Telecommunications
ICB code: 6500
Number of shares: 196,998,253 (excluding 9,645,123 shares held in treasury)
Market capitalisation December 31st: SEK 15.1bn

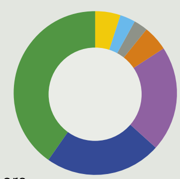
BROKERS COVERING COM HEM

ABG Sundal Collier
Barclays
Berenberg
Carnegie
Citi
Credit Suisse
DNB Bank
Goldman Sachs
J.P Morgan
Morgan Stanley
New Street Research
Nordea
Royal Bank of Canada
SEB
Swedbank

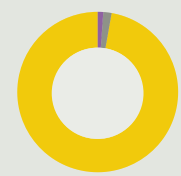
Shareholders[3]

At 31 December 2015, Com Hem had 1,094 shareholders. The largest shareholder NorCell S.à.r.l., indirectly controlled by funds advised by BC Partners Limited, controlled 37.5 per cent of the outstanding shares and votes (excluding Com Hem's holding of treasury shares). The 10 largest single shareholders represented 58.3 per cent of the share capital. Foreign investors held 97.0 per cent of the shares (adjusted for Com Hem´s holding of treasury shares).

OWNERSHIP BY COUNTRY[4]



OWNERSHIP BY CATEGORY[4]



COM HEM'S 10 LARGEST OWNERS[3) 4) 5)]

At 31 December 2015	Share capital/votes, %
NorCell S.à.r.l.	37.5
Adelphi Capital LLP	5.4
MFS Investment Management	5.3
Norges Bank Investment Management	4.9
Lazard Frères Gestion Funds	1.1
Saudi Arabian Monetary Agency	1.0
Echiquier Funds	0.9
Abu Dhabi Investment Authority	0.8
Stichting Pensioenfonds ABP	0.7
Nordea Funds	0.7
Total	**58.3**

DISTRIBUTION OF COM HEM SHARES[4]

At 31 December 2015	Holders, %	Number of shares	Holding/votes
1–500	69.2	107,282	0.1
501–1,000	6.5	57,663	0.0
1,001–5,000	5.8	135,665	0.1
5,001–50,000	7.7	1,615,652	0.8
50,001–100,000	1.3	1,050,005	0.5
100,001–500,000	5.4	15,647,395	7.9
500,001–1,000,000	1.1	8,539,270	4.3
1,000,001–5,000,000	2.2	42,056,839	21.3
5,000,001–	0.8	127,788,482	64.9
Total	**100.0**	**196,998,253**	**100.0**

Shareholder remuneration in 2015

During the May-December period, shareholders were remunerated by a total of SEK 983m in the form of share redemption (SEK 65m), ordinary cash dividend (SEK 207m) and share repurchases (SEK 711m), representing 6.5 per cent of the market capitalisation at year-end.

Proposal to the 2016 AGM

The Board of Directors proposes to the AGM in May 2016 a cash dividend of SEK 1.50 per share, an increase of 50 per cent compared to the SEK 1 per share paid in 2015, and a renewed mandate to repurchase up to 10 per cent of the share capital.

[3] Source: Holdings/Euroclear as per 31 December 2015
[4] Com Hem's holding of treasury shares have been excluded
[5] Holdings with depositories are excluded from the list

COM HEM

SUSTAINABLE DIGITALISATION FROM COM HEM

With more than 40 per cent of Swedish homes connected to Com Hem's network, we are a significant driver of digital Sweden. We strive to unleash the potential of the digitalisation to enhance everyday life by giving more people access to communication, experiences and entertainment. Therefore we will continue to innovate and to develop our infrastructure and our offerings. We aim to be a positive force with inspired employees.

We take responsibility for the footprints of our business activities – both positive and negative. In 2015, as part of our change journey, we initiated a process to improve our sustainability efforts and to develop our reporting in the sustainability area.

New reporting format

2015 is the first year Com Hem has reported sustainability data in accordance with the sustainability reporting guidelines issued by the Global Reporting Initiative (GRI). The report complies with the latest version of the Guidelines – G4, in accordance with level Core. Our aim is to present more detailed and structured sustainability information, something that is becoming increasingly important for employees, customers, suppliers, investors and society as a whole.

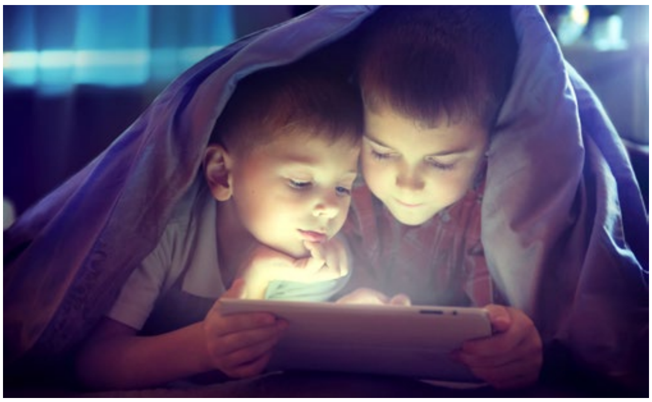
Focus of the sustainability report

As Com Hem communicates with different stakeholders thousands of times every day, our success is based on their confidence in Com Hem, and that we serve them in a long-term, sustainable manner. We therefore decided to conduct a specific stakeholder analysis in 2015, with the aim of gathering views about the areas that are most significant, and that should provide a focus for our future sustainability efforts. We sent out an online survey to selected customers, shareholders, analysts and employees, asking them to rank what they considered most important for Com Hem to develop.

The results from more than 1,800 responses show that sustainability aspects are becoming increasingly important among all stakeholder groups, and that Com Hem is expected to operate in a manner that, first and foremost, focuses on operational reliability and quality, financial stability, the professional development of its employees, diversity, anti-corruption and reduced environmental impact. These are all areas closely linked to our business model and success. We also see our role in the development of a digital society as a key mission going forward. The results of our stakeholder analysis are shown in the figure below. The most important aspects are divided into four areas in which our efforts are presented.

Toward a digital society	Employees	Responsible business	Environment
Indirect economic impacts	Employment conditions	Anti-corruption	Energy consumption
Information security	Training & education	Supplier assessment	Emissons
	Occupational health & safety	Responsible marketing	Environmental impact of products & services
	Diversity & equal opportunity	Labelling of products & services	

UNLEASH THE POWER OF SWEDISH HOMES AND SMALL BUSINESSES



Com Hem's role is to unleash the power of Swedish homes and small businesses. Every home, and every business, is unique. Some homes are empowered by being able to communicate with family and friends all over the world, while others need powerful broadband for gaming. Many homes are empowered by the everyday luxury of having access to a wealth of cinematic experiences. By maintaining our focus in the Swedish market, we have acquired in-depth knowledge of the digital lifestyle in Sweden. With more than 40 per cent of Swedish homes connected to Com Hem's network, we are a significant driver of digital Sweden. Com Hem is the provider delivering +100 Mbit/s download speeds to the most homes across Sweden. We also offer one of the widest selection of TV and play services in the market. Due to our in-depth knowledge of individual digital needs, combined with high quality services delivered via a very powerful network, we are well equipped to unleash the power of Swedish homes and small businesses. Now and in the future.

Sustainable digitalisation

Sustainable digitalisation from Com Hem rests on two pillars – Safety and Democracy. We strive to raise awareness in homes, businesses and society as a whole so that as many people as possible can benefit from digitalisation with a high level of security. Today access to digital communication is a basic democracy and human rights issue.

Safety

As communication becomes increasingly digital, Com Hem is committed to protecting the privacy of our customers. We have a privacy policy describing how we process customer data. Information security is central to our operations also from a legal perspective where we correspondingly adhere to the ethical standards of our industry.

Risk management is a natural part of our ongoing efforts to ensure compliance with information security requirements. This work proceeds from our Information Security Management System (ISMS), based on the ISO 27001 standard. The system is a framework of policies, procedures and activities for systematically analysing, designing and improving information security practices in our operations. Com Hem also has a personal data representative who reviews and ensures that we abide by all laws, regulations and internal policies in this area. In 2015 we have experienced one minor incident concerning information security, compared with three in the preceding year.

We launched our product Trygg Surf in 2015 which offers a comprehensive protection to all devices used in a family, be it a computer, mobile or tablet. Com Hem also plays an active role in Surfa Lugnt (the Safe Surfing Foundation), which promotes improved network security for young people by working with schools and adults to raise awareness of how children and young people routinely use the Internet. The aim is to affirm the positive aspects of young people's Internet use, such as creativity, communication and knowledge sharing, while giving parents and other adults more knowledge of how to deal with the pitfalls of the Internet, such as cyberbullying and invasions of privacy for the children.

Democracy

We strive to make as many as possible benefit from the digital evolution in Sweden. We engage in efforts which fight digital class divides. For example, we share insights on Sweden's digital wellbeing with other parties that are also working to make Sweden the world leader in leveraging the opportunities offered by digitalisation. In 2016 we will coordinate this work in a report we call Com Hem Kollen. In the report, we will share the insights we have gained through our continuous dialogue with our customer panel of 2,000 homes. Com Hem is also involved in the Next up project, which aims to educate and inspire young people from all over Sweden to work in the IT and Telecom sector. Bredbandsskolan is another example aiming at helping people to make the most use of our services. In 2015 Com Hem has delivered digital services pro-bono to support refugee organisations, an effort we intend to intensify in 2016. However, the most important efforts are made by giving people access to the best digital services by investing in our infrastructure and services. Over the past few years, we have invested about SEK 500m a year in our infrastructure to improve both speed and stability.

Operational reliability
Every day, Com Hem works to proactively develop the availability, reliability and stability of our networks and services. In spring 2015, the Swedish Post and Telecom Authority (PTS) presented a proposal for new operational reliability regulations. The aim of the new regulations is to reduce risk, and to improve the industry's ability to manage interruptions and disruptions.

However, the PTS's proposal was problematic as the authority intended to micromanage, by regulations, how providers build their networks in order to achieve the desired level of operational reliability. Com Hem's assessment was that this would entail major counterproductive investments, with no benefit for consumers. Com Hem and other industry players therefore reacted forcefully and coherently to the proposal, which became the subject of intense public debate. When the PTS adopted the regulations in June, a number of changes were made to the original proposal. The regulations have entered into force from 1 January 2016.

Promoting infrastructure competition
The Swedish government's broadband strategy, as well as recommendations by the Swedish Association of Local Authorities and the PTS are stressing the importance of infrastructure competition. As demands for higher speeds and reliability increase in society, a well functioning infrastructure competition is key and has also been a crucial driver for Sweden as one of the most digital countries in the world. Com Hem is engaged in a number of activities promoting competition.

For example Tangerås, Ph.D. in Economics, has written a report about the importance of multiple infrastructures for society. A key conclusion of this report is that a weakened competition drives up retail prices in open access fibre networks. In some locations around Sweden, municipality owned property companies have decided to shut down coax networks, thereby forcing homes to purchase services from one, usually publicly financed, open access fibreLAN.

In light of this, Com Hem conducted a customer survey of homes affected in various ways when landlords have shut down their coax network. The survey shows that a significant proportion have negative experiences due to inferior service performance, technical issues and teething problems associated with the technological transition. A clear majority of the consumers want to choose their own network and service provider.

EMPLOYEES

Being able to keep and attract the best and most engaged employees is key to Com Hem. We strive to retain and recruit the right employees, who share our values of being reliable, personal and proactive.

We want all employees to feel they have an important and clear role to play in the company to create a positive customer experience. As an employee of Com Hem you have the chance to make a difference to shape the digital future of Sweden.

The results of the 2015 employee survey were positive. The employee satisfaction score was 90 out of 100, which is higher than the industry average and shows that we have a high percentage of satisfied employees. The Leadership Index score increased, compared to the last measurement two years ago, suggesting increased confidence in managers at Com Hem. The Employee Engagement Index score, which is a measure of commitment and clarity, has increased for our workplaces and is now just below the industry average. Based on the year's results, Com Hem will focus on the following development areas:

- We are developing a new template for the annual performance review that will focus on creating clarity around the role and expertise required by both the individual and the company. The annual performance review will also be more clearly linked to our values, and our overall strategic goals.

- We are developing a new platform for the annual performance review. The new process will be web-based to achieve a clearer structure, and to facilitate clearer documentation and monitoring.

TOTAL WORKFORCE, END OF YEAR

2015	Employees	Women (%)	Men (%)
Permanent employees	1,169	31%	69%
– of whom full-time	1,148	30%	70%
– of whom part-time	21	86%	14%
Temporary employees	9	56%	44%
Total	**1,178**	**31%**	**69%**

EMPLOYEE MOVEMENT

2015	Employees	Women (%)	Men (%)
New recruitments during the year			
Under 30	120	33%	67%
30 – 50	89	31%	69%
Over 50	7	29%	71%
Total	216	32%	68%
New recruitment rate	21%		
Individuals who left during the year			
Under 30	105	38%	62%
30 – 50	100	39%	61%
Over 50	10	20%	80%
Total	215	38%	62%
Employee turnover	21%		

The employee turnover is in line with our industry and its customer service operations. The average age of our employees are 28-29 years. Many younger employees work within customer service for a few years before moving on to other work or studies.

Professional development

We strive to ensure that all employees have an individual development plan that is monitored at regular performance reviews. During 2015 all of our employees participated in a performance review. One of the objectives of the development plan is to offer our employees the activities they require to develop in their existing roles, as well as to grow within the company in other attractive roles.

We have continued to invest in and further develop our leadership programme, which is now more clearly based on our values, expertise, organisational culture and business challenges. The programme runs for one year, and strengthens leadership skills at Com Hem through continuous training initiatives.

Talent programme

Com Hem has initiated an external partnership to identify and recruit young talent in IT. In 2015, Com Hem had a number of young developers on site who underwent an induction programme. The programme participants worked in a development team, as well as doing internships in other departments. The participants were also offered special courses and continuous coaching by experienced employees, to give them the best start to their working lives. The programme was highly successful and we are looking at ways of introducing it into other departments at Com Hem over the coming year.

Health & balance

We attach great importance to all aspects of occupational health and safety. Com Hem has been committed to employee wellbeing for many years, and encourages employees to take part in health-promotion activities. By providing occupational health services, we ensure that our employees receive prompt and qualified care and rehabilitation when required. 81 per cent of our employees are covered by collective-bargaining agreements.

Diversity

Com Hem values gender equality and diversity, and our recruitment base extends far beyond Swedish borders. We believe that Com Hem has become a more innovative and dynamic company by employing women and men of all ages, with various backgrounds and experience. Com Hem strives to offer women and men the same opportunities for development and promotion at Com Hem, as well as equal pay for equal work with no wage-setting discrimination.

At the end of 2015, a salary survey was initiated at Com Hem to determine whether any structural salary disparities existed between men and women. The result of this salary survey will be finalised in April 2016. In 2016, a gender equality plan will also be prepared.

RESPONSIBLE BUSINESS

Com Hem will never engage in activities that we cannot openly disclose. We have clear ethical standards and policies for all aspects of our operations, and towards all partners with whom we interact. These are guided by our Code of Conduct, which was implemented in 2015. The Code of Conduct is a set of rules to guide our conduct in various contexts and which, in turn, refers to more detailed policies and guidelines in areas such as human rights and the precautionary principle.

Anti-corruption

Our Anti-corruption Policy, which was introduced in May 2015, sets out the principles that are applied in Com Hem to prevent corruption in our business operations. All employees at Com Hem have been informed about the company's new Code of Conduct and our efforts to combat corruption. Our managers will undergo ethics and anti-bribery training during 2016. We provide continuous training to reduce the risk of unintentional mistakes and make it more difficult to find and exploit loopholes. During 2015 Com Hem have had no confirmed incidents of corruption and have not experienced any actions regarding anti-competitive behavior.

Our Gifts, Hospitality and Entertainment Guidelines provide more detailed information about how everyone at Com Hem should act in regard to external entertainment, and our approach to giving and receiving gifts or other benefits. If our employees feel uncertain about how they should act, or the rules that apply to a given situation, they are encouraged to contact their supervisor or consult with the company's General Counsel.

Whistle-blower system

Com Hem launched a whistle-blower system in 2015 to encourage employees to report suspicions of serious misconduct committed, sanctioned or deliberately ignored by an employee in a management or key position. The system allows for anonymous reporting, and the information received is kept completely confidential to safeguard the integrity of the whistle-blower. The whistle-blower system is considered a complement to Com Hem's normal communication channels and Com Hem naturally recommends that employees contact their supervisor or the company's General Counsel in the first instance.

Purchasing procedures

Potential suppliers are assessed on the basis of their ability to maintain sound business practice, and to comply with Com Hem's Code of Conduct. We believe that our suppliers should be treated in a fair, ethical and professional manner. Com Hem aims for long-term conditions and relationships with our suppliers. During the year, we updated our purchasing policy to create greater clarity regarding our approach to suppliers. In 2016, we will provide internal training courses in the updated purchasing policy to ensure sound business ethics. Com Hem supports all ten principles of the UN Global Compact, and in our new purchasing policy, we also require that all major providers do the same.

Most of our suppliers are local and typically include contractors, consultants and logistics partners. The hardware for our networks and customer-premises equipment (CPE) is purchased from international suppliers. Com Hem consciously tries to select partners with a good international reputation and does not opt for lower-cost alternatives, because this could have a negative impact on our sustainability profile. Due to the profiles of our major suppliers, Com Hem assesses the risk of non-compliance with our requirements to be low.

Responsible marketing

To ensure a positive customer experience and correct marketing, Com Hem complies with the regulations and recommendations of the Swedish Consumer Agency, the EU, the PTS and the National Board for Consumer Disputes (ARN). We support – and are actively involved in – various organisations, such as the Swedish Telecom Advisors and Kontakta. The Swedish Telecom Advisors provides free and impartial assistance to consumers, while Kontakta strives to create a healthy climate between consumers, the community and businesses that engage with customers.

During 2015 Com Hem had no incidents of non-compliance with regulations that led to fines or warnings. In 2015, the number of cases of non-compliance with voluntary codes was seven, compared with nine in the preceding year. These cases usually relate to situations in which the reporting party has mistakenly been called, despite being registered with NIX (a no-call list to stop unsolicited calls for marketing, sales and fundraising purposes). To further reduce the number of these incidents, Com Hem has established internal systems whereby phone numbers are cross checked against the registry.

ENVIRONMENT

As Com Hem connects people through its network, the company's environmental impact is low. Digitalisation represents a major opportunity to reduce society's impact on the climate and the environment, and Com Hem wants to be a driving force in this transition.

We work continuously to reduce our internal environmental impact, and our most significant environmental aspects are energy consumption and transport. In 2015, the energy consumption within our organisation was 11,080 MWh. We mainly use energy to operate our headends, data centres, hubs and server centres across the country, and for our offices. Our transport mainly consists of our company cars, business travel and the transportation of modems, routers and set-top boxes to our customers.

A modern network is powered by renewable energy

Com Hem's goal is that 100 per cent of the energy used in our premises and our network is derived from green electricity. During 2015, about 54 per cent of all energy purchased by Com Hem was renewable. We have initiated a project during 2016 to make sure that all our operations have renewable electricity.

ENERGY CONSUMPTION (MWh)

	2015
Electricity	7,500
District heating	840
District cooling	2,740
Total	**11,080**
Share renewables	54%

The table shows the electricity, district heating and cooling from Com Hem's offices and data centres. The energy consumption from outsourced data centres and IT-infrastructure was 4,300 MWh during 2015.

Greenhouse gas emissions

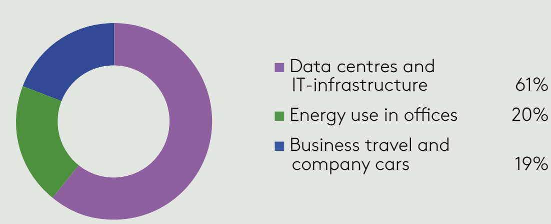
Com Hem is, for the first time, reporting the company's greenhouse gas emissions according to the global standard, the Greenhouse Gas (GHG) Protocol, to become more aware of our carbon footprint. During the year, our total greenhouse emissions amounted to 2,660 tons of CO_2 and were mainly caused by energy consumption and business travel.

Com Hem is engaged in ongoing dialogue with landlords regarding use of the residual heat from our data centres. In 2016, we intend to continue streamlining the operation of our services.

E-WASTE

The downside of rapid technological change is the environmental problems caused by electronic waste. Com Hem is committed to ensuring that the used network materials, modems, routers and set-top boxes are collected and recycled in the proper manner. For this purpose, we have established a partnership with Kuusakoski for the recycling of e-waste, and are affiliated with El-Kretsen for the recycling of obsolete consumer electronics.

EMISSIONS PER ACTIVITY



BOARD OF DIRECTORS' REPORT

The Board of Directors and the Chief Executive Officer of Com Hem Holding AB, corp. reg. no. 556858-6613, hereby submit the annual accounts for the Group and the Parent Company for 2015.

Com Hem is one of Sweden's leading providers of broadband, television and telephony. Approximately 40% of Swedish homes are connected to Com Hem's network, with access to one of the market's broadest range of television services and broadband services with the fastest average download speed[1]. Since 2013, Com Hem has also offered a competitive range of broadband and telephony services for the business-to-business (B2B) market.

Com Hem focuses on providing its services to subscribers who live in multi-dwelling unit buildings (MDUs). The company typically enter into contracts with landlords of MDUs to provide all of their tenants with basic television service. Once we have established a distribution and service relationship with the landlord, private individuals or businesses in the property are able to subscribe to Com Hem's full range of digital television, broadband and fixed-telephony services.

Com Hem was established in 1983 and is headquartered in Stockholm, Sweden, and also has offices in Gothenburg, Malmö, Härnösand, Sundsvall and Örnsköldsvik. Operations are conducted through three subsidiaries: Com Hem AB, Phonera Företag AB and iTUX Communication AB. Phonera Företag AB is a Malmö-based provider of B2B services offering broadband and telephony services. iTUX Communication AB is Com Hem's communications operator that manages open fibre local area networks (LANs).

Significant events during the year

- In 2015, Com Hem continued to deliver growth in broadband, digital TV and B2B services. During the year, the number of unique consumer subscribers grew 4.0%, amounting to 911,000 at year-end, and in the second half of the year, the churn rate was a record low 12.9%. During the year, revenue rose 5.0% to SEK 5,000m, of which organic growth accounted for 3.6%. Underlying EBITDA rose 3.7% to SEK 2,346m, which, in combination with Capex of SEK 991m, contributed to a total increase of 11.8% in operating free cash flow, amounting to SEK 1,355m for the full-year 2015.
- In November, Com Hem made an early redemption of the Group's Senior Notes of EUR 187m, which had been issued by its subsidiary NorCell Sweden Holding 2 AB (publ) with an original maturity in 2019. Upon redemption, Com Hem paid redemption premiums totalling SEK 92m plus accrued interest, and all previous derivative contracts were closed. Senior Notes carried a fixed interest rate of 10.75% and were replaced by new credit facilities of SEK 1,500m signed in September, and existing unutilised credit facilities. The new credit has similar lending terms as other bank financing and were signed with an interest rate that is expected to reduce the Group's average interest expense from 4.4% before refinancing, to about 3% with the prevailing Swedish market interest rate. The refinancing is therefore estimated to reduce the Group's annual interest expense by more than SEK 100m, compared with the previous rate.
- Combined with significantly reduced financing costs, the Group's strong operating free cash flow resulted in an Underlying cash flow generation[2] of SEK 887m for the full-year 2015, representing a total improvement of SEK 950m compared with 2014. The strong cash flow made it possible, while maintaining our leverage, to distribute a dividend, redeem and repurchase shares totalling SEK 983m during the year, corresponding to 6.5% of Com Hem's market capitalisation at year-end.

[1] According to survey published by Bredbandskollen in February 2016.
[2] Cash flow from operating activities excluding one-off financing costs of SEK 92m decreased by cash flow from investing activities.

Financial overview

Financial summary, SEKm	2015	2014	Change
Total revenue			
Consumer	3,755	3,540	6.1%
Landlord	695	774	-10.1%
B2B	311	222	40.1%
Other revenue	238	226	5.5%
Total revenue	5,000	4,761	5.0%
Operating expenses	-4,276	-4,196	1.9%
Operating profit (EBIT)	724	566	28.0%
Net financial income and expenses	-605	-2,082	-70.9%
Income taxes	-27	465	n/m
Net result for the period	**92**	**-1,051**	**n/m**

Total revenue

Total revenue rose SEK 239m to SEK 5,000m, corresponding to 5.0%. Adjusted for the acquisition of Phonera, which has been included in the consolidated accounts from 31 March 2014, the increase was SEK 174m, corresponding to organic growth of 3.6% for the full-year.

Revenue from consumer services rose SEK 216m, and amounted to SEK 3,755m. The increase was attributable to higher revenue from broadband and digital TV services.

Revenue from broadband services rose from SEK 205m to SEK 1,666m, up 14%. The increase in broadband revenue is attributable to more RGUs, an improved speed mix due to continued strong demand for Com Hem's high-speed broadband packages, and the price adjustments implemented during the second and third quarters of 2015.

Revenue from digital TV rose SEK 48m, amounting to SEK 1,785m. The increase in digital TV revenue was due to customer intake, a higher proportion of customers with TiVo packages, and the price adjustments implemented for parts of the digital TV base during the second and third quarters of 2015.

Revenue from fixed telephony declined SEK 37m to SEK 304m, primarily due to fewer RGUs and lower variable service revenue.

Revenue from landlord services declined SEK 78m to SEK 695m. The decline was mainly attributable to the lower prices arising from contract renegotiations, and a decision by some landlords to sign bulk service agreements when extending their agreements, whereby all revenue was previously recognised under landlord services, but the portion relating to consumer services is now recognised under consumer services when their agreements are extended.

Revenue from B2B services amounted to SEK 311m, up SEK 89m, of which organic growth accounted for SEK 24m.

Other revenue

The increase in other revenue was largely a result of higher revenue from the Group's communications operator, iTUX.

Operating costs

Operating costs amounted to SEK 4,276m, an increase of SEK 80m. The increase was attributable to a changed revenue mix, which led to higher transmission costs, and higher depreciation and amortisation of CPE and capitalised sales commissions.

Operating profit/loss (EBIT)

Operating income totalled SEK 724m, up SEK 159m. The increase was mainly attributable to costs of SEK 107m related to the IPO being charged to operating profit in 2014, and to a higher Underlying EBITDA contribution due to higher revenue in 2015.

Net financial income and expenses

Net financial income and expenses amounted to an expense of SEK 605m, a year-on-year improvement of SEK 1,477m due to lower refinancing costs and reduced interest expenses.

Income taxes

The Group recognised a deferred tax expense of SEK 27m. The Group's taxable profit for 2015 was offset against previously recognised tax losses carryforwards, which amounted to approximately SEK 2.5bn at the end of the year.

Net result for the period

Profit for the full-year totalled SEK 92m, compared with a loss of SEK 1,051m in 2014. The strong earnings improvement is due to both higher operating profit and significantly lower financing costs.

Reconciliation between operating profit and Underlying EBITDA, SEKm	2015	2014	Change
Operating profit (EBIT)	**724**	**566**	**28.0%**
Depreciation/amortisation per function			
- Cost of services sold	778	720	8.1%
- Selling expenses	742	683	8.6%
- Administrative expenses	25	36	-28.8%
Total depreciation/amortisation	**1,545**	**1,438**	**7.4%**
EBITDA	**2,269**	**2,004**	**13.2%**
EBITDA margin, %	45.4	42.1	3.3 p.p.
Disposals	9	15	-38.4%
Operating currency gains/losses	9	15	-41.9%
Non-recurring items	58	228	-74.5%
Underlying EBITDA	**2,346**	**2,262**	**3.7%**
Underlying EBITDA margin, %	46.9	47.5	-0.6 p.p.

Underlying EBITDA

Underlying EBITDA rose SEK 84m to SEK 2,346m, and the Underlying EBITDA margin was 46.9%. The increase in Underlying EBITDA was mainly attributable to increased revenue from consumer and B2B services. The Underlying EBITDA margin declined slightly year-on-year due to a changed revenue mix, in which lower revenue from landlord services and fixed telephony with high margins was offset by higher revenue from services with slightly lower margins.

EBITDA

EBITDA rose SEK 265m to SEK 2,269m and the EBITDA margin was 45.4%. The increase in EBITDA was mainly attributable to lower non-recurring costs of SEK 182m (non-recurring items, operating currency gains/losses and disposals), since IPO costs of SEK 107m were charged to EBITDA in 2014.

Depreciation/amortisation

Depreciation and amortisation rose SEK 107m to SEK 1,545m. Higher depreciation and amortisation was mainly due to increased investment in CPE (cost of services sold) and capitalised sales commissions (selling expenses), as a result of higher sales in the first six months of 2015 and in the preceding year in both consumer and B2B services, and increased amortisation of customer relationships (selling expenses) due to the acquisition of Phonera on 31 March 2014.

Operating free cash flow, SEKm	2015	2014	Change
Underlying EBITDA	**2,346**	**2,262**	**3.7%**
Capital expenditure (capex)			
Network related	-332	-354	-6.4%
CPEs and capitalised sales commissions	-486	-498	-2.4%
IT investments	-128	-147	-12.8%
Other capex	-45	-52	-12.3%
Total capital expenditure	**-991**	**-1,051**	**-5.7%**
Operating free cash flow	1,355	1,211	11.8%

Capital expenditure (capex)

Capex amounted to SEK 991m, representing 19.8% of total revenue. The decrease derived mainly from timing in network-related capex, lower capitalised sales commissions and lower IT capex due to improved efficiency.

Operating free cash flow

Operating free cash flow rose SEK 143m, amounting to SEK 1,355m. The increase was mainly due to a higher Underlying EBITDA contribution, timing in regard to network-related capex, lower capitalised sales commissions and lower IT capex compared with the preceding year.

Consolidated financial position and liquidity

Consolidated total assets decreased to SEK 18,078m (18,720). Intangible assets amounted to SEK 15,451m (16,041), of which goodwill accounted for SEK 10,899m (10,899).

Consolidated working capital after adjustments for non-operating items amounted to a negative SEK 1,183m (1,083), the change in working capital was positive SEK 100m (-133).

Total available cash and cash equivalents, including unutilised credit facilities, amounted to SEK 1,393m (1,312), of which cash and bank balances comprised SEK 743m (716) and unutilised credit facilities SEK 650m (595).

Equity amounted to SEK 6,403m (7,233). The decrease in equity was attributable to Com Hem, during May-December 2015, repaying a total of SEK 983m to shareholders in the form of a share redemption, ordinary dividend and share repurchases, which accounted for 6.5% of the market capitalisation at the end of December. Equity per share amounted to SEK 33 (35) and equity amounted to 37% (39) of total assets.

Interest-bearing liabilities increased to SEK 9,679m (9,391), of which current interest-bearing liabilities amounted to SEK 528m (30). The Group's total credit facilities, including the outstanding SEK bond, amounted to SEK 10,375m, with an average remaining term of 3.4 years. For more information about outstanding credit, see Note 24.

Refinancing in 2015

In November, Com Hem made an early redemption of the Group's Senior Notes of EUR 187m, which had been issued by its subsidiary NorCell Sweden Holding 2 AB (publ) with an original maturity in 2019 and a coupon rate of 10.75%. The Senior Notes were replaced by new credit facilities of SEK 1,500m signed in September 2015, and existing unutilised credit facilities. In connection to the early redemtion of the Group´s Senior Notes all derivatives attributable to outstanding credit were closed.

Shares and ownership structure

Com Hem Holding AB's shares have been listed on the Nasdaq Stockholm Large Cap list since 17 June 2014. At the beginning of 2015, Com Hem Holding AB had 207,529,597 shares outstanding. As a result of Com Hem's share redemption programme, announced in the first quarter of 2015, a total of 886,221 shares were redeemed on 23 April 2015, and after the redemption the number of registered shares amounted to 206,643,376, which was also the number of shares on 31 December 2015, of which 9,645,123 were treasury shares. Each share had a quota value of about SEK 1.03, and the share capital amounted to SEK 213,337,879. All shares entitle holders to the same voting rights and an equal share in the company's assets. For the change in the number of shares during the year, see Note 18.

At 31 December 2015, Com Hem Holding AB had a total of 1,094 shareholders and the largest individual shareholder was NorCell S.à.r.l. (indirectly controlled by funds managed by BC Partners Limited), which controlled 37.5% of the shares outstanding and voting rights (excluding Com Hem's own shareholding).

In accordance with the mandate given at the annual general meeting on 21 May, the Board of Directors resolved to repurchase shares in accordance with the Commission Regulation (EC) No 2273/2003 of 22 December 2003 (EC Regulation). The share repurchases are carried out by a credit institution that makes its trading decisions regarding Com Hem's shares independently and without the influence of Com Hem with regard to the timing of the repurchase. In May 2015, the Board also resolved on the possibility, up until the following AGM, to make repurchases through block trades, that will not be made in accordance with the EC Regulation. In 2015, a total of 9,645,123 shares were repurchased, corresponding to 4.7% of the number of registered shares, for a total amount of SEK 711m, of which block trades comprised SEK 80m, corresponding to 1,099,663 shares.

Capital structure and financial governance

The company defines capital as interest-bearing liabilities and equity. The company's objective is to have an effective capital structure that takes account of its operational and financial risks, helps maintain the confidence of investors, creditors and the market, and provides a stable basis for the sustainable development of the company's operations, while also ensuring shareholders receive satisfactory returns. The key ratio which the management and external stakeholders judge capital structure by is net debt in relation to Underlying EBITDA (EBITDA before disposals excluding non-recurring items and operating currency gains/losses). At the end of the period, the Group's net debt totalled SEK 9,030m (8,851), and the net debt/Underlying EBITDA LTM was a multiple of 3.8x (3.9). The company's objective is to maintain leverage within the interval of a multiple of 3.5-4.0x Underlying EBITDA LTM.

The Board and management regularly monitor and analyse the key ratios, which ultimately set the framework for the Group's capital structure.

Employees

At year-end, the Group had a total of 1,178 (1,167) employees. The average number of employees was 1,084 (1,015). Of these, 302 (323) were women and 782 (692) men. A large proportion of the company's employees work at Com Hem's customer service offices in Sundsvall, Härnösand and Örnsköldsvik. For more information about Com Hem's employee responsibility, see page 24.

Remuneration to the CEO and other Executive Management

Remuneration to the CEO and other Executive Management consists of fixed salary, pension, variable remuneration and other customary benefits, as defined in Note 6. The guidelines for remuneration to Executive Management to be proposed to the 2016 AGM are presented in the Corporate Governance Report.

There is no agreement between the company and Board members or employees that stipulates remuneration if they resign, if their employment is terminated without reasonable grounds or if their employment ceases as a result of a public takeover bid for the shares in the company.

Financial guidance for 2016

Total revenue – unchanged

Com Hem aims to deliver mid-single-digit revenue growth on an annual basis.

Underlying EBITDA

Com Hem aims to retain a stable Underlying EBITDA margin, resulting in mid-single-digit growth of Underlying EBITDA on a full-year basis.

Due to Com Hem's new growth strategy, which is a combination of price and volume-driven growth, the company has changed the guidance from "slight pressure" to a "stable" Underlying EBITDA margin.

Capital expenditure (capex)

In 2016, capex is expected to lie within the interval of SEK 1.0–1.1bn, compared with SEK 991m in 2015, which was temporarily impacted by lower capex during the second half of the year.

Leverage – unchanged

Com Hem aims to maintain leverage within the interval of 3.5-4.0x Underlying EBITDA LTM.

Parent Company

In 2015, the Parent Company's total revenue amounted to SEK 13m (8) and pertained to intragroup service assignments. Operating income amounted to a loss of SEK 21m (-107). In 2014, operating income was charged with SEK 99m pertaining to transaction expenses related to the listing on Nasdaq Stockholm. Net financial income and expenses amounted to SEK 361m (negative 1,373), which includes an impairment loss of SEK 607m (negative 1,863) on participations in Group companies as a result of shareholder contributions paid and Group contributions. Net financial income and expenses were also impacted by a dividend from subsidiaries of SEK 357m.

The Parent Company's equity amounted to SEK 8,259m (8,893), of which non-restricted equity was SEK 8,046m (8,685). The decrease in equity was attributable to Com Hem, during the May-December period of 2015, repaying a total of SEK 983m to shareholders in the form of a share redemption, ordinary dividends and share repurchases. The Parent Company has no external interest-bearing liabilities.

Proposed appropriation of profits

The profit at the disposal of the annual general meeting is as follows (SEK thousand):

Retained earnings	1,482
Share premium reserve	7,700,604
Net result for the year	343,648
Total	**8,045,734**

The Board of Directors proposes that the available profit and unrestricted reserves be distributed in the following manner, based on the number of shares outstanding at 31 December 2015 (SEK thousand):

Dividend, 196,998,253 shares SEK 1.50/share	295,497
Brought forward to new account	7,750,237
Of which share premium reserve	7,405,107
Total	**8,045,734**

During the year, the company paid Group contributions of SEK 607,420 thousand to the subsidiary NorCell Sweden Holding 3 AB (publ) (corp. reg. no. 556859-4195).

For details of the company's earnings and financial position in other regards, please refer to the income statements and balance sheets and the related notes to the financial statements.

Key events after end of period

Repurchase of shares

During the period 1 January-31 March, an additional 3,493,774 shares were repurchased at a value of SEK 256m. Com Hem aims to propose a reduction in share capital through cancellation of some or all of the shares that have been repurchased.

Dividends and repurchase

The Board is proposing to the AGM on 19 May 2016, a cash dividend of SEK 1.50 (1) per share and a renewed mandate to repurchase up to 10% of the share capital.

RISKS AND RISK MANAGEMENT

Material risks and risk management

Operational risks

The operations of the Parent Company and the Group are affected by a number of external factors. The following is a description of the significant risk factors for the Group's future development.

Other risks and uncertainties

Com Hem is affected by several risks and uncertainties in addition to those outlined below. Management works continually to identify and manage all risks and uncertainties to which the company is exposed.

Risk	Description	Risk mitigation
Increased competition	New companies are becoming established in the market for digital services using alternative technologies, which is increasing competition. Tougher competition can lead to price pressure and a negative financial impact.	To manage competition, Com Hem continually develops its service offering through new interactive digital TV services, more HD channels and improved broadband service at competitive prices. Com Hem mainly delivers its services using HFC, which competes well with LAN. Through the Group's communication operator iTUX, which operates open LANs, the Group is strengthening its ability to provide services regardless of infrastructure in order to meet the competition.
Changes to laws and regulations	New or changed laws and regulations as well as new policies can affect Com Hem's conditions to provide and develop its services and/or entail higher costs. Such changes are typically related to tax, network and operational reliability, information protection, energy and environmental requirements and consumer protection.	The Board and management closely monitor developments in the regulatory area in order to meet changes proactively. Com Hem also works actively with these types of issues and engages in ongoing dialogue with the relevant authorities and interest groups in order to achieve fair and balanced conditions for Com Hem to operate and develop in the market.
Key employees	Com Hem's future development and competitiveness is highly dependent on the company's ability to attract and retain key employees. Com Hem recruits employees with extensive experience in the telecom industry, whose expertise and efforts are of particular value to the company. Should Com Hem not succeed in attracting and retaining key employees, this could have a negative impact on the company.	Com Hem has recruited a number of key employees and works continuously to provide incentives for them to remain and contribute to the continued development of the company. These include a share-savings incentive programme and two warrant incentive programmes to strengthen opportunities for retaining and recruiting additional key employees.
Mobile telephony replacing fixed telephony	An increasing share of traffic is moving to the mobile network. Homes are increasingly opting for mobile over fixed telephony, which has a negative impact on Com Hem's telephony operations. Meanwhile, prices have fallen and broadband speeds have increased for mobile broadband, which heightens the risk of it being regarded as an alternative rather than a complement to fixed broadband.	Demand for Com Hem's broadband and digital TV services is strong, creating an opportunity for Com Hem to offer bundled services that include fixed telephony. However, the total market for fixed telephony is shrinking as a result of changing consumer behaviours. Com Hem does not currently offer mobile subscriptions to consumers.
Technological advances	Com Hem's competitive edge may be affected by rapid and significant technology shifts, new services or upgrades of existing services in connection with the introduction of new technology, new industry standards and new practice through which the company's current technology and systems become outdated and the company may lack sufficient resources to upgrade existing networks.	To remain competitive, Com Hem must continue to launch new services and increase and improve the functionality, availability and features of its existing services and networks, in particular by ensuring that the company's bandwidth capacity is sufficient to cope with increased demand for bandwidth-intensive services.
Ability to retain and attract new customers	Tougher competition and an increasingly high degree of movement between operators are placing high demands on Com Hem's ability to attract and retain customers. The competition situation may lead to Com Hem losing contracts with landlords or communications operators, which is crucial for agreements with consumers. If the company fails to renew existing contracts or enter into new contracts, this may have a significant negative impact on operations. If demand for digital services does not increase as anticipated, this could have a substantially negative effect on the company's operations, financial position and earnings. Failure to introduce new services and unsuccessful acquisitions may also have a significant negative impact on the company's operations.	In 2015, Com Hem worked continuously to improve the customer experience, and the churn rate has decreased from 14.2% at the end of 2014, to 12.9% at the end of 2015. The rate of improvement indicates clear progress in enhancing the customer experience and customer satisfaction, which will continue to be the company's focus in future years. During the year, the number of B2B customers as well as consumer RGUs increased for both digital TV and broadband services.

Risk	Description	Risk mitigation
Programme content	Com Hem does not produce its own programme content and is dependent on relationships and partnerships with broad-casters. If a broadcaster decided not to deliver content to Com Hem, this would have a negative impact on the company's digital TV services.	Com Hem has a large market share and represents a key counterparty to the broadcasters. The company places high emphasis to having good relationships with broadcasters and regularly addresses the risks that could have a negative impact on Com Hem's digital TV services.
Suppliers	Com Hem has signed a number of leases with network owners and is dependent on them fulfilling their commitments in order for Com Hem to provide services in major parts of its network. In the event that Com Hem cannot meet its commitments under these agreements, the agreements may be terminated. In many cases, it would be difficult to find new and suitable alternative providers at a comparable cost within a reasonable period of time. Com Hem has partnerships with a number of suppliers of hardware, software and network-related investment support. Should these suppliers not meet their commitments or discontinue deliveries of their products and services to Com Hem, it may, prove difficult to find suitable solutions within a short period of time.	The company has good relationships, and close partnerships, with its suppliers. Com Hem continuously manages and assesses the risks associated with the supply chain in order to maintain a competitive and well functioning infrastructure.

Financial risks

Through their operations, the Parent Company and Group are exposed to various financial risks, including liquidity risks, interest rate risks, currency risks and credit risks. The Group's treasury policy for management of financial risks has been adopted by the Board of Directors and provides a framework of guidelines and regulations in the shape of risk mandates and limits for financing activities. The overarching objective for the finance function is to provide cost effective financing and to minimise the negative effects of unfavourable market fluctuations on the Group's earnings. For further information about financial risk management, see Note 24.

CORPORATE GOVERNANCE REPORT

Com Hem applies the Swedish Corporate Governance Code (the Code), see http://www.corporategovernanceboard.se/. The Corporate Governance Report is submitted in accordance with the Swedish Annual Accounts Act and the Code.

In 2015, Com Hem did not deviate from any of the Code's provisions, nor breach the Nasdaq Stockholm's Rule Book for Issuers or the general accepted principles in the Securities Market.

Com Hem's corporate governance ensures that the company is managed sustainably, responsibly and as effectively as possible on behalf of its shareholders. Governance shall support the company's long-term strategy, while helping to maintain trust in Com Hem among all stakeholders: shareholders, customers, suppliers, capital markets, society and employees. Good corporate governance is not only about internal frameworks and efficient processes, a strong ethical approach is also required throughout the entire organisation.

Shareholders and general meeting

Com Hem Holding AB is a Swedish public limited liability company, with shares traded on Nasdaq Stockholm. At year-end, the number of shareholders in Com Hem was 1,094. The largest single shareholder was NorCell S.à.r.l., with a total stake of 37.5% and the corresponding voting rights (excluding treasury shares). Foreign ownership was approximately 97%. For more information about the ownership structure, share capital and the share, see page 20.

Nomination Committee

In accordance with the Nomination Committee's proposal, the Annual General Meeting (AGM) resolved that the Nomination Committee prior to the 2016 AGM would comprise representatives of the three largest identified shareholders on 30 September 2015, according to the register of shareholders maintained by Euroclear Sweden AB, plus the Chairman of the Board. Should one or more shareholders not wish to appoint a representative to the Nomination Committee, the next-largest shareholder will be contacted. The Chairman shall convene the first meeting of the Nomination Committee. The member representing the largest shareholder shall be appointed Chairman of the Nomination Committee. The Nomination Committee's instructions include procedures for changing the composition of the Nomination Committee as required should a member leave the Committee before their work is completed, or to reflect changes in the ownership structure.

The members of Com Hem's Nomination Committee ahead of the 2016 AGM are:

- Pierre Stemper, Chairman of the Nomination Committee, appointed by NorCell S.à.r.l., shareholding/votes 37.5%.
- Henry Guest, appointed by Adelphi Capital LLP shareholding/votes 5.4%.
- Erik Durhan, appointed by Nordea Fonder shareholding/votes 0.7%.
- Andrew Barron, Chairman of the Board of Com Hem Holding AB.

Information about how shareholders can submit proposals to the Nomination Committee has been published on www.comhemgroup.com, where the Nomination Committee's motivated opinion regarding its proposal to the AGM and a brief presentation of its work will also be published well in advance of the AGM on 19 May 2016.

Board of Directors

According to the Articles of Association, the Board of Com Hem shall consist of a minimum of three and a maximum of ten AGM-elected members with no deputies. In addition, the Board comprises two employee representatives with two deputies.

Andrew Barron, Monica Caneman, Eva Lindqvist, Anders Nilsson (Com Hem's CEO), Joachim Ogland and Nikos Stathopoulos were re-elected to the Board of Directors in 2015. Andrew Barron was re-elected Chairman of the Board. The appointed employee representatives were Marianne Bolin

COM HEM

and Tomas Kadura, and their deputies Åsa Borgman and Mattias Östlund.

Information about the year of birth of the Board members, their educational background and professional experience, significant assignments outside the company, their holdings of shares or other financial instruments in the company or those of related party, as well as the year they were elected to the Board is presented in the table below.

Independence of the Board

In 2015, the Board of Com Hem complied with the Code's provision that the majority of AGM-elected members are to be independent in relation to the company and Executive Management, and that at least two of them also are to be independent in relation to the company's major shareholders (i.e. those with a holding exceeding 10%). Details of the Board members' independence are presented in the table below.

The work of the Board

During the year, the Board of Directors held 16 Board meetings, including statutory meetings and meetings by correspondence. Prior to each ordinary Board meeting, Board members receive a written agenda, based on the Board's established rules of procedure, and a complete set of documents for information and decision-making. Recurring items include the company's financial position, the market situation, investments and adoption of the financial statements. Reports from the Audit and Remuneration Committees, as well as reports on internal control and financing activities are also regularly addressed. The CEO presents matters for discussion at the meetings, and the company's CFO and other members of management also participate and present specific matters. The General Counsel is the Board's secretary. The attendance of Board members at Board and committee meetings is presented in the table below.

Important issues addressed during the year include strategic issues, the 2016 budget process, forms for the distribution of capital to shareholders, refinancing activities and organisational issues.

Evaluation of the Board

The performance of the Board and the CEO is evaluated annually using a systematic and structured process. The aim is to obtain a sound basis for the Board's own development in terms of working methods and efficiency, and to present the results of the evaluation to the Nomination Committee as a basis for the nomination process. The Chairman of the Board is responsible for the evaluation, and for presenting the results to the Nomination Committee. In 2015, the evaluation was based on a questionnaire, interviews and discussions between the Chairman and Board members.

Audit Committee

In 2015, the Audit Committee consisted of Monica Caneman (Chairman), Eva Lindqvist and Joachim Ogland. During the

Board of Directors and Committees

			Committee			Attendance	
Board of Directors	Elected	Dependent[1]	Audit Committee	Remuneration Committee	Board meetings	Audit Committee	Remuneration Committee
Andrew Barron	2013				16/16		
Monica Caneman	2014		Chairman		15/16	5/5	
Eva Lindqvist	2014		x	x	14/16	5/5	7/7
Anders Nilsson, CEO[2]	2014				16/16		
Joachim Ogland	2011		x	x	16/16	5/5	7/7
Nikos Stathopoulos	2011			Chairman	15/16		7/7
Marianne Bolin (E)[3]	2013				16/16		
Tomas Kadura (E)[3]	2013				16/16		
Åsa Borgman (E) deputy[3]	2014				8/16		
Mattias Östlund (E) deputy[3]	2013				9/16		

= Dependent in relation to the company and Executive Management = Dependent in relation to the company's majority shareholder, NorCell S.à.r.l.

[1] According to the definition in the Swedish Corporate Governance Code.
[2] The company's CEO owns 203,469 shares in the company, which is a shareholding of 0.1% and not classified as significant. The CEO has no co-ownership in companies that have significant business relationships with companies within the Group.
[3] (E)=Employee representative.

year, the Committee held five meetings that were recorded and attached to the material for the Board. As part of its assignment to monitor financial reporting and the effectiveness of internal control, the Committee addressed relevant accounting issues, the scope and focus of the external audit, as well as observations made in connection with the auditors' review, observations made during internal reviews of the company's processes, risk and valuation issues, and the company's financial statements. The attendance of Board members at Audit Committee meetings is presented in the table on previous page.

Remuneration Committee

In 2015, the Remuneration Committee consisted of Nikos Stathopoulos (Chairman), Eva Lindqvist and Joachim Ogland. Seven meetings were held during the year and the work focused primarily on remuneration and other terms of employment for Executive Management. The attendance of Board members at Remuneration Committee meetings is presented in the table on previous page.

External auditors

At the 2015 AGM, KPMG AB was appointed auditing firm until the 2016 AGM. KPMG AB was represented by Thomas Thiel as the auditor in charge. Thomas Thiel has led the audit assignment for Com Hem since 2004. In 2015, the auditors participated in every meeting of the Audit Committee. At these meetings, the auditors presented the focus and scope of the planned audit, and delivered verbal audit and review reports. The Board also held one meeting with the company's auditor at the beginning of 2016, without the attendance of the CEO or any other member of management.

The auditors reviewed Com Hem's interim report for the second quarter, and audited the annual financial statements. KPMG AB was also consulted in matters related to the share-savings incentive programme adopted by the 2015 AGM, as well as tax issues and various accounting and finance matters.

CEO

Anders Nilsson has been the CEO of Com Hem since 2014. Information about the CEO's year of birth, educational background and professional experience, significant assignments outside the company, holdings of shares or other financial instruments in the company or those of related party, is presented on page 40.

In consultation with the Chairman of the Board, the CEO prepares the information and documentation required as a basis for the work of the Board and in order to enable Board members to make well-informed decisions. The CEO is supported by the Management team.

The Board evaluates the performance of the CEO on a regular basis. The Board also held one meeting to evaluate the CEO's performance, without the attendance of the CEO or any other member of management.

REMUNERATION TO EXECUTIVE MANAGEMENT AND THE BOARD

Guidelines for remuneration to Executive Management
The 2015 AGM resolved to adopt guidelines for remuneration to Executive Management in Com Hem based on fixed salary, variable remuneration, other benefits and pension. The guidelines for 2015 and levels of remuneration paid during the year are presented in Note 6, while the Board's proposal to the 2016 AGM regarding guidelines for remuneration to Executive Management, as well as a deviation from the 2015 guidelines, are presented below.

At the 2015 AGM a long-term share savings incentive programme (LTIP) was adopted, based on the Total Shareholder Return of the Com Hem share, and cash flow over a three-year period. The programme requires a personal investment in Com Hem shares by all participants at the beginning of the programme. Further details about outstanding long term incentive programmes may be found in Note 6.

Remuneration to the Board
In accordance with the AGM's resolution, annual fees paid to the AGM-elected Board members amounted to a total of SEK 3,689,000, of which SEK 1,814,000 was paid to the Chairman of the Board, and SEK 350,000 to each of the four Board members who are not employed by the company. In addition, an annual fee of SEK 110,000 was paid to the Chairman of the Audit Committee, and SEK 80,000 to each of the other two members. An annual fee of SEK 85,000 was also paid to the Chairman of the Remuneration Committee, and SEK 60,000 to each of the other two members, refer also to Note 6.

Proposed guidelines for remuneration to Executive Management to be approved at 2016 AGM

The Board of Directors of Com Hem Holding AB (publ) proposes that the 2016 Annual General Meeting resolves to adopt the following guidelines for remuneration to Executive Management in Com Hem.

The total amount of remuneration for a person with an Executive Management position in Com Hem shall correspond to market practice and shall be competitive in order to attract, motivate and retain key employees. The aim is to create incentives for Executive Management to execute strategic plans and deliver excellent operating results and to align such persons' interests with the interests of the shareholders.

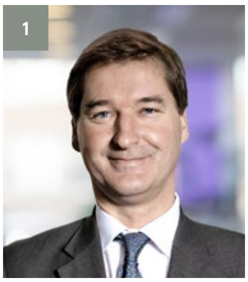
Remuneration of the CEO and other Executive Management shall consist of a fixed salary, short-term incentives (STI) with variable remuneration paid annually in cash which are linked to achievement of financial targets for Com Hem and individual performance targets, and long-term incentives (LTIP) that are share based or share linked, in addition to pension and other customary benefits.

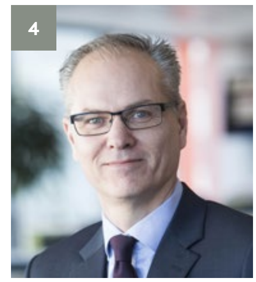
- The fixed salary shall be based on the Executive's respective competence and area of responsibility. The fixed salary shall form the basis for any STI. The fixed salary is to be reviewed annually.
- STIs shall be based on performance in relation to established targets. The targets shall be individual, measurable and linked to Com Hem's financial performance as well as to specific performances (individual targets). The CEO has an annual STI target of 75% of the fixed salary. Provided significant out-performance of the financial targets set in the budget, and of individual targets, and approval by the board of directors, the STI for the CEO can amount to a maximum of 169% of the fixed salary. Other members of Executive Management have an annual STI target of up to 50% of the fixed salary. Provided that the financial targets and the individual targets are significantly out-performed, the STI for other Executive Management may amount to a maximum of 113% of the fixed salary.
- The vesting period for LTIPs shall be at least three years. LTIPs shall always be based on shares or share linked instruments. LTIPs shall ensure a long-term commitment to the development of Com Hem. Any share based LTIP will be subject to shareholder approval before being launched.
- Other benefits may include a company car, health insurance and other customary benefits. Other benefits shall not constitute a significant part of the total remuneration.
- Executive Management shall be offered individual pension plans amounting to a maximum of 30% of the fixed salary or in accordance with ITP (collective agreed pension plans). Subject to approval by the board of directors, Executive Management residing abroad may be offered pension plans paid in cash corresponding to the premium that would otherwise be payable to insurance companies.
- In the event of termination of employment initiated by the company, the notice period for the CEO and other Executive Management shall be maximum 12 months.

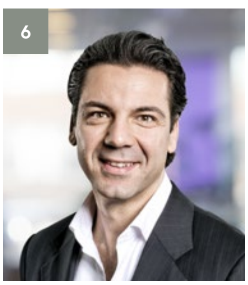
If there are particular grounds for it in a specific case, the Board of Directors may deviate from the guidelines.

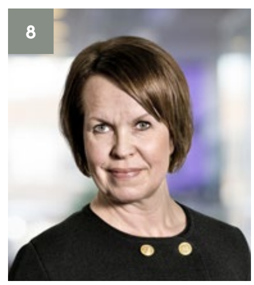
Deviation from the guidelines that were approved at the 2015 Annual General Meeting
Under certain circumstances, the Board may deviate from the guidelines for remuneration to Executive Management that have been approved at the Annual General Meeting. In such instances, the rationale for the deviation must be disclosed at the following Annual General Meeting. In 2015, the Board resolved on a deviation from the guidelines approved at the Annual General Meeting held on 21 May 2015, to approve for the Company's COO, during three months in 2015, to receive a monthly, non-pensionable additional payment, corresponding to his monthly salary level as a result of an ongoing renegotiation of his employment contract.

BOARD OF DIRECTORS









Andrew Barron (1)
Chairman of the Board since May 2014, Board member since 2013.
Bachelor's Degree, MBA
Born: 1965
Principal occupation: Chairman of the Board of Com Hem.
Other assignments: None
Previous positions: COO of Virgin Media and MTG, CEO of Chellomedia, Executive Vice President of Walt Disney Europe and management consultant at McKinsey & Co.
Shareholding[1]: 197,314
Warrants: 2,011,434

Monica Caneman (2)
Board member since 2014.
Master's Degree in Finance
Born: 1954
Principal occupation: Board work.
Other assignments: Chairman of the Board of BIG BAG Group AB, Arion Bank hf, Viva Media Group AB and Bravida Holding AB, and Board member of SAS AB, mySafety Group AB, Intermail AS and Nets AS.
Previous positions: Several leading positions at SEB over a period of 30 years.
Shareholding[1]: –
Warrants: 197,590

Eva Lindqvist (3)
Board member since 2014.
MSc Engineering Physics, MBA
Born: 1958
Principal occupation: Board work
Other assignments: Member of the board of ASSA ABLOY AB (publ), Mycronic AB (publ), SWECO AB (publ), Alimak Hek, Caverion Oy and Bodycote plc. Elected member of the Royal Swedish Academy of Engineering Sciences.
Previous positions: Senior Vice President of TeliaSonera's mobile operations, CEO of TeliaSonera International Carrier and senior positions at Ericsson.
Shareholding[1]: 400
Warrants: 98,794

Anders Nilsson (4)
Board member since 2014.
Law studies
Born: 1967
Principal occupation: CEO of Com Hem since April 2014.
Other assignments: None
Previous positions: Executive Vice President of Commerce and Services at Millicom, 20 years of service at the MTG Group, in such positions as Executive Vice President of Central European Broadcasting, COO of MTG and CEO of MTG Sweden.
Shareholding[1]: 203,469
Warrants: 1,481,920

Joachim Ogland (5)
Board member since 2011.
BSc in Mechanical Engineering, MIT and MBA, Harvard Business School
Born: 1972
Principal occupation: Senior Partner at BC Partners Limited, responsible for the company's Nordic investments for 12 years.
Other assignments: Chairman of the Board of Nipa Holding AS. Board member of Nille Acquisition SA, Nille Finance S.a r.l. and Per Aarskog AS, as well as deputy Board member of Jonas Ogland Holding AS.
Previous positions: European leverage buy-out transactions for Morgan Stanley Capital Partners and management consultant at McKinsey & Co.
Shareholding[1]: –
Warrants: –

Nikos Stathopoulos (6)
Board member since 2011, Chairman of the Board 2011–2014.
Degree in Business Administration, MBA, Harvard Business School
Born:1969
Principal occupation: Managing Partner at BC Partners Limited.
Other assignments: Member of the Executive Committee and the Investment Committee of BC Partners and Chairman of the Board of Gruppo Coin, the Mergermarket Group, Pharmathen, and Cigierre. Vice Chairman of Migros Turk, Board observer for Regency Entertainment and Board member of the Harvard Business School European Advisory, Board member of Trustees for Impetus-Private Equity Foundation and the Board of AUEB. Chairman of the Board of BC Partners Foundation.
Previous positions: Partner at Apax Partners and management consultant at Boston Consulting Group.
Shareholding[1]: –
Warrants: –

Employee representatives

Marianne Bohlin (7)
Ordinary employee representative since 2013.
Born: 1958
Shareholding[1]: 200

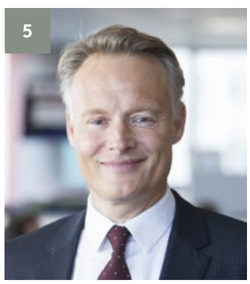
Åsa Borgman (8)
Deputy employee representative since 2014.
Born: 1970
Shareholding[1]: –

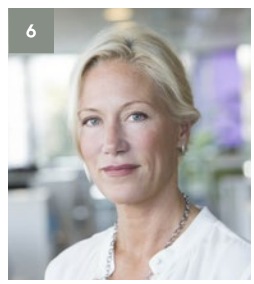
Tomas Kadura (9)
Ordinary employee representative since 2014, deputy 2013–2014.
Born: 1963
Shareholding[1]: 484

Mattias Östlund (10)
Deputy employee representative since 2013.
Born: 1969
Shareholding[1]: –

[1] Own or related legal and/or physical person's shareholding at 31 March 2016.

EXECUTIVE MANAGEMENT





Anders Nilsson (1)
CEO of Com Hem since April 2014.
Law studies
Born: 1967
Other assignments: None
Previous positions: Executive Vice President of Commerce and Services at Millicom, 20 years of service at the MTG Group, in such positions as Executive Vice President of Central European Broadcasting, COO of MTG and CEO of MTG Sweden.
Number of shares[1]**:** 203,469
Warrants: 1,481,920

Elisabeth Hellberg (2)
Director of Human Resources since September 2014.
International Business Administration
Born: 1957
Other assignments: None
Previous positions: Senior Vice President Human Resources at Swedish Match and Head of HR & Recruitment at Modern Times Group MTG.
Number of shares[1]**:** 2,000
Warrants: –

Jon James (3)
Chief Operating Officer since February 2014.
Bachelor's Degree in Economics and History
Born: 1969
Other assignments: Board member of CTAM Europe
Previous positions: Executive Director, Broadband and TV at Virgin Media, Group Strategy Director at Virgin Media, and Commercial Director at Flextech & UKTV.
Number of shares[1]**:** 184,521
Warrants: 592,768

Mikael Larsson (4)
CFO since May 2015
MBA, Uppsala University
Born: 1968
Other assignments: Board member of Transcom WorldWide AB
Previous positions: CFO of Investment AB Kinnevik 2001-2015, Group Controller at Thomas Cook Northern Europe and audit and transaction advisory services at Arthur Andersen.
Number of shares[1]**:** 35,000
Warrants: –

Tobias Lennér (5)
CEO of Phonera Företag since November 2015 (Interim CEO since May 2015)
Bachelor of Arts
Born: 1968
Other assignments: None
Previous positions: CEO of Phone House Sweden, CEO of SF Sverige and Head of Halebop, a business unit of TeliaSonera AB.
Number of shares[1]**:** 2,560
Warrants: –

Petra von Rohr (6)
Director of IR and Corporate Communications since March 2015.
Master's Degree in Economics, Stockholm School of Economics
Born: 1972
Other assignments: Board member of Novare
Previous positions: Partner at Kreab, CEO of Remium, Head of Swedish operations for Burson-Marsteller and equity analyst at Cazenove & Co.
Number of shares[1]**:** 2,240
Warrants: –

[1] Own or related legal and/or physical person's shareholding at 31 March 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Control environment

Com Hem's internal control structure is based on a clear division of responsibilities between the Board of Directors and the CEO, and the bodies established by the Board, such as the Audit Committee. The Board's rules of procedure, which include instructions for the CEO and instructions for financial reporting, are updated and adopted annually by the Board, and specify the documents and the financial information to be presented to the Board and the committees for each ordinary meeting. The CEO is responsible for ensuring that the Board receives the reports that are required for the Board to assess the financial position of the company and the Group. This information includes a presentation and analyses of earnings growth, cash flow and financial position, as well as the budget and forecasts, and ongoing monitoring against these. Reports on the outcome of completed internal controls are submitted regularly to the Board, and the Board remains informed about measures related to internal control by, for example, meetings with the company's auditors. The Audit Committee is tasked with monitoring and assuring the quality of the company's financial reporting. The work focuses on assessing the effectiveness of the company's internal control and evaluating estimates and carrying amounts that may affect the quality of reporting. The Audit Committee remains informed about the reviews of interim reports, annual accounts and consolidated financial statements through the regular attendance of the company's auditors at Audit Committee meetings. Com Hem's CFO and Group Accounting Manager attend Audit Committee meetings, and Audit Committee members also maintain regular contact with these executives.

The control environment provides the basis for internal control and consists of the values and ethics that are communicated and incorporated by the Board, CEO and management, including a number of company-wide instructions, policies and guidelines. These include the Board's rules of procedure, the company's Code of Conduct, anti-corruption policy, whistleblower policy, guidelines for gifts, entertainment and hospitality, financial policy, authorisation policy and financial manual. These instructions and policies are updated regularly and communicated to the relevant employees.

The Code of Conduct outlines the company's overall values, which represent a long-term commitment and shared platform linked to the company's mission and strategies, which guide the employees in their daily routines.

Risk assessment

The risk assessment of financial reporting aims to identify and evaluate material risks affecting internal control over financial reporting. To minimise these risks, a governance framework has been established for reporting, procedures and detailed schedules for monthly and year-end closing and forecasts. Com Hem's Board and management continually assess reporting from a risk perspective. In addition to assessing risks in financial reporting, the Board and management work to continually identify and manage material risks affecting Com Hem's operations from an operational and financial perspective.

The most significant risks are described in the 'Risks and risk management' section on page 33, and in Note 24.

Control activities and monitoring

Control activities are designed to detect and prevent errors in financial reporting. These activities limit the risks identified and ensure accurate and reliable financial reporting. These include the monitoring of budget deviations, earnings trends and key ratios, account reconciliation, checklists, reviews of IT system logs, approval of business transactions and clear procedures for important decisions such as investments and the entering into agreements.

Information and communication

One important component of internal control is the disclosure of information at all levels of the Group, and with relevant external stakeholders. Pertinent policies, guidelines and principles for accounting are available to all relevant employees, to ensure complete, accurate and timely financial reporting. Information about, and changes to accounting policies and reporting and information disclosure requirements are regularly communicated to the relevant employees. To ensure that the external information disclosure is accurate, complete and meets the requirements imposed on listed companies, the company has a communication policy outlining how, by whom and the manner in which external information is to be communicated. All communication should comply with Nasdaq Stockholm's Rule Book for Issuers and be communicated in a fair, open and transparent manner.

Evaluation of need for special audit function

The Board has decided not to establish a special audit function in the form of an internal audit within Com Hem. The company's CFO and the Group accounting function are jointly responsible for monitoring and evaluating the effectiveness of the company's risk management and internal control system, and performing internal audits either in-house or by engaging external expertise. The Finance Department continuously monitors compliance with the company's governance model, reporting principles and policies. The Finance Department also conducts regular analyses of Com Hem's financial reporting and financial results in order to assure quality and to identify areas for improvement and development. The effectiveness of internal controls performed by the Finance Department, Executive Management and the business managers is deemed sufficient in light of the existing Group structure and the fact that Com Hem only operates in Sweden, and that the Finance Department is centered at the head office in Stockholm.

Activities in 2015

In 2015, the company focused on further development of its internal control systems and on the preparation, and updates to existing, Group-wide policies. An internal control unit has been established within the Group accounting function, tasked with performing continuous reviews of relevant areas within the organisation to ensure effective management and control, and compliance with regulations and policies. Both internally performed and externally procured audits have been conducted in a number of areas, and reported to management and the Audit Committee. Group-wide policies have been prepared and implemented including a Code of Conduct, whistleblower policy and guidelines for gifts, entertainment and hospitality. The Purchasing and Approval policies, as well as related procedures, were updated in connection with a review of the purchasing function.

CONSOLIDATED INCOME STATEMENT

1 January–31 December, SEK thousand	Note	2015	2014
Total revenue	2	5,000,059	4,761,322
Cost of services sold		–2,464,166	–2,315,394
Gross profit		**2,535,893**	**2,445,928**
Selling expenses		–1,515,694	–1,490,960
Administrative expenses		–295,031	–263,525
Other operating income	4	18,513	11,848
Other operating expenses	5	–19,460	–137,677
Operating profit	6, 7, 8, 24, 25	**724,221**	**565,614**
FINANCIAL INCOME AND EXPENSES			
Financial income		92,049	171,236
Financial expenses		–697,539	–2,253,361
Net financial income and expenses	9	**–605,490**	**–2,082,125**
Result after financial items		**118,731**	**–1,516,511**
Income taxes	10	–26,833	465,316
Net result for the year		**91,898**	**–1,051,195**
EARNINGS PER SHARE	32		
Basic earnings per share (SEK)		0.45	–6.67
Diluted earnings per share (SEK)		0.45	–6.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 January–31 December, SEK thousand	2015	2014
Net result for the year	**91,898**	**-1,051,195**
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to net profit or loss		
Revaluation of defined-benefit pension obligations	74,723	-109,805
Tax on items that will not be reclassified to profit or loss	-16,439	24,157
Other comprehensive income for the year, net of tax	**58,284**	**-85,648**
Comprehensive income for the year	**150,182**	**-1,136,843**

COM HEM

CONSOLIDATED BALANCE SHEET

SEK thousand	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Intangible assets	11	15,451,492	16,040,970
Property, plant and equipment	12	1,530,901	1,505,033
Financial assets	13, 23	83	39,281
Total non-current assets		**16,982,476**	**17,585,284**
Current assets			
Inventories	14	45,129	38,793
Trade receivables	15, 23	121,257	134,035
Prepaid expenses and accrued income	16, 23	162,765	211,404
Other receivables	23	22,754	33,765
Cash and cash equivalents	17, 23, 24	743,411	716,405
Total current assets		**1,095,316**	**1,134,402**
Total assets		**18,077,792**	**18,719,686**
EQUITY AND LIABILITIES			
Equity	18		
Share capital		213,339	207,530
Other paid-in capital		9,181,789	10,167,052
Retained earnings incl. net result for the year		–2,991,884	–3,142,066
Total equity		**6,403,244**	**7,232,516**
Non-current liabilities			
Non-current interest-bearing liabilities	19, 23, 24	9,150,677	9,391,400
Pension provisions	20	173,193	233,822
Other provisions		3,200	2,398
Deferred tax liabilities	10	234,307	189,860
Total non-current liabilities		**9,561,377**	**9,817,480**
Current liabilities			
Current interest-bearing liabilities	19, 23, 24	528,091	29,927
Trade payables	23	476,676	486,228
Other current liabilities	21, 23	111,839	91,458
Accrued expenses and prepaid income	22, 23	996,565	1,062,077
Total current liabilities		**2,113,171**	**1,669,690**
Total equity and liabilities		**18,077,792**	**18,719,686**

For information about the Group's pledged assets and contingent liabilities, see Note 27.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to Parent Company shareholders

SEK thousand	Share capital	Other paid-in capital	Retained earnings incl. net result for the year	Total equity
Opening equity, 1 Jan 2015	**207,530**	**10,167,052**	**–3,142,066**	**7,232,516**
Bonus issue	6,695	–6,695	–	–
COMPREHENSIVE INCOME FOR THE YEAR				
Net result for the year	–	–	91,898	91,898
Other comprehensive income for the year	–	–	58,284	58,284
Comprehensive income for the year	**–**	**–**	**150,182**	**150,182**
Contributions from and value transfers to owners				
Redemption of shares	–886	–64,251	–	–65,137
Repurchase of shares and warrants	–	–713,307	–	–713,307
Issue expenses, net after tax	–	4,151	–	4,151
Dividend	–	–206,643	–	–206,643
Share-based remuneration	–	1,482	–	1,482
Total transactions with Group's owners	**–886**	**–978,568**	**–**	**–979,454**
Closing equity, 31 Dec 2015	**213,339**	**9,181,789**	**–2,991,884**	**6,403,244**

SEK thousand	Share capital	Other paid-in capital	Retained earnings incl. net result for the year	Total equity
Opening equity, 1 Jan 2014	**42,172**	**4,174,658**	**–2,005,223**	**2,211,607**
Bonus issue	57,841	–57,841	–	–
COMPREHENSIVE INCOME FOR THE YEAR				
Net result for the year	–	–	–1,051,195	–1,051,195
Other comprehensive income for the year	–	–	–85,648	–85,648
Comprehensive income for the year	**–**	**–**	**–1,136,843**	**–1,136,843**
Contributions from and value transfers to owners				
New share issue, net of transaction expenses	107,553	6,045,174	–	6,152,727
Premium received from issue of warrants	–	9,848	–	9,848
Redemption of shares	–36	–4,787	–	–4,823
Total transactions with Group's owners	**107,517**	**6,050,235**	**–**	**6,157,752**
Closing equity, 31 Dec 2014	**207,530**	**10,167,052**	**–3,142,066**	**7,232,516**

Proceeds from the new share issue are recognised net of share issue expenses of SEK 86,432 thousand after tax.

CONSOLIDATED STATEMENT OF CASH FLOWS

1 January–31 December, SEK thousand	Note	2015	2014
Operating activities			
Result after financial items		118,731	–1,516,511
Adjustment for items not included in cash flow	33	1,551,381	1,875,828
Cash flow from operating activities before changes in working capital	33	**1,670,112**	**359,317**
Change in working capital			
Increase(–)/decrease(+) in inventories		–6,337	–4,594
Increase(–)/decrease(+) in current receivables		72,404	–67,964
Increase(+)/decrease(–) in current liabilities		34,300	–60,094
Cash flow from operating activities		**1,770,479**	**226,665**
Investing activities			
Acquisition of subsidiaries	3	–	–301,584
Divestment of subsidiaries	3	4	–34
Acquisition of non-current intangible assets		–381,471	–428,376
Acquisition of property, plant and equipment		–594,155	–594,140
Repayment of loans from Group companies		–	6,320
Cash flow from investing activities		**–975,622**	**–1,317,814**
Financing activities			
New share issue		–	6,239,159
Share issue expenses		–22,458	–81,679
Repurchase of shares and warrants		–703,345	–
Redemption of shares		–65,137	–4,823
Issue of warrants		–	9,848
Dividend		–206,643	–
Borrowings		2,000,000	8,575,000
Amortisation of borrowings		–1,749,269	–13,944,541
Payment of borrowing costs, including discounts		–20,999	–107,642
Cash flow from financing activities		**–767,851**	**685,322**
Net change in cash and cash equivalents		**27,006**	**–405,827**
Cash and cash equivalents at beginning of year		**716,405**	**1,122,232**
Cash and cash equivalents at year-end		**743,411**	**716,405**

PARENT COMPANY INCOME STATEMENT

1 January–31 December, SEK thousand	Note	2015	2014
Total revenue	2	13,240	7,943
Administrative expenses		–39,552	–15,116
Other operating income		684	10
Other operating expenses	5	4,878	–99,563
Operating profit/loss	6, 7, 8, 24	**–20,750**	**–106,726**
INCOME FROM FINANCIAL ITEMS			
Result from participations in Group companies		–250,420	–1,863,100
Interest income and similar items		747,665	896,528
Interest expense and similar items		–136,590	–406,339
Net financial income and expenses	9, 24, 28	**360,655**	**–1,372,911**
Result after financial items		**339,905**	**–1,479,637**
Income taxes	10	3,743	–2,282
Net result for the year		**343,648**	**–1,481,919**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

1 January–31 December, SEK thousand	2015	2014
Net result for the year	**343,648**	**–1,481,919**
OTHER COMPREHENSIVE INCOME		
Items reclassified or that can be reclassified to profit or loss	–	–
Items that will not be reclassified to profit or loss	–	–
Other comprehensive income for the year, net of tax	–	–
Comprehensive income for the year	**343,648**	**–1,481,919**

PARENT COMPANY BALANCE SHEET

SEK thousand	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Participations in Group companies	29	2,897,042	2,895,745
Receivables from Group companies	13, 23, 28	6,873,517	6,501,375
Non-current financial assets		860	344
Deferred tax assets	10	24,667	22,096
Total non-current assets		**9,796,086**	**9,419,560**
Current assets			
Receivables from Group companies	23, 28	2,508	3,354
Prepaid expenses	16	1,459	458
Other receivables	23	304	4,275
Cash and bank balances	23, 24	30,090	130,376
Total current assets		**34,361**	**138,463**
Total assets		**9,830,447**	**9,558,023**
EQUITY AND LIABILITIES			
Equity	18		
Restricted equity			
Share capital (206,643,376 shares)		213,339	207,530
Unrestricted equity			
Share premium reserve		7,700,604	10,167,052
Retained earnings		1,482	0
Net result for the year		343,648	-1,481,919
Total equity		**8,259,073**	**8,892,663**
Provisions			
Other provisions		1,140	434
Total other provisions		**1,140**	**434**
Non-current liabilities			
Non-current liabilities to Group companies	19, 23, 28	941,575	228,044
Total non-current liabilities		**941,575**	**228,044**
Current liabilities			
Trade payables	23	3,175	34,277
Liabilities to Group companies	23, 28	607,420	375,351
Other current liabilities	23	10,511	333
Accrued expenses	22, 23	7,553	26,922
Total current liabilities		**628,659**	**436,883**
Total equity and liabilities		**9,830,447**	**9,558,023**
Pledged assets and contingent liabilities	27		
Pledged assets		860	344
Contingent liabilities		3,770	3,589

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity	Unrestricted equity		Total
SEK thousand	Share capital	Share premium reserve	Retained earnings incl. net result for the year	Equity
Opening equity, 1 Jan 2015	**207,530**	**10,167,052**	**–1,481,919**	**8,892,663**
Bonus issue	6,695	–6,695	–	–
Appropriation of profits	–	–1,688,562	1,688,562	–
COMPREHENSIVE INCOME FOR THE YEAR				
Net result for the year	–	–	343,648	343,648
Other comprehensive income for the year	–	–	–	–
Comprehensive income for the year	**–**	**–**	**343,648**	**343,648**
Contributions from and value transfers to owners				
Redemption of shares	–886	–64,251	–	–65,137
Repurchase of shares	–	–711,091	–	–711,091
Issue expenses, net after tax	–	4,151	–	4,151
Dividend	–	–	–206,643	–206,643
Share-based remuneration	–	–	1,482	1,482
Total transactions with Group's owners	**–886**	**–771,190**	**–205,161**	**–977,238**
Closing equity, 31 Dec 2015	**213,339**	**7,700,604**	**345,130**	**8,259,073**

	Restricted equity	Unrestricted equity		Total
SEK thousand	Share capital	Share premium reserve	Retained earnings incl. net result for the year	Equity
Opening equity, 1 Jan 2014	**42,172**	**4,174,658**	**0**	**4,216,830**
Bonus issue	57,841	–57,841	–	–
COMPREHENSIVE INCOME FOR THE YEAR				
Net result for the year	–	–	–1,481,919	–1,481,919
Other comprehensive income for the year	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–1,481,919**	**–1,481,919**
Contributions from and value transfers to owners				
New share issue, net of transaction expenses	107,553	6,045,174	–	6,152,727
Premium received from issue of warrants	–	9,848	–	9,848
Redemption of shares	–36	–4,787	–	–4,823
Total transactions with Group's owners	**107,517**	**6,050,235**	**–**	**6,157,752**
Closing equity, 31 Dec 2014	**207,530**	**10,167,052**	**–1,481,919**	**8,892,663**

Proceeds from the new share issue are recognised net of share issue expenses of SEK 86,432 thousand after tax.

PARENT COMPANY CASH FLOW STATEMENT

1 January–31 December, SEK thousand	Note	2015	2014
Operating activities			
Result after financial items		339,905	–1,479,637
Adjustment for items not included in cash flow	33	–3,423	1,376,324
Cash flow from operating activities before changes in working capital	33	**336,482**	**–103,313**
Change in working capital			
Increase(–)/decrease(+) in current receivables		3,817	–7,753
Increase(+)/decrease(–) in current liabilities		–24,702	33,413
Cash flow from operating activities		**315,597**	**–77,653**
Investing activities			
Acquisition of non-current financial assets		–516	–344
Shareholders' contributions paid		–	–5,954,325
Cash flow from investing activities		**–516**	**–5,954,669**
Financing activities			
New share issue		–	6,239,159
Share issue expenses		–22,458	–81,679
Repurchase of shares		–701,129	–
Redemption of shares		–65,137	–4,823
Issue of warrants		–	9,848
Dividend		–206,643	–
Borrowings from Group companies		580,000	–
Cash flow from financing activities		**–415,367**	**6,162,505**
Net change in cash and cash equivalents		**–100,286**	**130,183**
Cash and cash equivalents at beginning of year		**130,376**	**118**
Cash and cash equivalents received upon merger		–	75
Cash and cash equivalents at year-end		**30,090**	**130,376**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING POLICIES

COMPLIANCE WITH STANDARDS AND LEGISLATION

The Consolidated Accounts have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and interpretations from the IFRS Interpretations Committee as endorsed by the EU. Additionally, the Swedish Financial Reporting Board's (RFR) standard *RFR 1 Supplementary Accounting Rules for Groups* has been applied.

The Parent Company applies the same accounting principles as the Group except in the cases stated in the "Parent Company accounting policies" section below. The differences between the policies applied by the Parent Company and those applied by the Group are due to restrictions in the Parent Company's ability to apply IFRS as a consequence of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act, and taking account of the link between accounting and taxation.

These annual accounts and consolidated accounts were authorised for issue by the Board of Directors and CEO on 8 April 2016. The consolidated statement of comprehensive income and other comprehensive income and statement of financial position, and the Parent Company's income statement and balance sheet are subject to the approval of the AGM on 19 May 2016.

ASSUMPTIONS IN PREPARING THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

The Parent Company's functional currency is the Swedish krona (SEK), which is also the presentation currency of the Parent Company and the Group. This means that the financial statements are presented in SEK. Unless otherwise stated, all amounts are rounded to the nearest thousand. Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments at fair value through profit and loss.

ESTIMATES AND JUDGMENTS IN THE FINANCIAL STATEMENTS

Preparing the financial statements in accordance with IFRS requires management to make estimates and judgments, and assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and various other factors considered reasonable under current circumstances. The result of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities that are not otherwise clearly evident from other sources. Actual results may differ from these estimates and judgments.

Estimates and assumptions are reviewed on a periodic basis. Changes in estimates are recognised in the accounts for the period in which the change is made if the change only affects that period, or in the period the change is made and in later periods if the change affects current and future periods.

The Group's accounting policies have been consistently applied to all periods presented in these financial statements and when consolidating the Parent Company and subsidiaries.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates that may cause material adjustments to the financial statements of the ensuing year are described below.

Impairment testing of goodwill

In accordance with IFRS, goodwill is not amortised but instead tested for impairment annually or when there is an indication of impairment. This is done by determining the recoverable amounts of cash-generating units to which goodwill is allocated by calculating the value in use. When calculating value in use, future cash flows are discounted, which includes assumptions of future circumstances. The test for the financial year showed no indication of impairment since the calculated recoverable amount exceeded the total carrying amount at the end of 2015. In the opinion of Management and the Board, no reasonably possible changes to one of the relevant key assumptions listed would reduce the recoverable amount to a value that is lower than the carrying amount. A more detailed account is given in Note 11, which also states a carrying amount for goodwill of SEK 10,899m.

CHANGES IN ACCOUNTING POLICIES DUE TO NEW OR AMENDED IFRS

New and revised standards and interpretative statements applicable from 1 January 2015, have not resulted in any material effects on the financial statements.

NEW AND AMENDED IFRS NOT YET APPLIED

A number of new or amended IFRS will take effect in the coming financial year and have not been applied in advance when preparing these financial statements. No early application is planned for new or amended standards with future application.

IFRS 9 Financial instruments will replace IAS 39 Financial instruments: Recognition and measurement. Through IFRS 9, the IASB has introduced a package of changes for the recognition of financial instruments. The package contains new requirements for the classification and measurement of financial instruments, a forward-looking "expected loss" impairment model and a revised approach to hedge accounting. IFRS 9 will take effect on 1 January 2018 and earlier application is permitted pending EU endorsement of the standard. The EU plans to approve the standard during the second half of 2016.

The categories of financial assets in IAS 39 are replaced by three categories, where measurement is at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification between the three categories is based on the entity's business model for the various holdings and nature of the cash flows generated by the assets. The fair value option can be exercised for debt instruments where this would eliminate or substantially reduce an accounting mismatch. For equity instruments, the starting point for measurement is at fair value through profit or loss with an option to instead recognise value changes that are not held for trading in other comprehensive income.

The majority of those aspects concerning financial liabilities correspond with most of the earlier rules in IAS 39, except with regard to financial liabilities that are voluntarily measured at fair value according to the "Fair Value Option." For these liabilities, the change in value should be divided between changes attributable to the company's own creditworthiness, and changes in the reference rate, respectively.

The new impairment model will require allowance for expected credit losses over the next 12 months at initial recognition, and if the credit risk rises substantially, the impairment amount is to correspond to the expected credit losses over the remaining term. The new rules on hedge accounting entail, among other things, simplification of effectiveness testing and an extension of permitted hedging instruments and hedged items. The effect of the introduction of IFRS 9 has not yet been determined.

IFRS 15 Revenue from Contracts with Customers. The aim of a new revenue standard is to have a single principle-based standard for all sectors to replace existing standards and opinions on revenue. Sectors considered to be most affected include companies in the telecom industry. However, all companies will be affected by the new, significantly extended disclosure requirements. There are three alternative methods for the transition: fully retrospective, partially retrospective (including alleviation rules) and a "cumulative effect" approach, whereby equity will be adjusted at 1 January 2018 for current contracts under the old regulations (IAS 11/IAS 18). IFRS 15 becomes effective in 2018 and earlier application is permitted pending EU endorsement of the standard, which is expected in the second quarter of 2016. IFRS 15 will replace all earlier standards and interpretations pertaining to revenue recognition. IFRS 15 uses a five-stage model for revenue recognition that entails a revenue being recognised when the obligation to supply the goods or services promised has been fulfilled; in stage one, the contract is identified; in stage two, the various obligations under the contract are identified; in stage three, the transaction price is established; in stage four, the transaction price is allocated to the various obligations; and finally in stage five, the revenue is recognised when the respective obligation has been fulfilled. The effect of the introduction of IFRS 15 has not yet been determined.

IFRS 16 Leases. New standard for the recognition of leases. For lessees, the classification according to IAS 17 into operating and finance leases will be replaced by a model requiring the assets and liabilities for all leases to be recognised in the balance sheet. Leases with a low value, or a lease term of 12 months or less, are exempted. In the income statement, depreciation and amortisation are recognised separately from interest expense attributable to the lease liability. No major changes are expected for lessors. With the exception of additional disclosure requirements, the rules in IAS 17 will effectively be maintained. IFRS 16 will apply to financial years commencing 1 January 2019 or later. Earlier application is permitted provided that IFRS 15 is also applied from the same time. The EU endorsement date has not yet been announced. The effect of the introduction of IFRS 16 has not yet been determined.

Other published standards with effect from 2016 or later are not expected to have any significant impact on the Group's accounts, with the exception of extended disclosure requirements.

OPERATING SEGMENT

In IFRS 8, Operating Segments, an operating segment is defined as part of a company that conducts business operations and that can generate revenues and expenses; whose operating income is regularly reviewed by the company's highest executive decision-maker as the basis for decision on the allocation of resources and evaluation of earnings and for which stand-alone financial data is available.

The operations of the Group are integrated and constitute a single operating segment that offers bundled services to Consumers (digital television, broadband and fixed telephony), B2B (broadband and telephony) and Landlord (basic television service), in a single market, Sweden. This operating segment also forms the basis for the Group's management structure and structure for internal reporting, which is controlled by the Group's CEO, who has been identified as its chief operating decision-maker. The Group's services offering (digital television, broadband and fixed telephony) can be purchased separately or on a packaged basis. The infrastructure that is the basis for enabling delivery of services to customers is the same for all services. Expenses for distribution (fibre, ducting, etc.) and for operation and servicing of the services are collective. Customers connect to services through a single point in their home.

Performances and the business' earnings are evaluated based on a number of established key ratios, of which the principal key ratios in the income statement are total revenue, operating profit/loss (EBIT) and Underlying EBITDA (EBITDA before disposals excluding non-recurring items and operating currency gains/losses).

The Group has assessed that there is only one operating segment, based on the following assumptions:

- The chief operating decision-maker makes decisions based on the financial earnings of the Group as a unit.
- The Group only operates in one geographic market, Sweden.
- The Group has an integrated infrastructure for all services, and investments are not allocated to the different services.

CLASSIFICATIONS, ETC.

The Group's and the Parent Company's non-current assets and long-term liabilities primarily comprise amounts that are expected to be recovered or settled subsequent to 12 months from the reporting date. The Group's and the Parent Company's current assets and short-term liabilities primarily comprise amounts expected to be recovered or settled within 12 months of the reporting date.

CONSOLIDATION POLICIES AND BUSINESS COMBINATIONS

Subsidiaries

Subsidiaries are companies over which Com Hem Holding AB has a controlling influence. Controlling influence exists if Com Hem Holding AB has control over an investment object, is exposed or entitled to variable returns on its involvement and can exercise its control of the investment to influence the size of return. In determining whether one company has control over another, potential shares with an entitlement to vote and whether de facto control exists are taken into account. Subsidiaries are recognised in accordance with the acquisition method. The method entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The fair value of acquired identifiable assets and liabilities assumed and any identified non-controlling interests as of the acquisition date are determined in the acquisition analysis. Transaction expenses, except for those related to the associated issue of equity instruments or debt instruments, are recognised directly in profit or loss for the year.

For business combinations in which payment is transferred, if any non-controlling interests and fair value of previously owned participations (in the event of step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. When the difference is negative, what is known as a bargain purchase, this is recognised directly in profit or loss for the year.

Payments made in conjunction with the acquisition do not include payments relating to the settlement of previous business relationships. This type of settlement is recognised in profit or loss. A subsidiary's financial statements are consolidated from the acquisition date until the date that control ceases.

Transactions eliminated on consolidation

Intragroup receivables, liabilities, income and expenses and unrealised gains or losses arising from intragroup transactions between Group companies are eliminated when the consolidated financial statements are prepared.

FOREIGN CURRENCY

Transactions denominated in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Functional currency is the currency in the primary economic environments in which the company operates. Foreign currency monetary assets and liabilities are translated into the functional currency at the respective exchange rate applicable at the reporting date. Exchange rate differences arising from these translations are recognised in profit or loss for the year. Non-monetary assets and liabilities stated at historical acquisition cost are translated at the exchange rate applicable at the time of transaction. Exchange rate differences arising from these translations are recognised in profit or loss. Exchange rate differences on operating receivables and liabilities are included in operating income and differences in financial receivables and liabilities are included in financial items. The Group uses currency forward contracts to reduce its exposure to fluctuations in various exchange rates. Currency forward contracts are recorded at fair value at the reporting date.

REVENUE

Revenue is recognised when it is likely that future economic benefits will flow to the company, and these benefits can be reliably measured. Revenue only includes the gross inflows of economic benefits received or receivable by the company on its own account.

The company's total revenue consists primarily of services to Consumers (digital TV, broadband and fixed telephony), B2B (broadband and telephony) and Landlord (basic television services). Billing of consumers and business customers mainly takes place monthly in advance. Revenue from landlords relating to periodic charges for basic television services are invoiced largely quarterly in advance and recognised as they are utilised.

Start-up fees, activation fees and other one-time fees are recognised at the time of sale when the fee relates to costs incurred when a customer signs an agreement. If one-time fees exceed the costs incurred when a customer signs an agreement, the excess amount is distributed over the duration of the subscription.

Revenue is recognised at the fair value of the consideration received or receivable, net of any discounts given.

OPERATING COSTS

Operating expenses

Operating expenses are classified according to function, as described below. Depreciation, amortisation and personnel costs are stated by function.

Cost of services sold

Cost of services sold refer to broadcaster costs, costs for fibre and ducting, call charges for telephony, internet capacity, maintenance and service and other cost of services sold. Personnel costs related to field service and other parts of the organisation are also included. Cost of services sold includes depreciation and amortisation of non-current assets.

Selling expenses

Selling expenses relate to costs for sales, products and marketing. This cost structure includes costs for customer service, advertising, telemarketing, sales commissions, bad debt losses and other sales-related costs. Personnel costs pertaining to sales, products and marketing are included in selling expenses. Selling expenses include depreciation and amortisation of non-current assets.

Administrative expenses
Administrative expenses refer to costs for such support functions as purchasing, accounting and other joint support functions as well as costs for leased office space. Administrative expenses include depreciation and amortisation of non-current assets.

OTHER OPERATING INCOME
Other operating income includes exchange rate gains and recovered, previously written-off bad debt losses.

OTHER OPERATING COSTS
Other operating costs include exchange rate losses, losses on the sale of subsidiaries, intangible assets and property, plant and equipment, and transaction expenses in conjunction with business combinations.

LEASING
Operating leases
Expenses for operating leases are recognised in profit or loss for the year on a straight-line basis over the lease term. Benefits received in conjunction with signing an agreement are recognised in profit or loss for the year as a reduction in lease payments on a straight-line basis over the term of the lease. Variable expenses are expensed in the periods they arise.

Finance leases
Minimum lease payments are allocated between interest expense and repayment of the outstanding liability. Interest expenses are allocated over the lease term so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised in the relevant period. Variable expenses are expensed in the periods they arise.

FINANCIAL INCOME AND EXPENSES
Financial income and expenses comprise interest income on bank balances and receivables, dividend income, exchange rate differences, interest expenses on borrowings, unrealised and realised gains and losses on derivative instruments used in financing activities.

Interest income on receivables, and interest expenses on liabilities are calculated using the effective interest method. The effective interest rate is the rate at which the present value of all estimated future receipts and payments during the anticipated fixed-interest period is equal to the carrying amount of the receivable or liability. Interest income includes allocated amounts of transaction expenses and any discounts, premiums and other differences between the original value of the receivable and the amount received at maturity. Interest expense includes allocated amounts of issue expenses and similar direct transaction expenses to raise borrowings.

FINANCIAL INSTRUMENTS
Financial instruments recognised in the balance sheet include cash and cash equivalents, trade receivables, loans receivable and derivatives on the asset side. The liabilities side includes trade payables, borrowings and derivatives. Financial instruments that are not derivatives are initially recognised at cost corresponding to the fair value of the instrument plus transaction costs for all financial instruments, except those in the category of financial assets and liabilities at fair value through profit or loss, which are measured at fair value excluding transaction costs. The classification of a financial instrument determines how it is measured after initial recognition as described below.

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the company has performed and a contractual obligation exists for the counterparty to pay, even if the invoice has not been sent. Trade receivables are recognised in the balance sheet when an invoice is sent. Liabilities are recognised when the counterparty has performed under the agreement and the company is contractually obliged to settle the obligation, even if the invoice has not yet been received. Trade payables are recognised when an invoice is received.

A financial asset is derecognised when the contracted rights are realised, expire, or when control of the contractual rights is lost. This also applies to a portion of a financial asset. A financial liability is derecognised when the contracted commitment is discharged, or otherwise expires. This also applies to a portion of a financial liability.

A financial asset and a financial liability are offset and recognised at a net amount in the balance sheet only when there is a legal right to offset the amount and there is an intention to settle the items with a net amount or simultaneously realise the asset and settle the liability.

Acquisitions and divestments of financial assets are recognised on the transaction date, which is the date the company undertakes to purchase or sell the asset.

The company evaluates whether there are objective indications that a financial asset or group of financial assets is impaired at each reporting date.

For measurement purposes, financial instruments are allocated to categories pursuant to IAS 39. The category an asset or liability belongs to depends on the purpose of the holding and is determined on initial recognition.

The categories are as follows:
Financial assets at fair value through profit or loss
This category comprises two sub-groups: held-for-trading financial assets and other financial assets that the company has initially chosen to classify in this category (according to the Fair Value Option). Financial instruments in this category are measured at fair value on an ongoing basis, with any changes in value recognised in profit or loss. Derivatives with positive fair value are included in the first sub-group.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. The receivables arise when the company supplies funds, goods and services directly to the borrower without the intention of trading in the claim. This category also includes acquired receivables. Assets in this category are measured at amortised cost. Amortised cost is determined using the effective interest rate calculated on the date of acquisition. Trade receivables are recognised at the amount expected to be received, which is after deduction for doubtful debt.

Financial liabilities at fair value through profit or loss
This category consists of two sub-categories, financial liabilities held for trading, and other financial liabilities that the company has chosen to recognise in this category (the Fair Value Option). For further information see above under "Financial assets at fair value through profit or loss." Derivatives with negative fair value are included in the first category. Changes in fair value are recognised in net result for the year.

Other financial liabilities
Financial liabilities not held for trading are measured at amortised cost. Amortised cost is determined using the effective interest rate calculated when the liability was assumed. This means that surplus and deficit values as well as other direct issue costs are allocated over the term of the liability.

Cash and cash equivalents
Cash and cash equivalents consist of cash funds and immediately available balances with banks and corresponding institutions.

Derivatives
Derivative instruments comprise forward contracts and swaps utilised to hedge risks of exchange rate fluctuations, and of exposure to interest-rate risk. Terms embedded in other contracts are also derivatives. Embedded derivatives should be recognised separately unless they are closely related to the host contract.

Derivative instruments are initially recognised at fair value, meaning that transaction expenses are charged to net profit for the period. After initial recognition, derivative instruments are accounted for as described below. Hedge accounting is not applied. Increases or decreases in the value of derivatives are recognised as income or expenses in operating income or in net financial income and expenses based on the purpose of the use of the derivative instrument and whether such use relates to an operating item or a financial item. When using interest-rate swaps, the interest coupon is recognised as an interest expense and other changes in value of the interest-rate swap are recognised as financial income or financial expense.

Foreign currency receivables and liabilities
Currency forward contracts are used to hedge assets or liabilities against exchange-rate risk. The hedged item is recognised at the price on the reporting date and the hedging instrument is measured at fair value, with changes in value recognised in profit or loss for the year as exchange-rate differences. Changes in value of derivatives related to trade receivables and liabilities are recognised in operating income, while changes in value of derivatives related to financial receivables and liabilities are recognised in net financial income and expenses.

Impairment of financial assets
At each reporting date, the company evaluates whether there is objective evidence that a financial asset or group of assets is impaired. Objective evidence consists of observable circumstances that have occurred and have a negative impact on the prospects of recovering the cost.

The recoverable value of assets in the loans and receivables categories, which are recognised at amortised cost, is calculated as the present value of future cash flows discounted by the effective interest rate that applied on the asset's initial recognition. Assets with a short maturity are not discounted. Impairment losses are recognised as an expense in profit or loss for the year. Trade receivables are classified as doubtful from a collective assessment based on age and potential recovery attempts via debt collection agencies.

Reversal of impairment
Impairment losses for loans and receivables that are measured at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment loss was recognised.

INTANGIBLE ASSETS
Intangible assets are recognised only when the asset is identifiable, there is control over the asset and it is expected to generate future economic benefits.

Goodwill
Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

Acquisition costs for subscriptions
Acquisition costs for subscriptions are recognised as intangible assets, and consist of sales commissions and reseller subsidies for set-top boxes that arise in conjunction with a customer entering a fixed-term agreement. The condition is that the commission or subsidy can be linked to an individual customer agreement.

Other intangible assets
Other intangible assets that the Group acquires are measured at cost less accumulated amortisation and impairment losses.

Subsequent costs
Subsequent costs for capitalised intangible assets are recognised as assets in the balance sheet only when they increase the future economic benefits of the specific asset to which they relate. All other costs are expensed as incurred.

Amortisation policies
Amortisation is recognised in profit or loss for the year on a straight-line basis over the estimated useful lives of intangible assets. Goodwill is tested annually for impairment, or whenever there is an indication that the asset's value may be impaired. Intangible assets with finite useful lives are amortised from the date that they are available for use.

Estimated useful lives	
Customer relationships	7–18 years
Other	
- Capitalised development expenses	3–5 years
- Licenses	3–5 years
- Acquisition costs for subscriptions	1–2 years
- Other intangible assets	3–20 years

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are recognised in the Group at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and expenses directly attributable to bringing the asset to the location and in the condition for use pursuant to the purpose of the acquisition. Borrowing costs that relate directly to the purchase, construction or production of assets that take significant time to complete for intended use or sale are included in cost. The accounting policies for impairment are described below.

Property, plant and equipment that comprise components with varying useful lives are considered separate components of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised upon disposal or divestment, or when no future economic benefits are expected from its use, disposal or divestment. Gains or losses that arise from the disposal or divestment of an asset comprise the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income or other operating costs.

Subsequent costs
Subsequent costs are only added to the cost base if it is likely that the future economic benefits associated with the asset will flow to the company, and the cost can be estimated reliably. All other subsequent costs are recognised as expense in the period they arise. Whether a charge relates to the exchange of identified components, or parts thereof, is decisive to the judgment of whether an additional charge is added to costs, whereupon such charges are capitalised. Even in cases where new components are constructed, the expense is added to the cost. Potential undepreciated carrying amounts of exchanged components, or parts of components, are retired and expensed in conjunction with their replacement. Repairs are expensed when incurred.

Depreciation policies
Depreciation takes place on a straight-line basis over the estimated useful life of the asset. Component depreciation is applied, which means that the estimated useful lives of components form the basis for depreciation.

Estimated useful lives	
Machinery, equipment	5 years
Computers	3 years
Production facilities	
- Backbone network	10 years
- Equipment in switching centres	5 years
- Residential network	5 years
- PlayOut (transmission stations for television)	3-5 years
- Telephony equipment	5 years
Customer equipment	
- Modems	3 years
- Set-top-boxes	3–5 years

Capitalised conversion expenses on rented premises are amortised over the lease term including a supplement for exercise of extension options. The residual value, depreciation method and useful life of assets are reviewed annually.

INVENTORIES
Inventories mainly comprise equipment for upgrading the Group's network and are measured to the lower of cost and net realisable value.

The cost of inventories is calculated using the first in first out (FIFO) formula, and includes costs incurred when acquiring the inventory items and bringing them to their current place in their present condition.

IMPAIRMENT
The Group's recognised assets are reviewed at each reporting date to decide whether there is an indication of impairment. IAS 36 is applied for the impairment of assets other than financial assets (which are recognised according to IAS 39), inventories, plan assets used for financing employee benefits and deferred tax assets. For assets exempt from the above, the carrying amounts are reviewed according to the relevant standard.

An impairment loss is recognised when an asset's or cash-generating unit's (group of units) carrying amount exceeds the recoverable amount. Impairment losses are recognised as an expense in profit or loss for the year. When an impairment is identified for a cash-generating unit (group of units), the impairment loss is primarily assigned to goodwill. After this, a proportional impairment of all other assets included in the unit (group of units) is implemented.

The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discount factor that considers the risk-free interest rate and the risk associated with the specific asset.

Reversal of impairment
An impairment of assets included in the application segment of IAS 36 is reversed if there is both an indication that the impairment no longer exists, and that the assumptions forming the basis of the calculation of the recoverable amount have changed. However, goodwill impairment is never

reversed. Reversals are only conducted to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised, less depreciation or amortisation where relevant, if no impairment was applied. Impairment losses on loans and receivables recognised at amortised cost are reversed if the previous reasons for impairment no longer exist, and full payment is expected from the customer.

EARNINGS PER SHARE

The calculation of earnings per share is based on consolidated net profit or loss attributable to owners of the Parent Company, and on the weighted average number of shares outstanding during the year. When calculating earnings per share after dilution, the average number of shares is adjusted for the effects of potential dilutive ordinary shares, for more information about outstanding warrants and share-savings incentive programmes, see Note 32 Earnings per share.

EMPLOYEE BENEFITS

Defined-contribution pension plans

In defined-contribution plans, the company pays fixed fees to a separate legal entity and has no obligation to pay additional fees. In such cases, the size of an employee's pension depends on the fees paid by the company into the plan or to an insurance company and the return on capital generated by the fees. Consequently, it is the employee who bears the actuarial risk (of the compensation being lower than expected) and the investment risk (of the invested assets being insufficient to generate the expected compensation). The costs are charged to Group income as earnings are generated.

Defined-benefit plans

In the Group, the pension expense and pension commitment for defined-benefit pension plans are computed using the "Projected Unit Credit Method" individually for each plan. This method allocates the expense for pensions as employees render services for the company that increase their entitlement to future benefits. The company's obligation is computed annually by independent actuaries. The obligation consists of the present value of expected future disbursements. The discount rate used corresponds to the yield on special mortgage bonds with a maturity equal to the average maturity of the commitments and the currency. The key actuarial assumptions are described in Note 20. The net of the estimated present value of the commitments and fair value of the plan assets is recognised in the balance sheet as a provision, adjusted for any asset ceilings. Special employer's contributions form part of the actuarial assumptions and are thus recognised as part of the net commitment/asset.

The defined-benefit pension plans may be funded (partly or wholly) and non-funded. In the funded plans, assets have been separated in a pension trust. These plan assets may only be used to pay benefits under pension agreements.

Net interest expense/income on the defined-benefit commitment/asset is recognised in profit or loss for the year under net financial income and expenses. Net interest income is based on the interest generated by discounting the net commitment, meaning the interest on the commitment, plan assets and the effect of any asset ceilings. Other components are recognised in operating income.

Revaluation effects comprise actuarial gains and losses, the difference between the actual return on associated plan assets and interest recognised in net interest income and any changes in the effects of asset ceilings (excluding interest recognised in net interest income). Revaluation effects are recognised in other comprehensive income.

When the calculation results in an asset for the Group, the carrying amount of the asset is limited to the lower of the pension plan surplus and the asset ceiling calculated using the discount rate. The asset ceiling comprises the present value of the future economic benefits in the form of reduced future contributions or a cash refund. When calculating the present value of future reimbursements or payments, any minimum funding requirements are taken into account.

Commitments for family pensions for salaried employees are secured through insurance with Alecta. Pursuant to statement UFR 6 from the Swedish Financial Reporting Board, this is a defined-benefit multiemployer plan. For the 2015 financial year, the company does not have access to such information that would enable it to recognise the plan as a defined-benefit plan.

Termination of employment remuneration

Costs associated with termination of employment are only recognised if the company is proven to be under obligation to terminate employment before the normal time through a formal and detailed plan, without any realistic possibility of withdrawal. When remuneration is offered as an incentive to voluntary termination of employment, a cost is posted to accounts if it is probable that the offer will be accepted and the number of employees that are likely to accept the offer can be reliably estimated.

Short-term remuneration

Short-term remuneration to employees is calculated without discounting and recognised as an expense when the related services are received.

Share-savings incentive programme

The share-savings incentive programme is an equity-settled arrangement and allocated over the vesting period with recognition as personnel costs, and with corresponding recognition directly in equity. The programme provides opportunities to receive matching and performance shares. Recognised cost is based on fair value of the share rights at the start of the programme. The value of performance shares that depends on the condition for Total Shareholder Return (TSR) is adjusted for the valuation effect of this condition. The recognised cost of the share rights is continuously adjusted to the number expected to be, and that is ultimately, earned, with respect to fulfillment of the employment condition, and to the cash-flow conditions for the relevant performance share rights. The corresponding continuous adjustment is not made with regard to fulfillment of the TSR condition. For more information about the LTIP 2015 share savings-incentive programme, see Note 6 Employees and personnel expenses.

For social fees payable on the value of the shares earned by programme participants, cost and provision is allocated across the vesting period. Recognised cost and provision is based on fair value of the share rights at each reporting date and on the number expected to be, and that is ultimately, earned.

Personnel information

The Swedish Annual Accounts Act requires more information than IFRS, including information about the gender composition of the Board and management. Information about the gender composition reflects the situation on the reporting date. "Members of the Board" refers to AGM-elected Board members of the Parent Company. "Executive Management" refers to the individuals on page 40.

PROVISIONS

A provision differs from other liabilities in that there is uncertainty over the payment date or the size of the amount to settle the provision. A provision is recognised in the balance sheet when there is an existing legal or constructive obligation resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are made at the best estimate of the expenditure required to settle the present obligation on the reporting date. When the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and if applicable, the risks associated with the liability.

INCOME TAXES

Income taxes comprise current tax and deferred tax. Income taxes are recognised in profit or loss for the year, except when the underlying transaction is recognised in other comprehensive income or in equity, whereupon the associated tax effect is also recognised in other comprehensive income or in equity.

Current tax is tax payable or recoverable for the current year, using tax rates enacted or substantively enacted as of the reporting date, which also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated using the balance sheet method, based on temporary differences between the carrying amounts and tax bases of assets and liabilities. The following temporary differences are not considered: temporary differences arising from the initial recognition of goodwill, initial recognition of assets and liabilities that are not a business combination and that on the transaction date have no impact on the recognised or taxable profit, nor temporary differences attributable to participations in subsidiaries that are not expected to be reversed in the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates or tax regulations enacted or substantively enacted by the reporting date. Deferred tax assets related to deductible temporary differences and loss carryforwards are only recognised to the extent that management considers it probable that they will be utilised against taxable profits in the coming years. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

CONTINGENT LIABILITIES

A contingent liability is recognised whenever there is a possible obligation originating from past events and whose existence is confirmed only by one or more uncertain future events, or when there is an obligation not recognised as a liability or provision because it is unlikely that an outflow of resources will be required or cannot be measured with sufficient reliability.

STATEMENT OF CASH FLOWS

When preparing the statement of cash flows, the indirect method is applied in accordance with *IAS 7 Statement of cash flows*. In addition to cash and bank flows, cash and cash equivalents includes current investments with a maturity of less than three months from the date of acquisition, for which the conversion to bank balances can be accomplished at an amount known beforehand.

THE PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company has prepared its annual accounts in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation *Accounting for Legal Entities*, RFR 2. It has also applied the statements on listed companies, published by the Swedish Financial Reporting Board. RFR 2 entails that the Parent Company, in the annual accounts of the legal entity, should apply all IFRS adopted by the EU, as far as possible within the framework of the Swedish Annual Accounts Act, and with regard to the relationship between accounting and taxation. The recommendation specifies the exceptions and additions to IFRS.

Differences between the accounting policies of the Group and the Parent Company

The differences between the accounting policies of the Group and the Parent Company are described below. The accounting policies shown below for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements.

Classification and presentation

The Parent Company income statement and balance sheet are presented in accordance with the Annual Accounts Act, while the statement of comprehensive income, statement of changes in equity and statement of cash flows are based on *IAS 1 Presentation of Financial Statements* and *IAS 7 Statement of cash flows*. The difference compared with *IAS 1 Presentation of Financial Statements,* which is applied for the presentation of the Group's financial statements, mainly applies to the recognition of financial income and expenses, non-current assets and equity, and the existence of provisions as a separate heading in the balance sheet.

Subsidiaries

Participations in subsidiaries are recognised in the Parent Company using the cost method. This means that transaction expenses are included in the carrying amount. In the consolidated accounts, transaction expenses attributable to subsidiaries are recognised directly in profit or loss when they arise

The measurement of contingent consideration is based on the likelihood that the purchase price will be paid. Any changes to the provision/receivable are added to/deducted from the cost. In the consolidated accounts, contingent consideration is measured at fair value with changes in value through profit or loss.

Group contributions and shareholder contributions for legal entities

The company applies the main principle of RFR 2 and recognises Group contributions received from subsidiaries as financial income according to the same principles as for dividends received. Group contributions received from the Parent Company are recognised directly in equity in the subsidiary. Group contributions paid to subsidiaries are equated with shareholder contributions paid and are recognised as an increase in participations in subsidiaries, to the extent that impairment is not required.

Mergers

Mergers of wholly owned subsidiaries are recognised in accordance with the Swedish Accounting Standards Board recommendation BFNAR 1999:1.

NOTE 2 CATEGORIES OF REVENUE

Operations are integrated and cover one operating segment. Consumer, B2B and Landlord services are provided for customers in Sweden.

Group Revenue by service, SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Total revenue		
Consumer	3,755,223	3,539,573
- of which digital TV	1,784,784	1,737,157
- of which broadband	1,666,012	1,460,915
- of which telephony	304,427	341,501
B2B	311,036	222,038
Landlord	695,403	773,850
Other	238,397	225,861
Total	**5,000,059**	**4,761,322**

Parent Company SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Intragroup service assignments	13,240	7,943
Total	**13,240**	**7,943**

NOTE 3 ACQUISITIONS OF BUSINESSES

GROUP

Business combinations 2015

No business combinations occurred during the 2015 financial year.

Divestments 2015

The dormant subsidiary Com Hem Acquisition AB was divested and wound up during the year, which had a positive impact of SEK 4 thousand on cash and cash equivalents.

Business combinations 2014

Phonera Företag AB

The acquisition of Phonera Företag AB, including its subsidiaries, all 1,000 shares, was completed on 31 March 2014 and controlling influence over the operations was obtained. Phonera Företag AB has been part of the Group since that date. The acquisition was recognised using the purchase method, and the table below presents information about the acquired fair values. The acquisition was funded through external borrowings and the purchaser's own cash and cash equivalents. No equity instruments were issued in conjunction with the acquisition.

SEK thousand	Carrying amounts in the Group
Non-current intangible assets	160,800
Other non-current intangible assets	9,878
Property, plant and equipment	2,803
Other current assets	71,032
Cash and cash equivalents	9,124
Deferred tax liabilities	-35,376
Non-current liabilities	-248
Current liabilities	-64,680
Net identifiable assets	**153,333**
Goodwill	157,375
Purchase price (paid in cash)	**310,708**

The goodwill recognised from the acquisition relates to future revenue from new customers and increased revenue from existing customers through continued growth of the number of services sold per customer. No portion of the goodwill amount is expected to be tax deductible.

For the acquisition, the total cash outflow was SEK 301,584 thousand after deducting for acquired cash and cash equivalents of SEK 9,124 thousand. Acquisition-related expenses amounted to SEK 10,631 thousand and were recognised as other operating costs in the income statement. An amount of SEK 4,633 thousand was charged to 2013, and SEK 5,998 thousand to 2014. In 2014, the acquired company contributed total revenue of SEK 198,379 thousand and operating profit of SEK 34,243 thousand from the date of acquisition.

If the acquisition had been conducted on 1 January 2014, management estimates that the contribution to consolidated revenue would have been SEK 263,477 thousand and the contribution to operating income would have been SEK 46,001 thousand for 2014.

Divestments 2014

As described above, at the acquisition date, Phonera Företag AB had four subsidiaries that were inactive during the year. These four subsidiaries have been divested and wound up during the year, which had a negative impact of SEK 34 thousand on cash and cash equivalents.

NOTE 4 OTHER OPERATING INCOME

Group SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Exchange gains on trade receivables/liabilities	6,617	1,654
Recovered trade receivables	6,808	6,417
Other	5,088	3,777
Total	**18,513**	**11,848**

NOTE 5 OTHER OPERATING EXPENSES

Group SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Losses from disposals of non-current assets	-9,299	-15,107
Loss from divestment of subsidiaries	-22	-91
Exchange losses on trade receivables/liabilities	-15,360	-16,917
Acquisition-related costs	–	-5,998
IPO transaction costs	5,221	-99,448
Other operating expenses	–	-116
Total	**-19,460**	**-137,677**

Parent Company SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Exchange losses on trade receivables/liabilities	-343	-115
IPO transaction costs	5,221	-99,448
Total	**4,878**	**-99,563**

NOTE 6 EMPLOYEES AND PERSONNEL EXPENSES

Group Average number of employees	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Women	302	323
Men	782	692
Total	**1,084**	**1,015**

At year-end, the number of employees was 1,178 (1,167).

Female members of the Board and Executive Management, %	31 Dec 2015	31 Dec 2014
Board of Directors, excluding employee representatives	33%	29%
Executive Management	29%	31%

Salaries and other compensation, social security expenses and other personnel costs:

SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Salaries and remuneration	558,468	522,715
Social security expenses	183,826	169,056
Pension expenses	58,556	54,191
Capitalised work by employees	-130,576	-120,480
Other personnel costs	27,958	20,423
Total personnel expenses	**698,232**	**645,905**

REMUNERATION AND OTHER BENEFITS TO THE BOARD

SEK thousand	Board fees	Other fees[1]	Total recognised expense 2015	Total recognised expense 2014
Chairman of the Board				
Andrew Barron	1,814	–	1,814	1,436
Other Board members				
Anders Nilsson[3]	–	–	–	–
Nicholas Stathopoulos	350	80	430	284
Joachim Ogland	350	130	480	274
Monica Caneman[2]	460	138	598	345
Eva Lindqvist[2]	460	171	631	312
Total	**3,434**	**519**	**3,953**	**2,651**

[1] Relates to remuneration for work on Board committees.
[2] Monica Caneman and Eva Lindqvist have invoiced their fees. Fees received include compensation for social security expenses.
[3] No Board fees were paid to the CEO.

The Group has no outstanding pension obligations to the Board.

REMUNERATION AND OTHER BENEFITS TO EXECUTIVE MANAGEMENT

	1 Jan-31 Dec 2015						
SEK thousand	Fixed[5] remuneration	Variable remuneration[3]	Other remuneration	Other benefits	Pension expenses	Recognised expense for share-based incentive programmes	Total recognised expense
Chief Executive Officer							
Anders Nilsson	4,915	3,984	–	31	960	185	10,075
Other Executive Management[4]	11,797	4,293	2,046	448	3,142	547	22,273
Total	**16,712**	**8,277**	**2,046**	**479**	**4,102**	**732**	**32,348**

	1 Jan-31 Dec 2014						
SEK thousand	Fixed remuneration	Variable remuneration	Other remuneration	Other benefits	Pension expenses	Recognised expense for share-based incentive programmes	Total recognised expense
Chief Executive Officer							
Anders Nilsson[1]	3,636	2,962	–	1,031	677	–	8,306
Tomas Franzén[2]	1,037	–	–	33	267	–	1,337
Other Executive Management[4]	25,205	7,667	4,322	1,776	5,735	–	44,705
Total	**29,878**	**10,629**	**4,322**	**2,840**	**6,679**	**–**	**54,348**

1 Anders Nilsson commenced his assignment as the Group's CEO on 7 April 2014.
2 Tomas Franzén ended his assignment as the Group's CEO on 24 March 2014.
3 Relates to variable remuneration earned in 2015 to be paid in 2016.
4 6 (15) positions. Other remuneration recognised relates to remuneration in connection with terminated employment.
5 Pension expenses includes pension benefits paid in cash, refer also to remuneration to other Executive Management below.

Compared with 2014, the number of people in Executive Management has been reduced to 7 (16), of which one person has ended his employment during 2016, see further page 40. This affects comparability between the years in the table above. The CEO has been employed at Com Hem Holding AB since May 2014.

The Group has no outstanding pension obligations to the current CEO since the pension premiums are paid directly. When the subsidiary Com Hem AB was part of TeliaSonera AB, the CEO had pension agreements in addition to the ITP plan (supplementary pensions for salaried employees) for the portion of salary exceeding 30 basic amounts, in relation to retirement pensions and family pension. The Group's outstanding pension obligations for these individuals amounted to SEK 2,106 thousand (2,309 thousand) at the end of the financial year.

REMUNERATION TO BOARD MEMBERS, THE CEO AND OTHER EXECUTIVE MANAGEMENT

Guidelines for remuneration to the CEO and other Executive Management

The guidelines for remuneration to the CEO and other Executive Management were adopted by the annual general meeting on 21 May 2015. Proposed guidelines for remuneration to Executive Management to be approved at 2016 AGM are presented in the corporate governance report.

Remuneration Committee

The task of the Remuneration Committee is to prepare matters related to remuneration and other terms of employment for the CEO and other Executive Management. This work includes preparing proposals for guidelines on the allocation between fixed and variable remuneration and the relationship between earnings and compensation, the principal terms for bonus and incentive programmes, terms for other benefits, pensions, notice of termination and severance pay and preparing proposals for individual compensation packages for the CEO and other Executive Management. The Remuneration Committee is also tasked with monitoring and assessing the outcomes of variable remuneration and how the company adheres to the guidelines adopted by the AGM. In 2015, the Remuneration Committee consisted of Board members Nicholas Stathopoulos (chairman), Eva Lindqvist and Joachim Ogland. For the 2016 financial year, the Committee will present a proposal on remuneration to the CEO for the Board's approval, and assist the CEO in the determination of remuneration to other Executive Management.

Board members

The remuneration and fees adopted for 2015 are described in the table above. The AGM of Com Hem Holding AB on 21 May 2015 resolved on an annual fee of SEK 1,814 thousand (1,814 thousand) to the Chairman of the Board, and of SEK 350 thousand (350 thousand) to AGM-elected Board members. The meeting also resolved that an annual fee of SEK 110 thousand (100 thousand) shall be paid to the Chairman of the Board's Audit Committee, and SEK 80 thousand (70 thousand) to each of the other members. Annual fees to members of the Board's Remuneration Committee were also resolved, comprising SEK 85 thousand (75 thousand) to the Chairman and SEK 60 thousand (50 thousand) to each of the other members. Board members who receive a salary from the company do not receive any Board fees. Employee representatives do not receive any board fees beyond a preparation fee.

CEO and other Executive Management

Remuneration of the CEO and other Executive Management shall consist of fixed salary, variable short-term incentives (STI) paid annually in cash which are linked to the achievement of Com Hem's financial targets and individual performance targets, and the long-term share-based incentive programme (LTIP 2015), in addition to pension and other customary benefits.

For 2015, the CEO was entitled to a fixed annual salary of SEK 4,915,200 and an STI target corresponding to 75% of fixed salary. In the event that the financial targets set in the budget are fully achieved, and that the individual targets are substantially exceeded, the CEO's STI can be a maximum of 169% of his fixed salary, subject to Board approval. The retirement age is 65 and every month until the agreed retirement age, the company is to allocate an amount corresponding to 20% of the fixed salary in pension benefits.

For 2015, other Executive Management received an STI target of up to 50% of fixed salary. In the event that the financial targets are fully achieved, and that the individual targets are substantially exceeded, the STI for other Executive Management can be a maximum of 113% of fixed salary. Pension payments to other Executive Management were up to 30% of fixed salary, alternatively, in accordance with ITP (collective pension plans). If approved by the Board, Executive Management who are resident abroad may be offered pension benefits that are paid in a cash amount equivalent to the premium that would otherwise be paid to insurance companies.

Under certain circumstances, the Board may deviate from the guidelines for remuneration to Executive Management that have been approved at the Annual General Meeting. In such instances, the rationale for the deviation must be disclosed at the following Annual General Meeting. In 2015, the Board resolved on a deviation from the guidelines approved at the Annual General Meeting held on May 21, 2015, to approve for the Company's COO, during three months in 2015, to receive a monthly, non-pensionable additional payment, corresponding to his monthly salary level as a result of an ongoing renegotiation of his employment contract.

Notice period

The company and the CEO have a mutual 12-month notice period. According to the CEO's employment contract, the CEO is not entitled to severance pay if the company terminates his employment. However, there is a non-compete clause entitling the CEO to a maximum of 60% of fixed salary per month (subject to reduction for other income) if the CEO does not find a new job within 12 months of receiving notice.

For the termination of other Executive Management, a maximum notice period of 12 months applies. Upon resignation, a notice period of 3-12 months applies.

SHARE-BASED INCENTIVE PROGRAMME

Warrants

The EGM of 3 June 2014 resolved on two incentive programmes for Executive Management, key employees and Board members. The programmes comprise a total of 4,949,944 warrants, of which 2,474,972 expire in June 2017 and 2,474,972 in June 2018. The warrants were issued in June 2014 at a market value of SEK 9,848 thousand, which was paid in cash. Each warrant entitles the holder to subscribe for one share. According to their terms, the warrants that expire in June 2017 may be exercised to subscribe for shares during the three months before they expire at a subscription price corresponding to SEK 73.07 per share. The warrants expiring in June 2018 may be exercised to subscribe for shares during the three months before they expire at a subscription price corresponding to SEK 78.93 per share. A recalculation of the number of warrants and subscription prices was performed in 2015 in connection with the redemption of shares. If a shift in controlling ownership (as defined in the terms of the warrants) occurs during the tenor of the warrants, the warrants may be used immediately to subscribe for new shares at a recalculated subscription price. The company has reserved the right to repurchase warrants if a participant's employment or position in the Group cease or if a participant wishes to reassign the warrants. In 2015, 185,240 warrants per programme were repurchased (totalling 370,480 warrants) corresponding to a market value of about SEK 2.2m. The repurchases were made when the option holders employment in the Group ended.

Share-savings incentive programme

The 2015 AGM adopted the Board's proposal to introduce a long-term share savings incentive programme (LTIP 2015). The aim of incentive programmes is to strengthen opportunities for retaining and recruiting key employees. LTIP 2015 is therefore intended for Executive Management and other key employees in the Group. Before the programme commences, employees are required to make a personal investment in shares – Savings Shares – in Com Hem Holding AB. The qualification period for the programme is 1 June 2015 until 31 May 2018. After this period, and under certain conditions, the participants are entitled to receive one Matching Share for each Savings Share, plus additional shares in the form of Performance Shares. To be eligible for awards of Matching Shares and Performance Shares, the participant must continue to be employed by the Group, and not resign, throughout the entire qualification period until the award, and retain all Savings Shares during this period. Matching Share awards are subject to a positive Total Shareholder Return (TSR) performance in absolute terms over the qualification period. TSR refers to the total return of the Com Hem share, including reinvested dividends during the qualification period. For allotment of Performance Share, see below. Both Matching Shares and Performance Shares are awarded to the participant without payment of any consideration. The value of Matching Shares and Performance Shares with the cash-flow conditions is based on the average share price at the grant date, less anticipated dividends, SEK 74.12 per share option. Performance Shares subject to the market condition (TSR) are measured at 50% of this value, SEK 37.06 per share rights. The total cost of the share-savings incentive programme is an estimated SEK 7,619 thousand, excluding social fees.

Target achievements LTIP 2015

Based on a recommendation from the Remuneration Committee, the Board has defined performance targets in terms of relative Total Shareholder Return (TSR) and cash flow that must be met during the measurement period if programme participants are to receive Performance Share awards.

The industry peer group for relative TSR (60% of the Performance Shares) includes 11 international companies, including Nordic telecom and cable companies. The peer group currently includes the following companies but may be adjusted if any of the companies become delisted or undergo other significant changes that disqualify them from being part of the peer group: Liberty Global, Telenet, Altice, TeliaSonera, Tele2, Modern Times Group MTG, TDC, Time Warner Cable, Comcast, Charter Communications and Cablevision. To be eligible for Performance Share awards, Com Hem must achieve the peer group median (resulting in a 30% award) and for maximum award, Com Hem must perform better than 90% of the peer group. Between these two percentiles, the award increases on a linear basis. The measurement period is from May 2015 until May 2018. For the sub-period May to December 2015, Com Hem's relative TSR performance was higher than nine companies in the peer group, corresponding to 82% of the peer group.

The performance criterion for cash flow (40% of the Performance Shares) is measured on a cumulative basis over the 2015-2017 financial years, based on the audited consolidated financial statements for the consolidated Com Hem Group. The Board has determined appropriate targets for cash flow (defined as cash flow excluding financing activities) for all years, based on the company's business plan and in line with the company's financial guidance of mid-single-digit growth of Underlying EBITDA, and total capex of SEK 1-1.1bn per year. To be eligible for Performance share awards, Com Hem must achieve 90% of the cumulative target for the 2015-2017 financial years (resulting in a 30% award), and for maximum award, cumulative cash flow must be 110% of the cumulative target. In the 2015 financial year, the actual cash flow was 121% of the target, due to a temporary low level of investment during the second half of the year (total capex of SEK 991m for the financial year) and a positive change in working capital of SEK 100m for the year. The Underlying EBITDA outcome was in line with the target for the year.

Group LTIP 2015	
No. of participants who are still employed	23
No. of savings shares	41,276
No. of Matching Shares awarded	1
Max. no. of Matching Shares	41,276
No. of Performance Shares awarded	1-6
Max. no. of Performance Shares	157,222
Maturity date	31 May 2018

Outstanding share rights in share-savings incentive programme (LTIP 2015):

	Matching share rights	Performance share rights, TSR condition	Performance share rights, cash-flow condition
At beginning of 2015	–	–	–
Share rights awarded	43,596	99,901	66,601
Share rights exercised	-2,860	-6,144	-4,096
At year-end 2015	**40,736**	**93,757**	**62,505**

Accounting effects of share-based remuneration

Group SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Cost attributable to equity-settled instruments, excluding social fees	1,482	–

PARENT COMPANY SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

	1 Jan-31 Dec 2015		1 Jan-31 Dec 2014	
Parent Company SEK thousand	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Anders Nilsson, CEO	9,115	2,863	6,273	1,980
- of which bonus	3,984	1,251	2,962	930
Pension expenses	960	233	640	155
Board members	3,953	–	2,444	–
Total	**14,028**	**3,096**	**9,357**	**2,135**

During the year, the Parent Company had 1 employee (1), the CEO, who has been employed at Com Hem Holding AB since May 2014.

Remuneration to each Board member of the Parent Company complies with the information provided above for the Group, with the exception of information for 2014 relating to Board Chairman Andrew Barron, who at the time also received a Board fee of SEK 381 thousand from the Com Hem Communications AB subsidiary.

Share-savings incentive programme

Parent Company LTIP 2015[1]	
No. of participants who are still employed	1
No. of savings shares	3,200
No. of Matching Shares awarded	1
Max. no. of Matching Shares	3,200
No. of Performance Shares awarded	6
Max. no. of Performance Shares	19,200
Estimated total cost, excluding social fees, SEK thousand	949
Maturity date	31 May 2018

1) LTIP 2015, see the description above for the Group.

Accounting effects of share-based remuneration

Parent Company SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Cost attributable to equity-settled instruments, excluding social fees	185	–

NOTE 7 FEES AND REIMBURSEMENTS TO AUDITORS

Group SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
KPMG AB		
Audit assignments	2,000	2,400
Assignments in addition to audit	200	390
Tax consulting	14	–
Other assignments	541	221
Total	**2,755**	**3,011**

Parent Company SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Audit assignments	550	600
Other assignments	175	–
Total	**725**	**600**

In addition to the above fees, the auditors received remuneration of SEK 4,500 thousand in 2014 for assignments in connection with the IPO in June 2014.

NOTE 8 OPERATING EXPENSES BY TYPE

Group SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Personnel expenses	-698,232	-645,906
Depreciation and amortisation	-1,545,230	-1,438,446
Cost of production of services	-1,467,353	-1,347,658
Sales and marketing expenses	-223,181	-262,953
Acquisition-related costs	–	-5,998
IPO transaction costs	5,221	-99,448
Other operating expenses	-347,063	-395,299
Total	**-4,275,838**	**-4,195,708**

Other operating costs include consulting fees and IT costs.

Parent Company SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Personnel expenses	-14,023	-8,494
Sales and marketing expenses	-13	-9
IPO transaction costs	5,221	-99,448
Other operating expenses	-25,175	-6,718
Total	**-33,990**	**-114,669**

NOTE 9 NET FINANCIAL INCOME AND EXPENSES

Group SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Financial income		
Interest income		
- bank balances	7	4,246
- loans and receivables	2,579	2,421
- loan receivables from Group companies	–	164
- plan assets	3,917	5,608
Change in fair value		
- financial liabilities measured at fair value through profit or loss (derivatives)	–	157,974
Foreign exchange gains, net	85,526	–
Other financial income	20	823
Total	**92,049**	**171,236**
Financial expenses		
Interest expenses		
- financial liabilities measured at amortised cost[1]	-590,374	-1,964,130
- interest coupon on derivatives, including redemption fees	-39,993	-77,642
- defined-benefit pension commitments	-9,855	-10,246
Foreign exchange losses, net	–	-184,013
Change in fair value		
- financial liabilities measured at fair value through profit or loss (derivatives)	-39,281	–
Other financial expenses	-18,036	-17,330
Total	**-697,539**	**-2,253,361**
Total net financial income and expenses	**-605,490**	**-2,082,125**

[1] The "Financial liabilities measured at amortised cost" item above includes non-recurring costs pertaining to allocated borrowing costs of SEK 35,678 thousand (431,742 thousand) related to the repayment of bank loans and bonds with an original amortisation period until 2018-2019, and redemption premiums on bonds totalling SEK 92,217 thousand (507,864 thousand).

Parent Company SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Income from participations in Group companies		
Dividend	357,000	–
Impairment of participations in Group companies	-607,420	-1,863,100
Total	**-250,420**	**-1,863,100**

Impairment of participations in Group companies took place as a result of shareholder and Group contributions.

Parent Company SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Interest income and similar items		
Interest income		
- bank balances	0	966
- loan receivables from Group companies	747,664	743,423
Foreign exchange gains, net	–	151,357
Other financial income	1	782
Total	**747,665**	**896,528**
Interest expenses and similar items		
Interest expenses		
- financial liabilities measured at amortised cost[1]	–	-405,857
- financial liabilities to Group companies measured at amortised cost	-11,345	–
Foreign exchange losses, net[2]	-124,607	–
Other financial expenses	-638	-482
Total	**-136,590**	**-406,339**
Total net financial income and expenses	**360,655**	**-1,372,911**

[1] The "Financial liabilities measured at amortised cost" item above for the 2014 financial year includes non-recurring costs pertaining to allocated borrowing costs of SEK 68,996 thousand related to the repayment of bonds with an original amortisation period until 2019, and redemption premiums on bonds totalling SEK 168,094 thousand.

[2] Refers to foreign exchange losses on long term receivables from Group companies denominated in euro.

NOTE 10 INCOME TAXES

Group SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Current tax		
Income taxes for the period	–	-2,476
	–	**-2,476**
Deferred tax		
Deferred tax on capitalised loss carryforwards	-150,250	360,346
Deferred tax relating to temporary differences	123,417	107,446
Total deferred tax	**-26,833**	**467,792**
Total recognised tax in the Group	**-26,833**	**465,316**

Parent Company SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Current tax		
Income taxes for the period	–	–
	–	–
Deferred tax		
Deferred tax on capitalised loss carryforwards	3,547	-2,378
Deferred tax relating to temporary differences	196	96
Total deferred tax	**3,743**	**-2,282**
Total recognised tax in the Parent Company	**3,743**	**-2,282**

RECONCILIATION OF EFFECTIVE TAX

Group SEK thousand	%	1 Jan-31 Dec 2015	%	1 Jan-31 Dec 2014
Result before tax		118,731		-1,516,511
Tax according to the current tax rate for the Parent Company	22.0	-26,121	22.0	333,632
Non-taxable income		749		1
Non-deductible expenses		-1,105		-2,253
Utilisation of previously non-capitalised loss carryforwards		–		134,151
Deferred tax relating to previous years		-356		-215
Recognised effective tax	**22.6**	**-26,833**	**30.7**	**465,316**

Parent Company SEK thousand	%	1 Jan-31 Dec 2015	%	1 Jan-31 Dec 2014
Result before tax		339,905		-1,479,637
Tax according to the current tax rate for the Parent Company	22.0	-74,779	22.0	325,520
Non-taxable income		78,540		0
Non-deductible expenses		-133,650		-409,884
Tax effect of Group contributions recognised as an increase in shares in subsidiaries		133,632		82,082
Recognised effective tax	**-1.1**	**3,743**	**-0.2**	**-2,282**

TAX ATTRIBUTABLE TO OTHER COMPREHENSIVE INCOME

Group SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Actuarial gains/losses, before tax	74,723	-109,805
Tax attributable to actuarial gains/losses	-16,439	24,157
Total	**58,284**	**-85,648**

DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets (+) tax liabilities (–) relate to the following:

Group SEK thousand	31 Dec 2015 Deferred tax assets	31 Dec 2015 Deferred tax liabilities	31 Dec 2015 Net	31 Dec 2014 Deferred tax assets	31 Dec 2014 Deferred tax liabilities	31 Dec 2014 Net
Non-current intangible assets	6,893	-850,978	-844,085	8,075	-981,367	-973,292
Property, plant and equipment	3,458	-5,369	-1,911	3,694	-7,591	-3,897
Trade receivables	1,717	–	1,717	1,100	–	1,100
Provisions	34,655	–	34,655	48,667	–	48,667
Financial liabilities	13,130	–	13,130	14,579	–	14,579
Derivatives	–	-18	-18	–	-8,641	-8,641
Current liabilities	558	–	558	818	-	818
Tax allocation reserve	–	–	–	–	-1,043	-1,043
Other	326	-51	275	19,052	–	19,052
Loss carryforwards	561,372	-	561,372	712,797	–	712,797
Tax receivables/liabilities	**622,109**	**-856,416**	**-234,307**	**808,782**	**-998,642**	**-189,860**
Set-off	-622,109	622,109	–	-808,782	808,782	–
Net tax receivables/liabilities	**–**	**-234,307**	**-234,307**	**–**	**-189,860**	**-189,860**

Parent Company SEK thousand	31 Dec 2015 Deferred tax assets	31 Dec 2015 Deferred tax liabilities	31 Dec 2015 Net	31 Dec 2014 Deferred tax assets	31 Dec 2014 Deferred tax liabilities	31 Dec 2014 Net
Provisions	251	–	251	96	–	96
Other	41	–	41	–	–	–
Loss carryforwards	24,375	–	24,375	22,000	–	22,000
Net tax receivables/liabilities	**24,667**	**–**	**24,667**	**22,096**	**–**	**22,096**

The company management assesses that the recognised tax loss carryforwards can be used against taxable profits in subsequent years.

CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSS CARRYFORWARDS

Group SEK thousand	1 Jan 2015	Recognised in profit or loss	Recognised in other comprehensive income	Other	31 Dec 2015
Non-current intangible assets	-973,292	131,512	–	-2,305	-844,085
Property, plant and equipment	-3,897	3,046	–	-1,060	-1,911
Trade receivables	1,100	617	–	–	1,717
Provisions	48,667	2,427	-16,439	–	34,655
Financial liabilities	14,579	-4,814	–	3,365	13,130
Derivatives	-8,641	8,623	–	–	-18
Current liabilities	818	-260	–	–	558
Tax allocation reserve	-1,043	1,043	–	–	–
Other	19,052	-18,777	–	–	275
Loss carryforwards	712,797	-150,250	–	-1,175	561,372
Total	**-189,860**	**-26,833**	**-16,439**	**-1,175**	**-234,307**

Group SEK thousand	1 Jan 2014	Recognised in profit or loss	Recognised in other comprehensive income	Other[1]	31 Dec 2014
Non-current intangible assets	-1,053,412	118,604	–	-38,484	-973,292
Property, plant and equipment	-7,749	6,960	–	-3,108	-3,897
Trade receivables	941	159	–	–	1,100
Provisions	21,034	3,476	24,157	–	48,667
Financial liabilities	15,512	-7,149	–	6,216	14,579
Derivatives	26,216	-34,857	–	–	-8,641
Current liabilities	290	528	–	–	818
Tax allocation reserve	–	-1,043	–	–	-1,043
Other	-1,716	20,768	–	–	19,052
Loss carryforwards	328,074	360,346	–	24,377	712,797
Total	**-670,810**	**467,792**	**24,157**	**-10,999**	**-189,860**

1 The item 'Non-current intangible assets' in the Other column above for 2014 refers primarily to deferred tax liabilities resulting from business combinations. The "Loss carryforwards" item in the Other column above for 2014 and 2015 pertains to deferred tax related to share issue expenses recognised in equity.

Parent Company SEK thousand	1 Jan 2015	Recognised in profit or loss	Recognised in other comprehensive income	Other	31 Dec 2015
Provisions	96	155	–	–	251
Other	–	41	–	–	41
Loss carryforwards	22,000	3,547	–	-1,172	24,375
Total	**22,096**	**3,743**	**–**	**-1,172**	**24,667**

Parent Company SEK thousand	1 Jan 2014	Recognised in profit or loss	Recognised in other comprehensive income	Other[1]	31 Dec 2014
Provisions	–	96	–	–	96
Loss carryforwards	–	-2,378	–	24,377	22,000
Total	**–**	**-2,282**	**–**	**24,377**	**22,096**

[1] The "Loss carryforwards" item in the Other column above for 2014 and 2015 pertains to deferred tax related to share issue expenses recognised in equity.

NOTE 11 NON-CURRENT INTANGIBLE ASSETS

Group SEK thousand	Externally acquired Goodwill	Externally acquired Customer relations[1]	Externally acquired Trademark	Other[3]	Total
Accumulated cost					
At beginning of year	10,899,496	5,456,800	691,000	2,007,614	19,054,910
Capital expenditure[2]	–	–	–	391,950	391,950
Divestments and disposals	–	–	–	-25,119	-25,119
At year-end 2015	**10,899,496**	**5,456,800**	**691,000**	**2,374,445**	**19,421,741**
Accumulated amortisation and impairment					
At beginning of year	–	-1,790,692	–	-1,223,248	-3,013,940
Amortisation for the year	–	-568,650	–	-410,599	-979,249
Divestments and disposals	–	–	–	22,940	22,940
At year-end 2015	**–**	**-2,359,342**	**–**	**-1,610,907**	**-3,970,249**
Carrying amount at year-end 2015	**10,899,496**	**3,097,458**	**691,000**	**763,538**	**15,451,492**

Group SEK thousand	Externally acquired Goodwill	Externally acquired Customer relations[1]	Externally acquired Trademark	Other[3]	Total
Accumulated cost					
At beginning of year	10,742,121	5,296,000	691,000	1,589,751	18,318,872
Business combinations	157,375	160,800	–	10,461	328,636
Capital expenditure[2]	–	–	–	442,518	442,518
Divestments and disposals	–	–	–	-35,116	-35,116
At year-end 2014	**10,899,496**	**5,456,800**	**691,000**	**2,007,614**	**19,054,910**
Accumulated amortisation and impairment					
At beginning of year	–	-1,227,783	–	-936,751	-2,164,534
Business combinations	–	–	–	-583	-583
Amortisation for the year	–	-562,909	–	-314,444	-877,353
Divestments and disposals	–	–	–	28,530	28,530
At year-end 2014	**–**	**-1,790,692**	**–**	**-1,223,248**	**-3,013,940**
Carrying amount at year-end 2014	**10,899,496**	**3,666,108**	**691,000**	**784,366**	**16,040,970**

[1] The remaining useful life for customer relations is considered approximately 4-14 years.
[2] Capital expenditure (capex) includes non-current assets financed through finance leases of SEK 10,474 thousand (14,131 thousand), see Note 25.
[3] The Other column above mainly comprises capitalised development expenses of SEK 1,239,243 thousand (1,042,764 thousand) and investments in licenses and acquisition costs for subscriptions totaling SEK 768,702 thousand (619,160 thousand). Of total acquisition costs of SEK 2,374,445 thousand (2,007,614 thousand), SEK 2,192,743 thousand (1,899,444 thousand) were externally acquired and SEK 181,702 thousand (108,170 thousand) internally generated.

All intangible assets, except goodwill and trademark with indefinite useful lives, are amortised. The trademark represents "Com Hem" and the company management is of the opinion that this trademark is to be used for an indefinite period. For further information on depreciation, amortisation and impairment see Note 1.

AMORTISATION
Amortisation is included in the following functions of the income statement:

Group SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Cost of services sold	237,462	195,847
Selling expenses	741,682	681,129
Administrative expenses	105	377
Total	**979,249**	**877,353**

Impairment testing
For impairment testing, the Group is viewed as a single cash-generating unit. The infrastructure that is the base for providing the services (digital TV, broadband and fixed telephony) is common for all services. The cost for distribution, operation and service as well as the organisation in place for the delivery is collective for all the services.

The test is based on calculating value in use. The key assumptions are sales growth, changes in EBITDA margin, the discount rate (Weighted Average Cost of Capital) and the growth in terminal value in free cash flows. Value in use consists of the present value of future cash flows. This value is based on cash flow forecasts based on a five-year business plan approved by the Executive Management Team and the Board of Directors.

The forecasts for sales growth are based on estimates of market penetration for each service and estimated market shares over time. This is based on both external and internal market analyses, and on comparisons with other cable TV operators and telecom companies. Estimated ARPU (average revenue per unit) is based partly on Com Hem's product strategies and partly on external information as outlined above. EBITDA margin forecasts are based on expected gross margin and revenue mix. The number of forecast periods is assumed to perpetuity, where cash flows further out than five years are assigned an annual growth rate of 2% (2). The present value of forecast cash flows has been calculated using a discount rate of 8.10% (9.08) after tax, corresponding to 9.87% (11.19) before tax. The lower discount rate for 2015 is due to changes in estimates related to volatility, and to interest-rate and risk levels. After the IPO in 2014, the company continued its review of the capital structure, which led to more favourable terms for outstanding credit.

The conclusion of the aforementioned impairment test is that the recoverable amount exceeded the carrying amount at year-end. Executive Management believes that a reasonable and possible change in the key assumptions described would not have such an effect that they would individually reduce the recoverable amount to a lower value than the carrying amount.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

Group SEK thousand	Production facility	Customer equipment	Machinery, equipment and computers	Total
Accumulated cost				
At beginning of year	6,729,371	1,245,790	443,177	8,418,338
Capital expenditure[1]	240,137	340,833	18,005	598,975
Divestments and disposals	-1,599	-106,593	-18,573	-126,765
At year-end 2015	**6,967,909**	**1,480,030**	**442,609**	**8,890,548**
Accumulated depreciation and impairment				
At beginning of year	-5,852,420	-666,872	-394,013	-6,913,305
Depreciation for the year	-298,069	-242,472	-25,444	-565,985
Divestments and disposals	535	106,520	12,588	119,643
At year-end 2015	**-6,149,954**	**-802,824**	**-406,869**	**-7,359,647**
Carrying amount at year-end 2015	**817,955**	**677,206**	**35,740**	**1,530,901**

Group SEK thousand	Production facility	Customer equipment	Machinery, equipment and computers	Total
Accumulated cost				
At beginning of year	6,590,263	1,157,235	437,951	8,185,449
Business combinations	3,066	5,558	11,416	20,040
Capital expenditure[1]	280,006	309,066	19,422	608,494
Divestments and disposals	-143,964	-226,069	-25,612	-395,645
At year-end 2014	**6,729,371**	**1,245,790**	**443,177**	**8,418,338**
Accumulated depreciation and impairment				
At beginning of year	-5,669,170	-679,714	-373,156	-6,722,040
Business combinations	-3,066	-5,166	-9,005	-17,237
Depreciation for the year	-319,217	-204,413	-37,463	-561,093
Divestments and disposals	139,033	222,421	25,611	387,065
At year-end 2014	**-5,852,420**	**-666,872**	**-394,013**	**-6,913,305**
Carrying amount at year-end 2014	**876,951**	**578,918**	**49,164**	**1,505,033**

[1] Capital expenditure (capex) includes non-current assets financed through finance leases of SEK 4,819 thousand (14,131 thousand), see Note 25.

DEPRECIATION
Depreciation is included in the following functions of the income statement:

Group SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Cost of services sold	540,538	523,778
Selling expenses	262	2,332
Administrative expenses	25,185	34,983
Total	**565,985**	**561,093**

NOTE 13 NON-CURRENT FINANCIAL ASSETS AND OTHER RECEIVABLES

Group SEK thousand	31 Dec 2015	31 Dec 2014
Non-current financial assets		
Derivatives	83	39,281
Total	**83**	**39,281**

Parent Company SEK thousand	31 Dec 2015	31 Dec 2014
Non-current receivables that are non-current assets		
Receivables from Group companies	6,873,517	6,501,375
Total	**6,873,517**	**6,501,375**

Parent Company SEK thousand	31 Dec 2015	31 Dec 2014
At beginning of year	6,501,375	3,191,441
Effect of merger	–	2,653,497
Net future and settled receivables	496,749	409,589
Exchange rate differences	-124,607	246,848
Total	**6,873,517**	**6,501,375**

NOTE 14 INVENTORIES

GROUP

Inventories consist primarily of equipment for upgrading the Group's cable network. Impairments amounting to SEK 0 (0) took place during the financial year.

NOTE 15 TRADE RECEIVABLES

Group SEK thousand	31 Dec 2015	31 Dec 2014
Invoiced receivables	129,062	139,275
Provision for doubtful debts	-7,805	-5,240
Total	**121,257**	**134,035**
Invoiced receivables are due as follows:		
Not overdue	18,816	18,195
1-30 days overdue	86,884	108,013
31-60 days overdue	16,534	8,123
61-90 days overdue	3,145	2,799
91 and more days overdue	3,683	2,145
Total	**129,062**	**139,275**

CHANGE IN PROVISION FOR DOUBTFUL TRADE RECEIVABLES

SEK thousand	31 Dec 2015	31 Dec 2014
Provision for doubtful trade receivables at beginning of year	-5,240	-4,275
New provisions	-5,783	-2,541
Utilisation of provisions during the period	4,439	2,178
Reversal of unutilised provisions	-1,221	-602
Total	**-7,805**	**-5,240**

See Note 24 for a description of the Group's credit risks.

NOTE 16 PREPAID EXPENSES AND ACCRUED INCOME

Group SEK thousand	31 Dec 2015	31 Dec 2014
Prepaid support expenses	29,316	39,135
Prepaid leases	27,255	37,268
Accrued income	29,799	46,409
Other prepaid expenses	76,395	88,592
Total	**162,765**	**211,404**

NOTE 17 CASH AND CASH EQUIVALENTS

Group SEK thousand	31 Dec 2015	31 Dec 2014
Cash and bank balances	743,411	716,405
Total	**743,411**	**716,405**

The Group has a granted bank overdraft facility of SEK 125,000 thousand (125,000 thousand), of which SEK 0 (0) was drawn down as of 31 December 2015. For information on other available credit facilities, see Note 24, Financial risks and financial policy.

NOTE 18 EQUITY

CHANGES IN NO. OF SHARES

Change in no. of shares	Class A shares	Class B shares	Preference shares	Total number of shares
1 Jan 2014	**13,110,717**	**73,490**	**28,987,918**	**42,172,125**
New share issue	10,469	7,784	5,248	23,501
Redemption of shares	–	–	-36,213	-36,213
Share conversion	29,038,227	-81,274	-28,956,953	–
Bonus issue	57,840,587	–	–	57,840,587
New issue, IPO	97,754,179	–	–	97,754,179
New share issue overallotment	9,775,418	–	–	9,775,418
No. of outstanding shares 31 Dec 2014	**207,529,597**	**–**	**–**	**207,529,597**
Redemption of shares	-886,221	–	–	-886,221
No. of registered shares 31 Dec 2015	**206,643,376**	**–**	**–**	**206,643,376**
Repurchased shares held by Com Hem	-9,645,123	–	–	-9,645,123
No. of outstanding shares 31 Dec 2015	**196,998,253**	**–**	**–**	**196,998,253**

SHARE REPURCHASES AND REDEMPTION

As a result of Com Hem's share redemption programme announced in the first quarter of 2015, a total of 886,221 shares were redeemed on 23 April 2015 at a price of SEK 73.50 per share, totalling SEK 65m. In accordance with the mandate given at the AGM on 21 May 2015, the Board of Directors resolved to repurchase shares in accordance with the Commission Regulation (EC) No 2273/2003 of 22 December 2003 (EC Regulation). The share repurchases are carried out by a credit institution that makes its trading decisions regarding Com Hem's shares independently and without the influence of Com Hem with regard to the timing of the repurchases. In May 2015, the Board also resolved on the possibility, up until the following AGM, to make repurchases through block trades, that will not be made in accordance with the EC Regulation. Shares repurchased during the financial year are presented in the table below.

Repurchased treasury shares	No. of repurchased shares	SEK thousand	Average price per share, SEK
Repurchased shares at beginning of year	–	–	–
Programmes according to the EC Regulation	8,545,460	631,561	73.91
Block trades	1,099,663	79,530	72.32
Repurchased shares at year-end	**9,645,123**	**711,091**	**73.73**

EQUITY INSTRUMENTS WITH POTENTIALLY DILUTIVE EFFECT

The company has issued warrants and a share-savings incentive programme (LTIP 2015), which may increase the number of shares outstanding. For more information about outstanding warrants and LTIP 2015, see Note 6 Employees and personnel expenses, and Note 32 Earnings per share.

GROUP

Share capital

At 31 December 2015, the registered share capital comprised 206,643,376 shares, corresponding to SEK 213,337,879. The quota value per share was about SEK 1.03. Each share equals one vote. According to the Articles of Association, share capital shall be a minimum of SEK 100,000 thousand and a maximum of SEK 400,000 thousand.

Other paid-in capital

Refers to equity contributed by the owners. This includes premiums paid in connection with new issues.

Retained earnings including net result for the year

Retained earnings including net result for the year include profit earned in the Parent Company and its subsidiaries.

PARENT COMPANY

Unrestricted equity

Share premium reserve

When shares are issued at a premium, i.e. when more than the quota value is to be paid for the shares, an amount corresponding to the amount received above the quota value of the shares must be transferred to the share premium reserve.

Retained earnings

Together with retained earnings, net result for the year and the share premium reserve, these comprise total unrestricted equity, i.e. the amount that is available for dividend payments to shareholders.

Dividends

The Board of Directors proposes a dividend of SEK 1.50 (1) per share, totalling SEK 295,497,380 (206,643,376), based on the number of shares outstanding on 31 December 2015. For further information, refer to the proposed appropriation of profits on page 32.

NOTE 19 INTEREST-BEARING LIABILITIES

Group SEK thousand	31 Dec 2015	31 Dec 2014
Non-current liabilities		
Bond loans	2,463,198	4,191,017
Non-current liabilities to credit institutions	6,667,296	5,163,728
Finance lease liabilities[1]	20,183	36,655
Total	**9,150,677**	**9,391,400**

[1] See Note 25 for information.

At the end of 2015, the Group had an outstanding bond loan maturing in 2019. The bond is listed on Nasdaq Stockholm and amounts to SEK 2,500,000 thousand with a coupon rate of 5.25%.

In November 2015, the Group's outstanding Senior Notes that were registered on the Luxembourg exchange were redeemed in advance, and amounted to EUR 186,588 thousand with a coupon rate of 10.75%.

Liabilities to credit institutions accrue interest at STIBOR plus a margin of 2.25-2.50%.

Group SEK thousand	31 Dec 2015	31 Dec 2014
Current liabilities		
Current liabilities to credit institutions	500,000	–
Finance lease liabilities[1]	28,091	29,927
Total	**528,091**	**29,927**

[1] See Note 25 for information.

Liabilities to credit institutions accrue interest at STIBOR plus a margin of 2.00%.

LOAN COVENANTS

The loan facilities with credit institutions are conditional on the Group continually meeting specified financial key metrics, referred to as the covenant. The covenant is consolidated net debt in relation to consolidated Underlying EBITDA LTM in NorCell Sweden Holding 2 AB (publ) with subsidiaries.

In addition, there are provisions and limitations in loan agreements for the credit facilities with credit institutions and the bond loan regarding further debt gearing, guarantee commitments and pledging, material changes to operating activities, as well as acquisitions and divestments. At 31 December 2015 and 2014, the conditions had been met by a solid margin.

Parent Company SEK thousand	31 Dec 2015	31 Dec 2014
Non-current liabilities		
Non-current liabilities to Group companies	941,575	228,044
Total	**941,575**	**228,044**

The company's liabilities to Group companies carry interest equal to STIBOR plus 3.00%.

NOTE 20 PENSION PROVISIONS

Pension plans

The Group has a number of both defined-contribution and defined-benefit pension plans, with an increasing number of employees being gradually covered by defined-contribution plans, rather than the defined-benefit pension plans that are presented below. Com Hem AB applies collective bargaining, and therefore offers pension benefits to all employees under the ITP plan, while Phonera Företag AB and iTUX Communication AB are not bound by collective agreements, and therefore offer pension benefits based on individual contribution-based pension agreements.

The ITP is an individual occupational pension plan for employees and serves as a complement to the Swedish national pension system. The ITP plan is divided into ITP 1 and ITP 2. ITP 1 is a defined-contribution pension applicable to employees born in 1979 or later with continuous premiums paid to external insurance companies based on the employee's pensionable income. ITP 2 is a defined-benefit plan applicable to employees born in 1978 or earlier. The defined-benefit plans are exposed to actuarial risks such as longevity risk, currency risk, interest rate risk, and investment risk.

In addition to the ITP 2 defined-benefit plan, there are also smaller defined-benefit pension plans for former CEOs (management pension) and a conditional early retirement plan, see also below.

EXPENSES RECOGNISED IN NET RESULT FOR THE YEAR

Koncernen TSEK	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Pension expense		
Defined-benefit plans		
Expenses for pensions earned in the period	12 870	9 493
Interest expenses	9 855	10 246
Interest income	-3 917	-5 608
Expense, defined-benefit plans	**18 808**	**14 131**
Expense, defined-contribution plans	45 796	44 754
Special employer's contribution	13 211	10 851
Total expense for post-employment remuneration	**77 815**	**69 736**
Expense for defined-benefit plans is recognised in the following income statement items:		
Administrative expenses	12 870	9 493
Financial income	-3 917	-5 608
Financial expenses	9 855	10 246
Expense, defined-benefit plans	**18 808**	**14 131**
Actual return on plan assets	**4 224**	**16 489**
Expense recognised in other comprehensive income		
Revaluations		
Actuarial gain (+)/loss (–)	74 416	-120 686
Difference between actual return and return under the discount rate on plan assets	307	10 881
Recognised in other comprehensive income, net	**74 723**	**-109 805**

DEFINED-BENEFIT PENSION PLANS

Group SEK thousand	31 Dec 2015	31 Dec 2014
Defined-benefit commitments and value of plan assets		
Fully or partly funded commitments		
Present value of defined-benefit commitments	326,019	382,338
Fair value of plan assets	-160,906	-156,682
Total fully or partly funded commitments	**165,113**	**225,656**
Present value of non-funded defined-benefit commitments	8,080	8,166
Net amount in balance sheet (commitments +, assets –)	**173,193**	**233,822**
Net amount is recognised in the following items in the balance sheet:		
Pension provisions	**173,193**	**233,822**

ITP/PRI
Com Hem is affiliated with PRI Pensionsgaranti, and the company's obligations under the ITP 2 plan are recognised as a liability in the balance sheet in relation to retirement pensions, while those parts pertaining to family pensions are secured through premiums to Alecta, see below. The retirement pension under ITP 2 is based on a certain percentage of the employee's salary on the date of retirement. It is also possible for employees covered by ITP 2 who earn more than 10 income base amounts to opt out of certain defined-benefit elements and make them defined-contribution, known as alternative ITP.

For companies affiliated with PRI Pensionsgaranti, the company's obligations under the ITP plan's retirement pension are recognised as a liability in the balance sheet. This method of financing requires that credit insurance is taken out with the insurer PRI Pensionsgaranti. The credit insurance with PRI Pensionsgaranti, a mutual insurance company, enables the company to hold insurance capital in the business operations rather than paying premiums to an insurance company. All companies with credit insurance have a mutual liability that does not exceed 2% of the company's pension commitments, and that is recognised as a contingent liability. Should the company become insolvent, the employees' pensions are guaranteed. PRI Pensionsgaranti also calculates the value of the employees' pensions and administrates the pension payments.

For family pensions, the ITP 2 plan's defined-benefit pension obligations for salaried employees is secured through insurance in Alecta. According to the Financial Reporting Board's statement UFR 10, Classification of ITP plans financed by insurance in Alecta, this is a defined-benefit multi-employer plan. For the 2015 financial year, the company has had no access to information regarding its proportionate share of the plan's commitments, plan assets and expenses. Consequently, it was not feasible to account for the plan as a defined-benefit plan. The ITP 2 pension plan, which is secured through insurance in Alecta, was therefore recognised as a defined-contribution plan. The premium for the defined-benefit family pension is individually calculated and based on, for example, salary, previously earned pension, expected remaining period of service and assumptions about interest rates, longevity, operating costs and policyholder tax.

The collective funding ratio is the market value of Alecta assets as a percentage of insurance commitments and is calculated according to Alecta's actuarial methods and assumptions. These are noted to not comply with IAS 19. The collective consolidation level is typically permissible to vary between 125–155%. If the Alecta collective consolidation level is less than 125% or greater than 155%, measures shall be taken in order to create the conditions for the consolidation level to return to a normal range. A low consolidation level can serve as an indication to raise the agreed price for new, and/or the expansion of existing benefits. A high consolidation level can serve as an indication to introduce premium reductions. At the end of 2015, Alecta's surplus in terms of the collective funding ratio was 153% (143%). There is currently no framework in place to handle any deficit that should arise. In the first instance, losses will be borne by Alecta's collective capital and thus will not lead to increased costs through higher contractual premiums. There are no guidelines stipulating how any surpluses or deficits shall be distributed in the settlement of the plan or the company's withdrawal from the plan.

In 2015, Com Hem paid contributions of SEK 6.0m (6.0) for pension insurance in Alecta and this figure is expected to be SEK 6.2m in 2016. The amounts refer to the above described family pensions under ITP 2.

Management pension
During the period when operations were part of TeliaSonera AB, the then CEOs of Com Hem AB had pension agreements over and above the ITP plan for that portion of salary exceeding 30 basic amounts, for retirement pensions and family pensions.

Conditional early retirement pension
According to transitional rules, some of Com Hem's employees are entitled to retire before 65 years of age. This applies to staff who had this right as of 31 December 1991 pursuant to the previous PA 91 central government collective agreement, and that have remained in the same employment as when the transition rules came into effect. This expense has been provisioned with TeliaSonera AB. TeliaSonera AB invoiced Com Hem AB quarterly up to and including 5 June 2003 for the associated provisioning of additional vested conditional pension entitlements. After this date, Com Hem AB has recognised a provision for this expense. When early pension is exercised, funds are partly returned from TeliaSonera AB to Com Hem AB, and the remaining is utilised from Com Hem AB's own provision.

At 31 December 2015, the weighted average term for Com Hem's commitments under defined-benefit pension plans was 18.9 years (24.1 years). In 2016, Com Hem estimates that SEK 4,887 thousand (4,684 thousand) will be paid to former employees from defined-benefit plans that are recognised as a liability in the Group's balance sheet.

CHANGES IN THE PRESENT VALUE OF THE COMMITMENT FOR DEFINED-BENEFIT PLANS

Group SEK thousand	ITP/PRI	Manage-ment pension	Conditional early retirement pension	Total
Change in pension commitments				
At beginning of 2015	382,338	1,450	6,716	390,504
Expense for pension benefits earned in the period	12,563	-14	321	12,870
Interest expenses	9,648	36	171	9,855
Pension disbursements	-4,658	-56	–	-4,714
Actuarial gains and losses on amended financial assumptions	-75,099	-123	-269	-75,491
Experience adjustments	1,227	-19	-133	1,075
At year-end 2015	**326,019**	**1,274**	**6,806**	**334,099**

Group SEK thousand	ITP/PRI	Manage-ment pension	Conditional early retirement pension	Total
Change in pension commitments				
At beginning of 2014	247,370	1,294	5,889	254,553
Expense for pension benefits earned in the period	9,131	-14	376	9,493
Interest expenses	9,954	51	241	10,246
Pension disbursements	-4,418	-56	–	-4,474
Actuarial gains and losses on amended financial assumptions	122,402	233	546	123,181
Experience adjustments	-2,101	-58	-336	-2,495
At year-end 2014	**382,338**	**1,450**	**6,716**	**390,504**

The present values of the commitments are distributed among members of the plans as follows:

- Active members 44% (47%)
- Former employees 37% (36%)
- Pensioners 19% (17%)

ACTUARIAL ASSUMPTIONS

The following material actuarial assumptions have been applied to calculate commitments:

Group Weighted average values	31 Dec 2015	31 Dec 2014
Discount rate	3.30%	2.50%
Increase in income base amount	3.00%	3.00%
Expected inflation assumption	2.00%	2.00%
Future salary increases	3.00%	3.00%
Termination rate	5.00%	5.00%
Longevity assumption	FFFS[1]	FFFS[1]

[1] Used by the Swedish Financial Supervisory Authority for legal valuation of pension liabilities FFFS 2007:31.

Longevity assumptions are based on statistical publications and data sets on mortality. Commitments are calculated based on the longevity assumptions in the table below:

31 Dec 2015	ITP/PRI	Manage-ment pension	Conditional early retirement pension
Longevity assumptions at age 65 for current pensioners:			
Men	19.6	19.6	19.6
Women	22.8	22.8	22.8
Longevity assumptions at age 65 for current members aged 45:			
Men	21.6	21.6	21.6
Women	24.1	24.1	24.1

The same longevity assumptions as above were applied for 2014.

SENSITIVITY ANALYSIS

The table below sets out possible changes of actuarial assumptions at the reporting date, holding other assumptions constant, and how these would affect the defined-benefit commitment.

Group SEK thousand	Increase	Decrease
Discount rate (1% change)	-36,985	78,441
Expected inflation assumption (1% change)	77,351	-45,121

FUNDING OF DEFINED-BENEFIT PENSION PLANS

Com Hem's defined-benefit pension plan under ITP 2 is partially funded by assets separated into a trust. Other smaller pension plans (management pension and conditional early retirement pension) are non-funded. Com Hem AB's trust assets are invested in TeliaSonera AB's pension fund, which was founded in 1998 when Com Hem was a subsidiary of TeliaSonera. These plan assets may only be used to pay benefits under pension agreements. At 31 December 2015, Com Hem AB's deposits to the fund totalled SEK 73,558 thousand (73,558 thousand). The pension fund's capital, except for index-linked bonds, is managed by various asset management companies. Any changes in the real interest portfolio is determined by the trust's Board. Com Hem AB's share of the pension fund is revalued monthly to market value. At 31 December 2015, the market value of Com Hem AB's share of the assets in the pension trust amounted to SEK 160,906 thousand (156,682 thousand).

CHANGE IN FAIR VALUE OF PLAN ASSETS

Group SEK thousand	ITP/PRI	Manage-ment pension	Conditional early retirement pension	Total
Change in fair value of plan assets				
At beginning of 2015	156,682	–	–	156,682
Interest income recognised in net result	3,917	–	–	3,917
Actuarial gain/loss	307	–	–	307
At year-end 2015	**160,906**	**–**	**–**	**160,906**

Group SEK thousand	ITP/PRI	Manage-ment pension	Conditional early retirement pension	Total
Change in fair value of plan assets				
At beginning of 2014	140,192	–	–	140,192
Interest income recognised in net result	5,608	–	–	5,608
Actuarial gain/loss	10,882	–	–	10,882
At year-end 2014	**156,682**	**–**	**–**	**156,682**

The assets in the pension trust are as follows:

Group SEK thousand	31 Dec 2015	31 Dec 2014
Equity securities		
Swedish shares	3.7%	7.2%
Global shares	24.4%	30.7%
Interest-bearing securities		
Index-linked bonds	14.0%	14.5%
Mortgage bonds	22.2%	21.4%
Other Swedish fixed-interest securities	19.4%	12.3%
Alternative investments	16.3%	13.9%
Total	**100%**	**100%**

NOTE 21 OTHER LIABILITIES

Group SEK thousand	31 Dec 2015	31 Dec 2014
Other current liabilities		
Employee withholding taxes	13,606	13,502
Value-added taxes	76,703	67,972
Other liabilities	21,530	9,984
Total	**111,839**	**91,458**

NOTE 22 ACCRUED EXPENSES AND PREPAID INCOME

Group SEK thousand	31 Dec 2015	31 Dec 2014
Prepaid income	543,553	517,016
Accrued personnel expenses	131,946	131,677
Accrued content expenses	98,447	97,689
Accrued interest expenses	44,606	110,861
Other accrued expenses	178,013	204,834
Total	**996,565**	**1,062,077**

Other accrued expenses mainly pertain to cost of services sold and copyright fees.

Parent Company SEK thousand	31 Dec 2015	31 Dec 2014
Accrued personnel expenses	5,570	3,542
Other accrued expenses	1,983	23,380
Total	**7,553**	**26,922**

Other accrued expenses mainly pertain to consulting fees in 2015, and IPO costs in 2014.

NOTE 23 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

Fair values and carrying amounts are measured in the balance sheet as follows:

	31 Dec 2015					
Group SEK thousand	Financial assets at fair value through profit or loss	Loan receivables and trade receivables measured at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Carrying amount	Fair value
Derivatives	83	–	–	–	**83**	83
Trade receivables	–	121,257	–	–	**121,257**	121,257
Accrued income	–	29,799	–	–	**29,799**	29,799
Other receivables	–	22,754	–	–	**22,754**	22,754
Cash and cash equivalents	–	743,411	–	–	**743,411**	743,411
Non-current interest-bearing liabilities, bond loans	–	–	–	-2,463,198	**-2,463,198**	-2,603,125
Non-current interest-bearing liabilities, credit institutions	–	–	–	-6,687,479	**-6,687,479**	-6,687,479
Current interest-bearing liabilities	–	–	–	-528,091	**-528,091**	-528,091
Trade payables	–	–	–	-476,676	**-476,676**	-476,676
Other current liabilities	–	–	–	-21,515	**-21,515**	-21,515
Accrued expenses	–	–	–	-399,718	**-399,718**	-399,718
Total financial assets and liabilities by category	**83**	**917,221**	**–**	**-10,576,677**	**-9,659,373**	**-9,799,300**

Group SEK thousand	Financial assets at fair value through profit or loss	Loan receivables and trade receivables measured at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Carrying amount	Fair value
	31 Dec 2014					
Derivatives	39,281	–	–	–	**39,281**	39,281
Trade receivables	–	134,035	–	–	**134,035**	134,035
Accrued income	–	46,409	–	–	**46,409**	46,409
Other receivables	–	33,765	–	–	**33,765**	33,765
Cash and cash equivalents	–	716,405	–	–	**716,405**	716,405
Non-current interest-bearing liabilities, bond loans	–	–	–	-4,191,017	**-4,191,017**	-4,520,032
Non-current interest-bearing liabilities, credit institutions	–	–	–	-5,200,383	**-5,200,383**	-5,200,383
Current interest-bearing liabilities	–	–	–	-29,927	**-29,927**	-29,927
Trade payables	–	–	–	-486,228	**-486,228**	-486,228
Other current liabilities	–	–	–	-9,985	**-9,985**	-9,985
Accrued expenses	–	–	–	-485,265	**-485,265**	-485,265
Total financial assets and liabilities by category	**39,281**	**930,614**	**–**	**-10,402,805**	**-9,432,910**	**-9,761,925**

Parent Company SEK thousand	Financial assets at fair value through profit or loss	Loan receivables and trade receivables measured at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Carrying amount	Fair value
	31 Dec 2015					
Non-current receivables from Group companies	–	6,873,517	–	–	**6,873,517**	6,873,517
Current receivables from Group companies	–	2,508	–	–	**2,508**	2,508
Other current assets	–	304	–	–	**304**	304
Cash and cash equivalents	–	30,090	–	–	**30,090**	30,090
Non-current interest-bearing liabilities to Group companies	–	–	–	-941,575	**-941,575**	-941,575
Trade payables	–	–	–	-3,175	**-3,175**	-3,175
Other current liabilities	–	–	–	-9,962	**-9,962**	-9,962
Current liabilities to Group companies	–	–	–	-607,420	**-607,420**	-607,420
Accrued expenses	–	–	–	-6,015	**-6,015**	-6,015
Total financial assets and liabilities by category	**–**	**6,906,419**	**–**	**-1,568,147**	**5,338,272**	**5,338,272**

Parent Company SEK thousand	Financial assets at fair value through profit or loss	Loan receivables and trade receivables measured at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Carrying amount	Fair value
	31 Dec 2014					
Non-current receivables from Group companies	–	6,501,375	–	–	**6,501,375**	6,501,375
Current receivables from Group companies	–	3,354	–	–	**3,354**	3,354
Other current assets	–	115	–	–	**115**	115
Cash and cash equivalents	–	130,376	–	–	**130,376**	130,376
Non-current interest-bearing liabilities to Group companies	–	–	–	-228,044	**-228,044**	-228,044
Trade payables	–	–	–	-34,277	**-34,277**	-34,277
Other current liabilities	–	–	–	0	**0**	0
Current liabilities to Group companies	–	–	–	-375,351	**-375,351**	-375,351
Accrued expenses	–	–	–	-25,915	**-25,915**	-25,915
Total financial assets and liabilities by category	**–**	**6,635,220**	**–**	**-663,587**	**5,971,633**	**5,971,633**

FAIR VALUE OF ASSETS AND LIABILITIES
Fair values are based on market values or, in the absence of an active market, derived from an assumed yield curve. The amounts indicated are unrealised and will not necessarily be realised.

Derivative instruments
The fair value of collars, cross currency interest rate swaps and currency forward contracts are based on valuations conducted by intermediary credit institutions, with accuracy tested by discounting estimated future cash flows pursuant to contract terms and maturity dates, and proceeding from market interest rates for similar instruments at the reporting date. The discount rate applied is based at interest rates of similar instruments at the reporting date.

Interest-bearing liabilities
The fair value of financial liabilities that are not derivative instruments is calculated based on future cash flows of the principal and interest discounted to current market interest rates at the reporting date. The fair value of the Group's listed bonds is determined based on market price (level 1).

Trade receivables and trade payables
Due to the short terms of trade receivables and trade payables, carrying amounts are assumed to be the best approximation of fair value.

Fair value hierarchy
The following table illustrates financial instruments measured at fair value by measurement method. Each level is defined as follows:

Level 1
Financial instruments where fair value is determined according to prices quoted on an active marketplace for the same instrument. Such instruments include: Shares, bonds and standard warrants that are actively traded.

Level 2
Financial instruments where fair value is determined on the basis of either direct (as price) or indirect (derived from prices) observable market data that is not included in level 1. Such instruments include: Bonds and certain OTC products such as interest rate swaps, currency forwards, collars and shares. The Group has only level 2 instruments comprising collars, cross-currency interest-rate swaps and currency forward contracts, see the table below.

Level 3
Financial instruments where fair value is determined on the basis of input data that is not observable on the market. Such instruments include: Unlisted shares and warrants where the underlying instrument is not priced in active markets.

Group SEK thousand	Level 1	Level 2	Level 3	31 Dec 2015
Derivatives (currency forward contracts)	–	83	–	83
Financial assets	**–**	**83**	**–**	**83**

Group SEK thousand	Level 1	Level 2	Level 3	31 Dec 2014
Derivatives (collars)	–	–	–	–
Derivatives (CIRS)	–	39,281	–	39,281
Derivatives (currency forward contracts)	–	–	–	–
Financial liabilities	**–**	**39,281**	**–**	**39,281**

The net result for 2015 includes an amount of SEK -39,198 thousand (158,443 thousand) pertaining to the change in fair value of derivatives, of which SEK -39,281 thousand (157,974 thousand) was recognised in net financial income and expenses and SEK 83 thousand (469 thousand) in other operating income. Hedge accounting is not applied. When the Group's Senior Notes were redeemed in advance in November 2015, all derivatives attributable to outstanding credit were closed.

NOTE 24 FINANCIAL RISKS AND TREASURY POLICY

The Group is exposed to various types of financial risk through its daily operating activities.

Financial risk refers to refinancing risks, liquidity risks and fluctuations in the company's income statement, balance sheet and cash flows resulting from variations in exchange rates, interest levels and credit margins. The Board of Directors has formulated the Group's treasury policy for managing financial risks, which sets a framework of guidelines and regulations for financing activities.

REFINANCING AND LIQUIDITY RISKS
Refinancing risk is defined as the risk of existing lenders being unwilling to renew their outstanding loans or the Group's loans and credit facilities not being sufficient to satisfy the company's need for capital. The treasury policy stipulates that there should be a liquidity reserve of at least SEK 500m as a buffer for unforeseen events. This liquidity reserve consists of cash and cash equivalents, potential short-term financial assets and unutilised confirmed credit facilities.

At 31 December 2015 and 2014, the liquidity reserve is divided as follows:

SEK thousand	31 Dec 2015	31 Dec 2014
Cash and bank balances	743,411	716,405
Unutilised credit facilities	649,845	595,345
Total liquidity reserve	**1,393,256**	**1,311,750**

At 31 December 2015, the Group's total credit facilities,including the outstanding SEK bond, amounted to SEK 10,375m, with an average remaining term of 3.4 years.

Liquidity forecasts are prepared regularly as part of the Group's budgeting and forecast process. Advance billing is usually applied which has a positive effect on the Group's liquidity and working capital. Consumers are normally billed monthly in advance. Landlords are normally billed quarterly in advance.

SEKm	Maturity date	Interest base/Coupon	Total credit	Utilised amount	Unutilised amount
Bank debt					
Facility A	26 Jun 2019	Floating	3,500	3,500	–
Revolving Credit Facility	26 Jun 2019	Floating	2,000	1,350	650
Incremental Facility 2	26 Jun 2019	Floating	375	375	–
Incremental Facility 3	4 March 2017	Floating	500	500	–
Incremental Facility 4	26 Jun 2019	Floating	1,000	1,000	–
Incremental Facility 5	14 Sep 2016	Floating	500	500	–
Outstanding notes at fixed interest rates					
SEK 2,500m Senior Secured Notes	4 Nov 2019	Fixed | 5.25%	2,500	2,500	–
Total credit facilities			**10,375**	**9,725**	**650**

Refinancing in 2015
In November 2015, Com Hem made an early redemption of the Group's Senior Notes of EUR 187m, which had been issued by its subsidiary NorCell Sweden Holding 2 AB (publ), with an original maturity in 2019 and a coupon rate of 10.75%. The Senior Notes were replaced by new credit facilities om SEK 1,500m signed in September 2015 (Incremental 4 and 5), and existing unutilised credit facilities. When the share redemption procedure was implemented, all derivatives attributable to outstanding credit were closed.

Refinancing in 2014
In 2014, the company's credit underwent a comprehensive refinancing. On 22 May 2014, Com Hem entered into a loan agreement, 2014 Senior Facilities Agreement, with a consortium of banks. The facilities available under the 2014 Senior Facilities Agreement comprised a SEK 3,500m term facility, with a final maturity date in 2019 and a SEK 2,000m multi-currency revolving credit facility, with the final maturity date in 2019. The net proceeds from the issue of new shares in conjunction with the IPO in June 2014, together with drawdowns under the 2014 Senior Facilities Agreement, were used to refinance some of Com Hem's borrowings.

On 12 November 2014, the company made an early redemption of the Group's Senior Secured Notes of SEK 3,492m, with an original maturity in 2019 and a coupon rate of 9.25%. The redemption was financed through the issuance of new Senior Secured Notes of SEK 2,500m, together with Incremental Facility 2 and utilisation of the Revolving Credit Facility.

Expected maturities of financial liabilities
On 31 December 2015 and 2014, the Group's interest-bearing borrowings, including repayments, estimated interest payments and currency derivatives, had the following expected maturity structure. Translations to SEK of foreign currency amounts have been calculated at current rates of exchange applicable at the end of the reporting period. Forward rates have been used for estimated future interest payments related to instruments with variable interest. In cases where settlement is made on a gross basis (cross currency interest rate swaps and currency forwards), all amounts have been recognised as gross values.

GROUP
Expected maturities of financial liabilities at 31 December 2015:

SEK thousand	Nominal amount	Within 0-1 year	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	Beyond 5 years	Matures
Liabilities to credit institutions	7,225,000	500,000	500,000	–	6,225,000	–	–	2016–2019
Bond loans	2,500,000	–	–	–	2,500,000	–	–	2019
Finance lease liabilities	48,274	28,091	17,341	2,842	–	–	–	–
Total interest-bearing liabilities	**9,773,274**	**528,091**	**517,341**	**2,842**	**8,725,000**	**–**	**–**	
Interest payments		298,129	272,804	304,976	280,145	–	–	
Net total	**9,773,274**	**826,220**	**790,145**	**307,818**	**9,005,145**	**–**	**–**	

Current liabilities (short-term interest-bearing liabilities, trade payables, other current liabilities and accrued expenses) are mostly due within 1 year of the reporting date. The company intends to extend current liabilities to credit institutions, or replace them with new financing.

Expected maturities of financial liabilities at 31 December 2014:

SEK thousand	Nominal amount	Within 0-1 year	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	Beyond 5 years	Matures
Liabilities to credit institutions	5,225,000	–	–	–	–	5,225,000	–	2019
Bond loans	4,275,475	–	–	–	–	4,275,475	–	2019
Finance lease liabilities	66,582	29,927	23,863	12,519	273	–	–	–
Total interest-bearing liabilities	**9,567,057**	**29,927**	**23,863**	**12,519**	**273**	**9,500,475**	**–**	
Interest payments		466,266	468,899	476,677	496,208	404,224	–	
CIRS								
- Liabilities		119,407	40,437	41,704	10,797	–	–	
- Receivables		-102,483	-28,750	-29,214	-7,498	–	–	
Total expected interest payments		**483,190**	**480,586**	**489,167**	**499,507**	**404,224**	**–**	
Net total	**9,567,057**	**513,117**	**504,449**	**501,686**	**499,780**	**9,904,699**	**–**	

Current liabilities (short-term interest-bearing liabilities, trade payables, other current liabilities and accrued expenses) are mostly due within 1 year of the reporting date.

PARENT COMPANY
Long-term liabilities to Group companies are due beyond five years of the reporting date. Current liabilities (short-term liabilities to Group companies, trade payables, other current liabilities and accrued expenses) are essentially all due within one year of the reporting date.

GROUP
Interest rate risks
Interest risk is the risk of changes in interest rates affecting the Group's income statement and balance sheet negatively. The company's bank loans have a variable interest rate for the entirety of the loan, margin plus STIBOR, and outstanding bonds have a fixed interest rate.

Fixed interest structure
The Group's interest expenses would increase by approximately SEK 73m (53) on an annual basis with a 1% increase in the interest rate and the same hedging conditions that existed on the reporting date.

SEK thousand	Nominal amount	Net exposure	Distribution, %
2016	7,273,274	7,273,274	74%
2017	–	–	–
2018	–	–	–
2019	2,500,000	2,500,000	26%
2020	–	–	–
Beyond 5 years	–	–	–
Total	**9,773,274**	**9,773,274**	**100%**

Currency risks
Currency risk is the risk that the Group's income statement and balance sheet are negatively affected by fluctuations in exchange rates.

Transaction exposure – operational flows
All the Group's billing is in SEK, as are the majority of the Group's expenses. However, some purchases are denominated in other currencies, and accordingly, to reduce the earnings effect of exchange rates, the Group may hedge contracted flows in these currencies using forward contracts. Currency hedging is typically initiated when the Group enters an agreement that has a minimum exposure of SEK 10m in a foreign currency which must be met in a maximum period of 12 months. Currency hedges are reported at fair value in the balance sheet with value changes recognised in profit or loss. At the end of 2015, there were 2 (-) transaction-related currency forward contracts with fair value totalling SEK 83 thousand (-) .

Exchange rate differences arising in operations are recognised in profit or loss and have been allocated between other operating income of SEK 6,617 thousand (1,654 thousand) and other operating costs of SEK -15,360 thousand (-16,917 thousand).

Transaction exposure by currency

	1 Jan-31 Dec 2015		1 Jan-31 Dec 2014	
SEK thousand	Amount	%	Amount	%
Currency				
EUR	-81,367	16%	-78,401	13%
NOK	-15,647	3%	-18,520	3%
USD	-402,079	79%	-452,469	78%
GBP	-7,464	1%	-33,266	6%
DKK	-1,565	1%	-12	0%
Total	**-508,122**	**100%**	**-582,668**	**100%**

Transaction exposure translated into SEK according to the currency distribution above representing 13%(15%) of the Group´s total supplier spending.

During the period, consolidated cash flow would decrease by approximately SEK 25m (29) if the SEK had depreciated by 5% against the above currencies, assuming the same transaction exposure as during the financial year and no hedging.

Translation exposure – financial items
The Group's translation exposure arises if there are financial liabilities denominated in currencies other than the presentation currency. At the end of 2015, all interest-bearing liabilities were denominated in SEK.

At the end of 2014, bond loans totalling EUR 186,588 thousand were denominated in EUR, of which EUR 175,000 thousand was currency hedged through currency forward contracts. Currency derivatives were closed in connection with the aforementioned refinancing of Senior Notes in November 2015.

Credit risk
Credit risk is the risk that the Group incurs losses due to a counterparty not fulfilling their obligations. The Group's exposure to credit risk is limited because advance billing is used for consumer, B2B and landlord services. Credit assessments are conducted for new customers, and the Group applies a fast debt recovery process, entailing termination of the customer's service if payment is not received. Due to the extensive size of the Group's customer base, there is no concentration of risk to a few major customers. Trade receivables are classified as doubtful from a collective assessment based on age and potential recovery attempts via debt collection agencies. Credit losses are small in relation to the Group's operations and cumulative credit losses for the financial year were 0.5% (0.4) of total revenue.

Capital structure
The company defines capital as interest-bearing liabilities and equity. The company's objective is to have an effective capital structure that takes account of its operational and financial risks, helps maintain the confidence of investors, creditors and the market, and provides a stable basis for the sustainable development of the company's operations, while also ensuring shareholders receive satisfactory returns. The key ratio which the management and external stakeholders judge capital structure by is net debt in relation to Underlying EBITDA (EBITDA before disposals excluding non-recurring items and operating currency gains/losses). At the end of the period, the Group's net debt totalled SEK 9,030m (8,851), and the net debt/Underlying EBITDA LTM was a multiple of 3.8x (3.9). The company's objective is to maintain leverage within the interval of a multiple of 3.5-4.0x Underlying EBITDA LTM.

The Board and Management regularly monitor and analyse the key ratios, which ultimately set the framework for the Group's capital structure.

NOTE 25 LEASING

GROUP
Operating lease arrangements in which the company is the lessee
There are assets used in operations held through operating lease arrangements. The leasing fee is included in operating expenses and amounted to SEK 314,256 thousand (303,625 thousand) for the financial year.

The Group's future commitments mainly comprise leases for infrastructure (such as fibre) with Skanova, the Swedish Rail Administration, Ericsson and Stockholm regional ICT network provider Stokab, as well as property leases. None of these leases imply the transfer of ownership rights when the leases expire. The infrastructure leases contain a fixed cost for the number of homes connected, and a variable component for new home connections. The leases are indexed annually.

	31 Dec 2015	31 Dec 2014
Group SEK thousand	Future Minimum lease fees	Future Minimum lease fees
Within 1 year	190,696	217,522
1-5 years	352,031	496,943
More than 5 years	3,765	11,999
Total	**546,492**	**726,464**

Finance lease arrangements in which the company is the lessee
There are assets in operations held through finance lease arrangements, which are primarily associated with customer equipment and equipment for switching centers. At 31 December 2015, the carrying amount of these was SEK 47,193 thousand (65,440 thousand), of which CPE accounted for SEK 0 (0), production facilities for SEK 23,271 thousand (33,355 thousand) and other non-current intangible assets for SEK 23,922 thousand (32,085 thousand). For most of the lease arrangements, the assets held can be acquired after 36 months. Future payments under these lease arrangements mature as follows:

	31 Dec 2015		31 Dec 2014	
Group SEK thousand	Minimum lease fee	Nominal value	Minimum lease fee	Nominal value
Within 1 year	28,091	29,078	29,927	31,540
1-5 years	20,183	20,402	36,655	37,722
More than 5 years	–	–	–	–
Total finance lease liabilities	**48,274**	**49,480**	**66,582**	**69,262**
Less interest portion		-1,206		-2,680
Total finance leases	**48,274**	**48,274**	**66,582**	**66,582**

NOTE 26 INVESTMENT COMMITMENTS

The Group has signed agreements to acquire tangible and intangible fixed assets pursuant to the following table. These commitments are expected to be settled in the coming financial year.

Group SEK thousand	31 Dec 2015	31 Dec 2014
Production facilities	6,542	2,764
Customer equipment	90,848	70,508
Non-current intangible assets	4,970	447
Total	**102,360**	**73,719**

NOTE 27 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Group SEK thousand	31 Dec 2015	31 Dec 2014
Pledged assets		
Participations in Group companies	–	239,187
Bank guarantee PRI	–	54,500
Other bank guarantees	155	155
Total	**155**	**293,842**

Group SEK thousand	31 Dec 2015	31 Dec 2014
Contingent liabilities		
Guarantee commitments, FPG/PRI	3,770	3,589
Total	**3,770**	**3,589**

In connection with early redemption of the company's Senior Notes in November 2015, the shares in subsidiaries that were previously pledged as collateral were taken back.

Parent Company SEK thousand	31 Dec 2015	31 Dec 2014
Pledged assets		
Endowment insurance	860	344
Total	**860**	**344**

Parent Company SEK thousand	31 Dec 2015	31 Dec 2014
Contingent liabilities		
Guarantee obligations for subsidiaries	3,770	3,589
Total	**3,770**	**3,589**

Every year, the Com Hem AB subsidiary takes out credit insurance for its pension liabilities with PRI Pensionsgaranti. The Parent Company also has a guarantee undertaking for the subsidiary's pension liability. In 2014, Com Hem AB also had pledged assets in the form of a bank guarantee amounting to SEK 54,500 thousand for its pension liabilities, which were taken back in 2015.

NOTE 28 RELATED PARTIES

GROUP

Relations and transactions with related parties

The Group has related party relationships with the company's major owners, Board members and Executive Management.

No material related-party transactions took place with the company's major owners or persons in senior positions during the financial year except for the information provided in Note 6.

PARENT COMPANY

Relations and transactions with related parties

The Parent Company has related party relationships with the company's owner, subsidiaries and with Board members and Executive Management. The Parent Company's directly and indirectly owned subsidiaries are presented in Note 29.

The company's non-current receivables from subsidiaries amounted to SEK 6,873,517 thousand (6,501,375 thousand) and non-current liabilities to subsidiaries were SEK 941,575 thousand (228,044 thousand).

In addition to the above receivables and liabilities, the company had current receivables from subsidiaries of SEK 2,508 thousand (3,354 thousand) and current liabilities of SEK 607,420 thousand (375,351 thousand)

The company's total revenue pertained to intragroup service assignments and amounted to SEK 13,240 thousand (7,943 thousand). Of other operating income, SEK 514 thousand (-) pertained to transactions with other Group companies. Interest income and interest expense included interest from subsidiaries of SEK 747,664 thousand (743,423 thousand) and SEK 11,345 thousand (0), respectively. All intragroup transactions were on an arm's length basis. No related-party transactions took place with persons in senior positions during the financial year except for the information provided in Note 6.

NOTE 29 PARTICIPATIONS IN GROUP COMPANIES

Parent Company SEK thousand	31 Dec 2015	31 Dec 2014
Accumulated cost		
At beginning of year	5,047,366	1,657,733
Shareholders' contributions paid	1,297	5,954,325
Group contributions paid	607,420	373,100
Effect of merger	–	-2,937,792
At year-end	**5,656,083**	**5,047,366**
Accumulated impairments		
At beginning of year	-2,151,621	-315,696
Impairment of participations in Group companies	-607,420	-1,863,100
Effect of merger	–	27,175
At year-end	**-2,759,041**	**-2,151,621**
Carrying amount at year-end 2015	**2,897,042**	**2,895,745**

Impairment of participations in Group companies took place as a result of shareholder and Group contributions.

BREAKDOWN OF PARENT COMPANY'S DIRECT AND INDIRECT HOLDINGS OF PARTICIPATIONS IN SUBSIDIARIES

Subsidiaries	Corporate identity number	Registered office	No. of shares	Holding %	31 Dec 2015 Carrying amount
NorCell Sweden Holding 2 AB (publ)	556859-4187	Stockholm	600,000	100	2,897,042
NorCell Sweden Holding 3 AB (publ)	556859-4195	Stockholm	600,000	100	–
Com Hem Communications AB	556689-2104	Stockholm	7,286,446	100	–
Com Hem AB	556181-8724	Stockholm	50,000	100	–
iTUX Communication AB	556699-4843	Stockholm	100,000	100	–
Phonera Företag AB	556434-4397	Malmö	1,000	100	–
Total					**2,897,042**

NOTE 30 EVENTS AFTER THE REPORTING DATE

REPURCHASE OF SHARES

During the period 1 January-31 March, an additional 3,493,774 shares were repurchased at a value of SEK 256m by the independent credit institute. Com Hem aims to propose a reduction in share capital through cancellation of some or all of the shares that have been repurchased.

DIVIDENDS AND SHARE REPURCHASES

At the AGM on 19 May 2016, the Board will propose a cash dividend of SEK 1,50 (1) per share and a renewed mandate to repurchase up to 10% of the number of registered shares.

NOTE 31 DETAILS OF THE PARENT COMPANY

Com Hem Holding AB is a Swedish registered limited company, (corp. reg. no. 556858-6613) with its registered office in Stockholm, Sweden. Com Hem's shares have been listed on Nasdaq Stockholm, Large Cap list, since June 2014. The consolidated accounts are available at Com Hem Holding AB's head office at Fleminggatan 18, 104 20 Stockholm, Sweden.

NOTE 32 EARNINGS PER SHARE

Group SEK	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Basic earnings per share	0.45	-6.67
Diluted earnings per share	0.45	-6.67

The above computation of earnings per share is based on the net result and the number of shares as stated below.

BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated based on the net result for the year attributable to owners of the Parent Company and the weighted average number of outstanding shares.

SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Net result for the year attributable to owners of the Parent Company	91,898	-1,051,195
Average number of shares outstanding – before dilution	204,068,412	157,482,824
Effect of share-savings incentive programme (LTIP 2015)	43,718	–
Average number of shares outstanding – after dilution	204,112,130	157,482,824

The average number of shares outstanding recognised for 2014 has been adjusted for the bonus issue carried out in June 2014.

INSTRUMENTS WITH POTENTIAL DILUTIVE EFFECT

Warrants

At 31 December 2015, Com Hem Holding AB had a total of 4,949,944 warrants outstanding, of which 2,474,972 warrants will expire in June 2017 and 2,474,972 in June 2018. The exercise price for the warrants expiring in June 2017 is SEK 73.07/share and the exercise price for the warrants expiring in June 2018 is SEK 78.93/share. The exercise price for all warrants exceeded the average share price for the company's ordinary shares in 2015. The warrants are therefore not considered to have a dilutive effect and have been excluded from the calculation of diluted earnings per share. These warrants may result in dilution if the future average share price exceeds the exercise price.

Share-savings incentive programme

The LTIP 2015 share-savings incentive programme, which is described in more detail in Note 6, Employees and personnel expenses, entitles its participants, after the qualification period and under certain conditions, to receive an allotment of shares without consideration. The average share price for the period exceeds the value of the remaining future services to recognise over the vesting period. A dilution effect therefore exists, which is taken into consideration when calculating the average number of shares outstanding after dilution, as described above.

NOTE 33 DISCLOSURES FOR THE STATEMENT OF CASH FLOWS

ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

Group SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Depreciation/amortisation and impairment of assets	1,545,230	1,438,447
Unrealised exchange rate differences	-63,651	187,707
Unrealised change in fair value of derivatives	39,198	-158,442
Change in accrued borrowing costs and discounts	71,161	506,564
Change in accrued interest expense	-66,255	-124,107
Capital gain/loss on sale/disposal of non-current assets	9,299	14,933
Capital gain/loss on divestment of subsidiaries	22	91
Pension provisions	14,095	9,656
Other provisions	801	979
Other profit/loss items not settled with cash	1,481	–
Total	**1,551,381**	**1,875,828**

Parent Company SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Depreciation/amortisation and impairment of assets	607,420	1,863,100
Unrealised exchange rate differences	124,586	-22,240
Provisions	706	434
Interest not settled with cash, Group companies	-736,319	-24,970
Merged unit's earnings before merger date	–	-440,068
Other profit/loss items not settled with cash	184	68
Total	**-3,423**	**1,376,324**

INTEREST RECEIVED AND PAID

Group SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Interest received	2,586	6,874
Interest paid	-597,385	-1,121,547

Parent Company SEK thousand	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Interest received	0	967
Dividend received	357 000	–

The Board and CEO declare that the annual accounts were prepared in accordance with generally accepted accounting principles in Sweden and the Group's consolidated accounts were prepared in accordance with the international accounting standards referred to in the European Parliament's and Council's regulation (EG) No. 1606/2002 of 19 July 2002 concerning the application of international accounting standards. The annual accounts and the Group's consolidated accounts provide a true and fair picture of the performance and financial position of the Parent Company and the Group. The Board of Directors' Report for the Parent Company and the Group provides a true and fair picture of the development of the operations, financial position and performance of the Group and the Parent Company and also describes material risks and uncertainties to which the Parent Company and the other companies in the Group are exposed.

Stockholm, 8 April 2016

Andrew Barron
Chairman

Joachim Ogland
Board member

Monica Caneman
Board member

Nicholas Stathopoulos
Board member

Eva Lindqvist
Board member

Anders Nilsson
Board member and
Chief Executive Officer

Marianne Bolin
Employee representative

Tomas Kadura
Employee representative

Our audit report was submitted on 8 April 2016

KPMG AB

Thomas Thiel
Authorised Public Accountant

AUDIT REPORT

To the annual general meeting of the shareholders in Com Hem Holding AB, corp. reg. no. 556858-6613

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Com Hem Holding AB for the year 2015, with the exception of the corporate governance report on pages 35-42. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 28–76.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of its financial performance and cash flows for the year in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not apply to the corporate governance report pages 35-42. The Board of Directors' report is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Com Hem Holding AB for the year 2015. We have also carried out a statutory review of the corporate governance report.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit, and the Board of Directors and the CEO are responsible for administration under the Companies Act and for the corporate governance report on pages 35-42 being prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained as stated above is sufficient and appropriate to provide a basis for our opinions.

In addition, we have read the corporate governance report and based on such reading and our knowledge of the company and the group, we consider that we have a sufficient basis for our opinions. This means that our statutory review of the corporate governance report has a different focus and a substantially smaller scope than the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the director' report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

A corporate governance report has been prepared and the statutory information that it contains is consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm, 8 April 2016

KPMG AB

Thomas Thiel
Authorised Public Accountant

COM HEM

KEY FINANCIAL METRICS PER YEAR

Group	2015	2014	2013	2012
DEVELOPMENT OF KEY OPERATING METRICS				
Homes connected, thousands	1,968	1,876	1,817	1,749
Unique consumer subscribers, thousands	911	876	830	828
Consumer Churn, %	12.9	14.2	16.3	16.7
Total consumer RGUs, thousands	1,616	1,566	1,482	1,502
Digital TV RGUs, thousands	635	618	597	612
– of which TiVo customers, thousands	*224*	*164*	*38*	-
Broadband RGUs, thousands	658	612	558	543
Fixed telephony RGUs, thousands	322	337	327	348
Consumer ARPU, SEK	363	360	356	362
REVENUE AND EARNINGS				
Total revenue, SEKm	5,000	4,761	4,448	4,562
Underlying EBITDA, SEKm	2,346	2,262	2,200	2,232
Underlying EBITDA margin, %	46.9	47.5	49.5	48.9
EBITDA, SEKm	2,269	2,004	2,009	2,161
EBITDA margin, %	45.4	42.1	45.2	47.4
Operating profit (EBIT), SEKm	724	566	657	748
EBIT margin, %	14.5	11.9	14.8	16.4
Financial income and expenses, SEKm	-605	-2,082	-1,537	-1,759
Result after financial items, SEKm	119	-1,517	-880	-1,010
Net result for the year, SEKm	92	-1,051	-771	-597
Capex, SEKm [1)]	991	1,051	1,051	913
CASH FLOW SUMMARY				
Cash flow from operating activities, SEKm	1,770	227	1,035	569
Cash flow from investing activities, SEKm	-976	-1,318	-1,005	-880
Cash flow from financing activities, SEKm	-768	685	430	-71
Net change in cash and cash equivalents, SEKm	27	-406	460	-383
Cash and cash equivalents at year-end, SEKm	743	716	1,122	662
FINANCIAL POSITION				
Total assets, SEKm	18,078	18,720	19,021	18,901
Net debt/Underlying EBITDA	3.8x	3.9x	6.2x	5.8x
Equity, SEKm	6,403	7,233	2,212	2,937
Equity/assets ratio, %	35	39	12	16
PER SHARE METRICS				
Earnings per share before/after dilution, SEK	0.45	-6.67	-7.71	-8.37
Equity per share, SEK	33	35	22	41
Average number of outstanding shares – before dilution[2)]	204,068,412	157,482,824	100,012,712	71,255,249
Average number of outstanding shares – after dilution[2)]	204,112,130	157,482,824	100,012,712	71,255,249
Number of outstanding shares at year-end[2)]	196,998,253	207,529,597	100,012,712	71,255,249
EMPLOYEES				
Average number of employees	1,084	1,015	844	791

1) 2013 includes customer agreements at a cost amounting to SEK 12,266 thousand attributable to business combinations, see Note 11.
2) The number of shares outstanding for 2013 and 2012 has been adjusted for the bonus issue carried out in June 2014.

FINANCIAL METRICS

EBIT (Operating profit): Total revenue less operating expenses.

EBIT margin: EBIT as a percentage of total revenue.

EBITDA: Operating profit excluding depreciation and amortisation.

EBITDA margin: EBITDA as a percentage of total revenue.

Equity per share: Equity divided by the total number of shares.

Landlord ARPU: Landlord ARPU is calculated by dividing the revenue for the respective period by the average number of homes connected for that period, and further by the number of months in the period. The average number of homes connected is calculated as the number of homes connected on the first day in the respective period plus the number of homes connected on the last day of the respective period divided by two.

Capital expenditure (capex): Capital expenditure in fixed tangible and intangible assets, including capital expenditure funded by leasing.

Consumer ARPU: Average consumer ARPU is calculated by dividing all digital television, broadband, fixed telephony and other revenue that can be allocated to each consumer service, by the average number of total unique subscribers for the respective period, and further by the number of months in the period. The average number of subscribers is calculated as the number of unique residential subscribers on the first day in the respective period plus the number of unique residential subscribers on the last day of the respective period, divided by two.

Net debt: Interest-bearing liabilities, excluding borrowing costs, less cash and cash equivalents.

Net debt/Underlying EBITDA: Net debt at the end of the period indicated divided by Underlying EBITDA for the last 12 months.

Operating free cash flow: Underlying EBITDA less capex.

Earnings per share: Net result for the period attributable to owners of the parent divided by the average number of shares outstanding.

Underlying cash flow: Cash flow from operating activities excluding one-off financing costs decreased by cash flow from investing activities.

Underlying EBITDA: EBITDA before disposals excluding non-recurring items and operating currency gains/losses.

Underlying EBITDA margin: Underlying EBITDA as a percentage of total revenue.

INDUSTRY TERMS

RGU: Revenue generating units, which refer to each customer who subscribes to a digital TV, broadband or telephony service from Com Hem. A customer who has all three services is counted as three RGUs but one unique subscriber.

Analogue: Derived from the word “analogous” which means “similar to” in phone transmission, the signal being transmitted (phone, video or image) is “analogous” to the original signal.

Homes connected: Homes connected represents the number of residential units to which Com Hem provides basic TV services, primarily through long-term contracts with the landlords of MDUs, and homes connected through third-party communication operator open networks through which consumers can purchase digital services from Com Hem.

ARPU: Average Revenue Per User for the referenced period.

Backbone: A backbone refers to the principal data routes between large, interconnected networks.

Bandwidth: The transmission capacity of a communication line or transmission link at any given time. The bandwidth is generally indicated in bits per second.

Bundling: Bundling is a marketing strategy that involves offering several services for sale as one combined service.

Churn: The voluntary or involuntary discontinuance of services by a subscriber.

Digital: The use of a binary code to represent information in telecommunications recording and computing. Analog signals, such as phone or music, are encoded digitally by sampling the phone or music analog signals many times a second and assigning a number to each sample.

DOCSIS: Data Over Cable Interface Specification is an international standard that defines the communications and operation support interface requirements for a data over cable system. It permits the addition of high-speed data transfer to an existing cable television system.

DOCSIS 3.0: Next generation of DOCSIS.

HFC network: Hybrid fibre-coaxial is a technology used by the cable television industry to provide a variety of services, including analog television, digital television (both standard and high definition), VoD, telephony and high-speed data access using a combination of optical fibre and traditional coaxial cable.

Footprint: Units to which the company can deliver digital services through its HFC network, vertical LAN and open LAN.

FTTB: Fibre to the Building Refers to a broadband network architecture where the optical fibre reaches the boundary of a building, such as the outer wall of a multi-dwelling unit building.

FTTH: Fibre To The House Refers to a broadband network architecture where the optical fibre reaches the boundary of the living space.

FTTx: A generic term for any broadband network architecture where optical fibre comprises all or part of the local loop.

HD: High Definition

IP: Internet Protocol is a protocol used for communicating data across a packet-switched network. It is used for transmitting data over the Internet and other similar networks. The data is broken down into data packets, each data packet is assigned an individual address, then the data packets are transmitted independently and finally reassembled at the destination.

IP Centrex: An internet protocol system that provides switching at a central location instead of at the customer's premises.

IP Television (IPTV): Internet Protocol Television is the transmission of television content using IP over a network infrastructure, such as a broadband Internet connection.

Consumer churn: The voluntary or involuntary discontinuance of services by a subscriber.

LAN: Local Area Network based on Ethernet-based access technology.

Mbit/s: Megabits per second. A unit of data transfer rate equal to 1,000,000 bits per second. The bandwidth of a broadband network is usually specified in megabits per second.

MDU: A multi-dwelling unit. Housing with multiple, separate housing units.

MVNO/MVNE: Refers to a mobile virtual network operator or mobile virtual network enabler.

NOC: Network Operation Centre.

OTT: Refers to internet-based over the top video and linear TV services.

PVR: Personal Video Recorder

RGU: Revenue Generating Units. Refer to each subscriber receiving basic or digital cable television, Internet access or telephony services over our network. Thus, one subscriber who receives all three services would be counted as three RGUs.

SDU: Single-Dwelling Unit, such as a free-standing or separate house.

SoHo: Single offices and Home offices with between one and nine employees.

SME: Small and Medium Enterprises with 10–99 employees.

Equity/assets ratio: Equity as a percentage of total assets.

Triple Play: Offering of digital television, broadband Internet and phone services packaged in a bundle.

TV Everywhere (TVE): Refers to a concept whereby certain television content (e.g., movies and television shows) is accessible online via a variety of display devices, including personal computers, smartphones, tablets and televisions. TV Everywhere solutions often require that the customer/ user prove (or ''authenticate'') that he/she has a subscription to a multiservice operator.

Unique subscribers: Unique consumer subscribers represent the number of individual end-users who have subscribed for one or more of Com Hem's digital services (digital television, broadband and fixed telephony). Com Hem refer to the end-users receiving Com Hem's products and services directly through our network as unique subscribers even if the billing relationship for that end-user is with the end-user's landlord or housing association.

Vertical LAN: A LAN that is usually built and controlled by an individual operator with an exclusive right to provide its services to end-customers.

VoD: Video on Demand is the transmission of digital video data on demand, by either streaming data or allowing data to be downloaded over a broadband connection.

VoIP: Voice over IP

WiFi: Wireless LAN.

xDSL: Digital Subscriber Line is a generic name for a range of digital technologies relating to the transmission of Internet and data signals from the telecommunication service provider's central office to the end-customer's premises over the standard copper wire used for voice services.

Open LAN: A LAN, which is most commonly managed by a communications operator and characterised by third-party ownership and by various service providers. The service providers offer their services directly to end customers.

Annual general meeting 2016

Com Hem's annual general meeting (AGM) will be held on Thursday, 19 May 2016, at 16.00 CET at Lundqvist & Lindqvist Konferens, Klarabergsviadukten 90 in Stockholm. Registration at the AGM starts at 15.00 CET.

Participation

Shareholders who wish to attend the AGM must:

- be recorded in the share register maintained by Euroclear AB on Friday, 13 May 2016
- give notice of attendance to the company at www.comhemgroup.com/agm2016, by telephone to +46 (0)8-402 92 48 or by mail to Com Hem Holding AB, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, by no later than Friday, 13 May 2016. When giving notice of attendance, shareholders must state their name, personal ID or corporate identity number, address and telephone number and registered shareholding, and, where applicable, information about proxies and assistants (no more than two). Shareholders represented by proxy must issue a power of attorney for their representative, such power of attorney to be signed and dated by the shareholder. The power of attorney (in original) must be sent to Com Hem Holding AB at the above address, well in advance of the AGM. The proxy form is available at www.comhemgroup.com/agm2016. If the power of attorney is issued by a legal entity, a certified copy of the legal entity's certificate of registration or a corresponding document must be enclosed. Shareholders must bring to the AGM the entrance card that will be sent before the AGM to those shareholders who have notified their attendance. The entrance card must be presented at the entrance to the AGM. If a shareholder does not have an entrance card, a new entrance card can be issued at the registration desk upon proof of identification. The notice convening the AGM and other information is available at www.comhemgroup.com/agm2016 no later than four weeks before the meeting.

Nominee registered shares

Shareholders with nominee registered shares must, in order to be entitled to participate in the AGM, temporarily have their shares registered in their own name with Euroclear Sweden AB. Such registration must be effective no later than as of Friday, 13 May 2016. This means that shareholders, in due time before that day, should notify their bank or broker.

Financial calendar 2016

AGM, Stockholm	19 May 2016
Interim Report January-June 2016	13 July 2016
Interim Report January-September 2016	18 October 2016

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