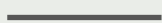


Com Hem Sweden AB
(publ)

ANNUAL REPORT 2017



BOARD OF DIRECTORS' REPORT

The Board of Directors and the Chief Executive Officer of Com Hem Sweden AB (publ), corp. reg. no. 556859-4195, hereby submit the annual accounts for the Group and the Parent Company for 2017.

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.

Com Hem delivers high-speed internet access, TV & Play and fixed telephony to Swedish homes and businesses through the Com Hem, Boxer and Phonera brands. We are one of Sweden's leading suppliers, selling our services to about 1.5 million customers in both apartment buildings (multiple dwelling units) and houses (single dwelling units) through our FibreCoax network, fibre networks, and the digital terrestrial network.

The business was established in 1983 and operations are today conducted by the four subsidiaries Com Hem AB, Boxer TV-Access AB, Phonera Företag AB and iTUX Communication AB.

Following the acquisition of Boxer as per September 30, 2016 the Group is divided into two operating segments; Com Hem and Boxer.

The operating segment Com Hem offers services to consumers (broadband, digital-TV and fixed telephony), B2B (broadband and telephony) and landlord (basic TV offering) via fibreCoax, fibre and LAN. The services to consumers and landlords are mainly delivered to multi-dwelling unit buildings. The B2B services are mainly delivered to small and medium sized enterprises.

The operating segment Boxer offers services (digital-TV and broadband) to consumers mainly in the SDU market through the Swedish digital terrestrial network provided by Teracom and through fibre networks.

Significant events during the year ¹

- At the end of 2017, the Group reached 2.8m addressable households. Since the start of the footprint expansion one and a half year ago the footprint has increased by 40% from 2.0m to 2.8m addressable households.
- A year with record volume growth in the Com Hem Segment consumer business, the customer base rose by 4.0% to 983,000 unique consumer subscribers. The number of broadband RGUs rose by 6.8% to 750,000 and the number of digital TV RGUs rose by 1.7% to 655,000.
- During the first quarter of 2017 Boxer launched a fibre marketing campaign and network expansion in order to respond to the market demand for fibre, both from existing Boxer customers and from new customers. Boxer added 17,000 broadband RGUs during the year to a total of 28,000 RGUs at the end of the year.
- For the full year the Group's underlying EBITDA increased by 14.8% to SEK 2,942m. In the Com Hem Segment underlying EBITDA rose by 5.5% to SEK 2,622m and in the Boxer Segment underlying EBITDA amounted to SEK 319m.

¹ The Company applies Alternative Performance Measures in the Board of Directors' report and in other parts of the annual report in order to describe the business of the Group. The company applies guidelines for Alternative Performance Measures issued by ESMA (European Securities and Markets Authority). See page 68 for definitions of financial key metrics and Alternative Performance Measures.

Group financial overview

Financial summary, SEKm	2017	2016	Change
Revenue	7,136	5,665	26.0%
Operating expenses	-6,196	-4,798	29.1%
Operating profit (EBIT)	940	866	8.5%
Net financial income and expenses	-407	-615	-33.8%
Income taxes	-119	-59	100.7%
Net result for the period	414	192	115.4%

Total revenue

Total revenue rose by 26.0% compared to previous year to SEK 7,136m, mainly explained by Boxer being consolidated into the Group from the fourth quarter 2016.

Com Hem segment revenue grew by 4.1%, explained by continued good growth in Com Hem's consumer business which grew by 4.7% driven by volume and price.

Operating expenses

Operating expenses increased by 29.1% compared to 2016 and amounted to SEK 6,196m. The increase is mainly explained by Boxer being consolidated into the Group from the fourth quarter 2016.

Operating profit (EBIT)

Operating profit increased by 8.5% resulting in an operating profit of SEK 940m.

Net financial income and expenses

Net financial income and expenses were improved by 33.8% compared to last year. The positive change is mainly a consequence of no refinancing activities in 2017 compared to last year as well as reduced blended interest rate on the Group's external debt portfolio. Average blended interest rate on the Group's external debt portfolio was 2.5% for the full year 2017 compared to 2.9% in 2016.

Income taxes

The Group recognised a deferred tax expense of SEK 119m for the full year.

The taxable profit will be offset against previously recognised tax losses carry forwards, which had a remaining balance of approximately SEK 0.2bn at the end of the year.

Net result for the period

Net result totalled SEK414m, up 115.4% as a result of higher operating profit together with lower net financial income and expenses compared to 2016.

Reconciliation between operating profit and underlying EBITDA, SEKm	2017	2016	Change
Operating profit (EBIT)	940	866	8.5%
Depreciation/amortisation per function			
- Cost of services sold	978	867	12.8%
- Selling expenses	945	779	21.4%
- Administrative expenses	20	22	-8.1%
Total amortisation/depreciation	1,943	1,667	16.5%
EBITDA	2,882	2,533	13.8%
EBITDA margin, %	40.4	44.7	-4.3 p.p.
Disposals	16	4	n/m
Operating currency gains/losses	-7	7	n/m
Items affecting comparability	50	17	n/m
Underlying EBITDA	2,942	2,562	14.8%
Underlying EBITDA margin, %	41.2	45.2	-4.0 p.p.

Underlying EBITDA

Underlying EBITDA increased by 14.8% to SEK 2,942m, explained by Boxer being consolidated into the Group from September 30, 2016 combined with revenue growth within the Com Hem Segment.

EBITDA

EBITDA rose by 13.8% reaching SEK 2,882m. Items affecting comparability includes a SEK 22m positive effect from revaluation of pension debt following closure of the plan for new entrance in the first quarter, offset by negative SEK 29m relating to integration of B2B and other items of negative SEK 43m for the full year.

Amortisation and depreciation

Amortisation and depreciation increased by SEK 276m, explained by Boxer being included in the Group from September 30, 2016 as well as higher amortisation and depreciation on customer relations for the legacy OffNet B2B business and sales commissions (selling expenses), product- and IT-development (cost of services sold) as well as CPEs (cost of services sold) within the Com Hem Segment.

Operating free cash flow, SEKm	2017	2016	Change
Underlying EBITDA	2,942	2,562	14.8%
Capital expenditure (capex)			
Network related	-398	-273	45.5%
CPEs and capitalised sales commissions	-454	-388	17.1%
Product- and IT-development	-211	-208	1.5%
Integration of Boxer	-58	-	n/m
Other capex	-18	-24	-25.3%
Total capital expenditure	-1,138	-893	27.5%
Operating free cash flow	1,803	1,669	8.1%

Capital expenditure (capex)

Capital expenditure amounted to SEK 1,138m, of which SEK 1,047m in regular capex, corresponding to 14.7% of revenue. The increase compared to 2016 is due to Boxer being included in the Group, a low investment level during 2016 as well as increased focus on network investments and higher sales volumes in 2017.

Operating free cash flow

Operating free cash flow increased by 8.1%, explained by Boxer being consolidated into the Group, as well as organic growth in underlying EBITDA, partly offset by higher capex in 2017.

Consolidated financial position and liquidity

Consolidated total assets amounted to SEK 23,330m (22,297) at the end of the year. Intangible assets amounted to SEK 16,014m (16,765), of which goodwill accounted for SEK 11,321 (11,321). The change in working capital was negative SEK 26m (positive 53).

Total available cash and cash equivalents, including unutilised credit facilities, amounted to SEK 1,677m (1,854), of which cash and bank balances comprised of SEK 577m (454) and unutilised credit facilities SEK 1,100m (1,400).

Shareholders' equity amounted to SEK 1,699m (412). The increase in shareholders' equity is explained by the net result for the year and due to the parent company NorCell Sweden Holding 2 AB (publ) was merged with Com Hem Sweden AB (publ) in 2017, for more information about the merger, see Note 35. Equity per share amounted to SEK 2,832 (687) and equity amounted to 7% (2) of total assets.

Interest-bearing liabilities increased to SEK 11,007m (10,697), of which current interest-bearing liabilities amounted to SEK 903m (517), while leverage was reduced from 3.7x to 3.6x underlying EBITDA LTM.

Financing

At year end the Group's total credit facilities, including outstanding SEK notes amounted to SEK 12,175m, with an average remaining term of 2.3 years. During the year the Group has, through the Parent Company Com Hem Sweden AB (publ), issued commercial papers of SEK 900m, which is short term funding backed up by undrawn amounts on the long term revolving facility. For more information about outstanding credit facilities see note 26.

Ownership structure

Com Hem Sweden AB (publ) is a Swedish public company with its registered office in Stockholm, Sweden. At the end of 2017 Com Hem Holding AB owned all the shares in the company and is listed on Nasdaq Stockholm, Large Cap. At the end of 2017 Com Hem Sweden AB (publ) owned all shares in the subsidiaries Com Hem AB (corp. ID no. 556181-8724), Phonera Företag AB (corp. ID no. 556434-4397) and iTUX Communication AB (corp. ID no. 556699-4843) and Boxer TV-Access AB (corp. ID no. 556548-1131).

Mergers

In January 2017 the Boards resolved to merge the Parent Company NorCell Sweden Holding 2 AB (publ) and the subsidiary Com Hem Communications AB into the Parent Company Com Hem Sweden AB (publ), where Com Hem Sweden (publ) was the surviving entity. The mergers were executed in April 2017.

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 items affecting comparability and operating currency gains/losses). At the end of the year, the Group's net debt totalled SEK 10,501m (10,341), and the net debt/Underlying EBITDA LTM was a multiple of 3.6x (3.7). The Board and management regularly monitor and analyse the key ratios, which ultimately set the framework for the Group's capital structure.

	DEC 31	
Net debt, SEKm	2017	2016
Non-current interest-bearing liabilities	10,104	10,180
Add back of capitalised borrowing costs	71	98
Non-current interest-bearing liabilities, nominal value	10,175	10,278
Current interest-bearing liabilities	903	517
Cash and cash equivalents	-577	-454
Net debt	10,501	10,341

Employees

At year-end, the Group had a total of 1,095 (1,178) employees. The decrease is mainly explained by Phonera being integrated into the Group. The average number of employees was 966 (1,046), out of which 255 (280) women and 712 (766) men. A large proportion of the company's employees work at the Group's customer service offices in Sundsvall, Härnösand and Örnsköldsvik. More information about Com Hem's employee responsibilities to be found in the sustainability report.

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 7.

There is no agreement between the company and Board members or employees that stipulates remuneration if they resign or if their employment is terminated without reasonable grounds.

Parent Company

In 2017, the Parent Company's revenue amounted to SEK 11m (6) and pertained to intragroup service assignments. Operating profit amounted to a loss of SEK -3m (0). Net financial income and expenses amounted to a net income of SEK 615m (net expense 46), which includes received group contributions of SEK 253m, a dividend from subsidiaries of SEK 879m and a write-down of shares in subsidiary of SEK 100m due to restructuring in the Group. Net financial income and expenses were also impacted by net interest expense from Group companies of SEK 105m compared to a net interest income of SEK 7m in 2016.

The Parent Company's equity amounted to SEK 1,968m (1,904), of which non-restricted equity was SEK 1,967m (1,903). The increase in equity was attributable to the profit for the year of SEK 399m and a negative merger difference of SEK 334m, for more information on the merger, see note A20.

Proposed appropriation of profits

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

Retained earnings	227,431
Share premium reserve	1,340,937
Net result for the year	399,039
Total	1,967,407

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 December 31, 2017 (SEK thousand):

Brought forward to new account	1,967,407
- Of which share premium reserve	1,340,937
Total	1,967,407

The Board proposes that no dividends are to be paid for the financial year.

During the year, the company received Group contributions of SEK 208m from the subsidiary Boxer TV-Access AB (corp. reg. no. 556548-1131), SEK 29m from the subsidiary iTUX Communication AB (corp.reg.no. 556699-4843) and SEK 15m from the subsidiary Phonera Företag AB (corp. reg no. 556434-4397).

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

Merger with Tele2

On January 10, 2018, it was announced that the Boards of Directors of Tele2 AB and the Parent company Com Hem Holding AB have agreed on a combination of Tele2 and Com Hem through a statutory merger, creating a leading integrated connectivity provider. The merger will be implemented by Tele2 absorbing Com Hem. Com Hem shareholders will receive SEK 37.02 in cash plus 1.0374x B shares in Tele2 as merger consideration for each share in Com Hem. Please find further information on the merger in press release available at www.comhemgroup.se.

Merger of subsidiaries

On February 19, 2018, the Board of Directors of Com Hem Sweden AB (publ) decided on an intra-group sale of the shares in the subsidiaries Phonera Företag AB and Boxer TV-Access AB to the subsidiary Com Hem AB and thereafter merge these companies, where Com Hem AB will be the surviving company.

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 continuously 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. Within pay TV, OTT (over the top) providers distribute via the internet and therefore have no transmission costs meaning they can undercut traditional TV platforms on price and offer a more flexible viewing option than traditional broadcast linear TV.	To manage competition, the Group continuously develops its service offering through new interactive digital TV services, more HD channels and improved broadband service at competitive prices. In 2015, Com Hem Play was commercially launched as the Group's app based digital TV service, which is from end of 2016 available to all Com Hem's digital TV customers. Com Hem mainly delivers its services using fibrecoax, 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. Following the acquisition of Boxer in 2016, the Group has further expanded its addressable footprint by connecting to other open LANs in addition to the ones operated by iTUX.
Changes to laws and regulations	New or changed laws and regulations as well as new policies can affect the Group'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 development in the regulatory area in order to meet changes proactively. The Group also works actively with these types of issues and engages in on-going dialogue with the relevant authorities and interest groups in order to achieve fair and balanced conditions for the Group to operate and develop in the market.
Key employees	The Group's future development and competitiveness is highly dependent on the company's ability to attract and retain key employees. The Group recruits employees with extensive experience in the telecom industry, whose expertise and efforts are of particular value to the company. Should the Group not succeed in attracting and retaining key employees, this could have a negative impact on the business.	The Group 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 share-savings 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 the Group'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.	The demand for the Group's broadband and digital TV services is strong, creating an opportunity to offer bundled services that include fixed telephony. However, the total market for fixed telephony is shrinking as a result of changing consumer behaviours. The Group does not currently offer mobile subscriptions to consumers but will be able to do so if the ongoing merger with Tele2 is approved by the shareholders of Tele2 and the Parent company Com Hem Holding AB as well as relevant competition authorities.

Risk	Description	Risk mitigation
Technological advances	The Group'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. There is also a risk for an accelerated structural decline within terrestrial digital-TV ("DTT"), which may have a negative impact on the Group.	To remain competitive, the Group 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.
Network and IT infrastructure	The Group's business is dependent on certain sophisticated business-critical systems, including its network operation centre, playout centre and billing and subscriber service systems. The Group's technical facilities could suffer a catastrophic outage and the Group may be unable to serve its subscribers in whole or in part for a significant period of time. The hardware supporting these business-critical systems is housed at relatively few locations, and if any of those locations were to be damaged or if those systems were to develop other problems, the Group's business could be adversely affected. There is also a risk that the Group's servers and network may be damaged by physical or electronic break-downs, computer viruses or similar disruptions and that the Group's existing security system, IT security policy, back-up systems, physical access security and access protection, administration and IT emergency plans may be insufficient to prevent data loss or minimise network downtime.	The Group has very high focus on IT and network security and does continuously work on improving systems and infrastructure. Recently, new systems to prevent DDOS attacks have been installed and with the CCAP upgrade (preparation for Docsis 3.1) redundancy has been improved.
Ability to retain and attract new customers	Tougher competition and a high degree of movement between operators are placing high demands on the Group's ability to attract and retain customers. The competition situation may lead to the Group 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.	The Group continuously works to improve the customer experience, which has resulted in a decreased level of consumer churn within the Com Hem operating segment over time. 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 consumer RGUs increased for both digital TV in the Com Hem Segment and broadband services. Churn on landlord contracts continued to be at low level in 2017.
Content	The Group does not produce its own content and is dependent on relationships and partnerships with broadcasters. If a broadcaster decided not to deliver content, this would have a negative impact on the Group's digital TV services.	The Group 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 our digital TV services.
Suppliers	The Group has signed a number of leases with network owners and is dependent on them fulfilling their commitments in order for the Group to provide services in major parts of its network. In the event that the company 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. The Group 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 the Group, it may, prove difficult to find suitable solutions within a short period of time. For delivery of the terrestrial digital TV services in the Boxer operating segment the company is dependent on Teracom.	The Group has good relationships, and close partnerships, with its suppliers. A long-term commitment was agreed in connection to the acquisition of Boxer in order to secure the delivery of the terrestrial digital TV services. The Group continuously manages and assesses the risks associated with the supply chain in order to maintain a competitive and well functioning infrastructure.

Risk	Description	Risk mitigation
Corruption and unethical business practices	Throughout the operations of the Com Hem Group there are risks of corruption, especially in areas linked to market regulation, price setting, the supply chain, and third-party management and customer service. Actual or perceived corruption or unethical business practices may damage the perception of the Com Hem Group and result in financial penalties and debarment from procurement and institutional investment processes. Fraud may significantly impact financial results.	Our anti-corruption policy establishes the principles applied by Com Hem to prevent corruption within our business. All employees have been informed of the company's code of conduct and our efforts to combat corruption. All senior management executives have received education regarding ethics and anti-corruption. We provide continuous training to reduce the risk of unintentional mistakes. Our guidelines for gifts, entertainment and hospitality, which have also been communicated throughout the organisation, provide detailed information on how everyone at Com Home should act in terms of external hospitality, as well as the rules governing giving and receiving gifts or other benefits.
Environment	Climate change is increasingly driving regulation and taxation related to reduction of greenhouse gas emissions and the use of fossil fuels. Increasing scarcity of natural resources, particularly rare minerals used in network and consumer technology hardware, may lead to increased hardware costs. Increasing energy costs, greenhouse gas emissions taxation and price increases caused by natural resource scarcity may incur additional costs.	The Com Hem Group has an ongoing effort to increase energy efficiency and improve waste disposal. The goal is to exclusively purchase electricity from renewable resources. Com Hem is committed to ensuring that used network materials, routers and set-top boxes are collected and recycled.
Responsible procurement	The Com Hem Group relies on suppliers and sub-suppliers to uphold ethical business practices, human and labour rights, health, and safety and environmental protection. Despite efforts to conduct due diligence and onsite audits, suppliers and sub-suppliers may be in violation of the Com Hem Group's supplier requirements and/or national and international laws, regulations and conventions. Failure or perception of failure of the Com Hem Group's suppliers to adhere to these rules and regulations may damage customers' or other stakeholders' perception of Com Hem. Violations of laws and regulations puts suppliers and sub-suppliers at risk of needing to limit or terminate their operations, which may negatively affect how Com Hem is able to deliver its services. Severe violations may lead to Com Hem needing to seek new suppliers, which may negatively impact procurement costs and delivery times.	The Com Hem Group's suppliers are evaluated and selected based on the ability to deliver products and services in a correct way and the ability to live up to Com Hem's supplier code, which includes requirements related to environment, human rights and anti-corruption. Com Hem's supplier code requires all major suppliers to comply with the ten principles of the UN Global Compact.

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 26.

CORPORATE GOVERNANCE REPORT

Corporate Governance Principles

This Corporate Governance Report has been prepared in accordance with the standards set by chapter 6 §6 of the Swedish Annual Accounts Act. The company has decided not to apply the Swedish Code of Corporate Governance because it only has debt instruments listed for trading on a public market place, and does not have any listed shares in Sweden.

Articles of association

The Articles of association are a central document for governing the company. The Articles of Association specify items including corporate name, registered office, business focus, information on share capital, the number of Board members, specification of the invitation procedure for shareholders' meetings and the business to be considered by the Annual General Meeting (AGM). The AGM should be held yearly within six months after the end of the financial year. The invitation can be sent at the earliest six weeks, and the latest four weeks, prior to the Meeting. The agenda of the AGM includes items such as adoption of the company's Income Statement and Balance Sheet, resolving on the appropriation of earnings, approval of Directors' fees and Auditors' fees, election of the Board of Directors and discharging Board members and the Chief Executive Officer from liability. The Articles of association do not include any special stipulations regarding the appointment and dismissal of Board members, or on amendments to the Articles of association.

Board of directors

According to the Articles of Association, the Board of Com Hem Sweden AB (publ) shall consist of a minimum of three and a maximum of ten AGM-elected members with a maximum of five deputies.

Rules of procedure of the Board of directors

The rules of procedure of the Board of Directors should satisfy the need for information and an appropriate division of responsibilities between the Board of Directors and Chief Executive Officer. The rules of procedure specify the responsibilities and duties of the Board of Directors, the duties of the Chairman of the Board, the meeting schedule of the Board of Directors and the duties and rights to make decisions of the Chief Executive Officer. According to the current rules of procedure, statutory meeting shall be held after the AGM or if required after extraordinary AGM. The board of directors

shall also meet in case the Chairman of the Board finds it necessary and if someone of the board members or the CEO demands it. The chairman of the Board shall ensure that meetings are held in accordance with the rules of procedure.

Chief Executive Officer and the Executive Management Team

The Chief Executive Officer, also the President, is appointed by the Board of Directors and works according to instructions approved by the Board of Directors. The CEO is responsible for ongoing administration of the company in accordance with the Board of Directors' guidelines and instructions. The CEO is responsible for the Board of Directors receiving regular information and necessary decision-support data for the Board of Directors to be able to judge the Group's and the company's financial position, results of operations, liquidity and progress, and reach the necessary decisions. The instructions for the CEO include guidelines regarding financial reporting. The CEO should keep the Board of Directors and investors regularly informed of the progress of operations, sales, liquidity and the financial position. The Group's CEO is employed by the Parent company Com Hem Holding AB. The Group of executive management amounted to 6 (7) positions in 2017, at the end of 2017 6 (5) positions remained.

The Work of the Board of Directors

The Board of Directors meets in accordance with the rules of procedure that the Board of Directors approves each year. Com Hem Sweden AB (publ) is a subsidiary of Com Hem Holding AB, and in accordance with the practice of Swedish Groups, the Board of Directors of Com Hem Sweden AB (publ) only deals with those matters prescribed by law, such as approval of the Annual Accounts. In the period from 1 January to 31 December 2017, the Board of Directors of Com Hem Sweden AB (publ) held 4 meetings.

Composition of the Board of Directors

The Board of Directors of Com Hem Sweden AB (publ) consists of four members, one of which is the Chief Executive Officer.

Board member and Chairman:	Andrew Barron
Board member and CEO:	Anders Nilsson
Board member:	Christina Källenfors
Board member:	Mikael Larsson

The Board of Directors of Com Hem Holding AB consists of five members, one of which is the Chief Executive Officer and two employee representatives with two Deputy employee representatives. In the period from 1 January to 31 December 2017, the Board of Directors of Com Hem Holding AB held 17 meetings, excluding statutory meetings and meetings by correspondence.

Board member and Chairman:	Andrew Barron
Board member and CEO:	Anders Nilsson
Board member:	Monica Caneman
Board member:	Thomas Ekman
Board member:	Eva Lindqvist
Ordinary employee representatives:	Marianne Bolin and Tomas Kadura
Deputy employee representatives:	Åsa Borgman and Signe Olofsson

Chairman of the Board

The duty of the Chairman of the Board is to lead the Board of Directors' work so that it is executed in accordance with the Swedish Companies Act, other laws and ordinances and the Board of Directors' internal control documents. The Chairman monitors operations in dialogue with the Chief Executive Officer and is responsible for other members receiving the information that is necessary for discussion and decisions. The Chairman is also responsible for appraising the work of the Board of Directors. The Chairman and Chief Executive Officer ensure that agendas and decision-support data for Board meetings is prepared and sent to Board members one week prior to each meeting.

The Board of Directors' Controls over Financial Reporting

The Chairman of the Board leads, and is responsible for, the work of the Board of Directors being well organised and conducted efficiently. The Board of Directors monitors the quality of financial reporting through instructions to the Chief Executive Officer. With the Chief Financial Officer, the Chief Executive Officer's duty is to quality-assure all external financial reporting including interim reports, annual reports, press releases with financial content and presentation material for meetings with owners and financial institutions.

Statutory meeting

The Board of Directors holds a statutory meeting each year immediately after the AGM. This meeting adopts the rules of procedure for the Board of Directors, company signatories and election of the Chairman.

Remuneration

Remuneration to the Board of Directors for the coming financial year is resolved each year by the AGM.

Auditors

The company's Auditor, elected by the AGM, reviews Com Hem's Annual Accounts and the annual accounts for the Group, the Board of Directors' and Chief Executive Officer's administration, and the Annual Accounts of subsidiaries, and presents an Audit Report. The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

Internal Controls and Risk Management in Financial Reporting

The purpose of internal controls over financial reporting is to ensure compliance with adopted principles of financial reporting and internal controls, and that financial reports are prepared in accordance with generally accepted accounting principles, applicable laws and ordinances and other standards. The Board of Directors bears overall responsibility for the company having effective internal controls.

Control Environment

The control environment is the base of internal control and consists of the values and ethics that the Board of Directors, CEO and management communicate and operate from, combined with 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, treasury policy, authorisation policy and financial manual. These instructions and policies are updated regularly and communicated to affected staff. Com Hem's values are another important control instrument. These values constitute a long-term undertaking and shared foundation linked to the company's business concept and strategies that guide employees in daily activities.

Risk Assessment

The risk assessment of financial reporting is intended to identify and assess the material risks that affect internal controls over financial reporting. Com Hem has established a control framework for accounting, processes and detailed schedules for financial statements and forecasts to minimise these risks. Com Hem's Board of Directors and management evaluate reporting from a risk perspective on an ongoing basis. Over and above assessing risks in financial reporting, the Board of Directors and management work continuously on identifying and managing material risks that affect Com Hem's operations from operational and financial perspectives.

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 reconciliations, checklists, reviews of IT- and business 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.

SUSTAINABILITY REPORT

UNLEASH THE POWER FOR THE BEST POSSIBLE DIGITAL QUALITY OF LIFE

More than half of all Swedish households are connected to Com Hem's network, which makes us a key driver of digitalisation in Sweden. We are working to ensure that as many people as possible can benefit from the opportunities offered by digitalisation to improve everyday life by providing greater access to communications, experiences and entertainment. This comes with a great responsibility to ensure that digitalisation in Sweden is carried out in a sustainable way from a social, political and environmental perspective.

In this sustainability report, which has been prepared in accordance with the Swedish Annual Accounts Act chapter 6, we describe how Com Hem works to ensure that our business has a positive impact on all stakeholders. Com Hem's sustainability work is based on four main areas: social impact of digitalisation, responsible business, our employees and the environment.

We have clear guidelines to ensure that the company is operated correctly and responsibly throughout the value chain, from compliance with rules and legislation to placing demands on suppliers and treating our customers fairly.

Our risks associated with sustainability are described in the Risks and risk management section on page 14-16.

Com Hem's contribution to the UN Global Sustainable Development Goals

In 2015, the UN launched its Global Sustainable Development Goals, which replaced the earlier Millennium Development Goals.

The Global Sustainable Development Goals are aimed at achieving socially, environmentally and economically sustainable development throughout the world. Com Hem's

COM HEM AND UN GLOBAL SUSTAINABLE DEVELOPMENT GOALS

How we contribute to UN Global Sustainable Development Goals

3. GOOD HEALTH AND WELLBEING

We place great emphasis on all aspects of health and safety, with a focus on the digital wellbeing of our customers and society at large. Read more on page 26-28.

5. GENDER EQUALITY

Com Hem works proactively to ensure that women and men are provided with equal opportunities in their work and careers. Read more about our efforts to achieve gender equality on page 34.

8. DECENT WORK AND ECONOMIC GROWTH

Com Hem works to promote a safe and secure work environment, to protect employee rights and ensure decent working conditions both in its own operations and among its suppliers as well as safeguarding employment and growth. Read more about our work environment efforts on page 34 and about our work with suppliers on page 31.



9. SUSTAINABLE INDUSTRY, INNOVATION AND INFRASTRUCTURE

Com Hem's network reaches more than half of all Swedish households and is a key requirement for the country's digitalisation. Com Hem invests large sums every year to maximise speed, stability and access to our infrastructure. This makes Com Hem a driving force in the digitalisation of society. Read more about our commitment to digitalisation and digital quality of life on page 26-28.

16. PEACEFUL AND INCLUSIVE SOCIETIES

Access to digital tools has increasingly become a requirement for active participation in our democracy. We work to identify and facilitate groups that have lagged behind through our use of the monitor Com Hem-kollen. Read more on page 26. Within the framework of our own operations, we have systems in place for internal control of legislative compliance and compliance with ethical business principles as well as counteracting all forms of corruption. Read more on page 30.



work contributes to most of the goals, since digitalisation is a key aspect of achieving them. We have chosen to focus on five of the Global Sustainable Development Goals. Please see the illustration on the previous page showing how we are contributing to these goals.

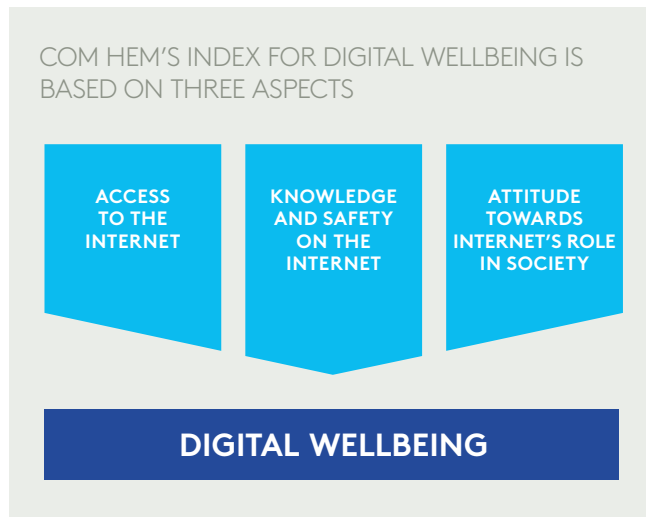
Com Hem’s responsibility in the digital society

The wave of digitalisation that is sweeping the globe is fundamentally changing society – everything from consumption patterns and travel habits to how we form our political opinions and our attitudes to the world around us. Sweden is far advanced and our network plays a key role in this development. More than half of all Swedish households are able to connect to Com Hem’s network, making us an important driver of digital Sweden. We work continuously to improve the capacity and stability of the networks on which the everyday digital life of so many Swedes depends. If Sweden is to lead the way in the next phase of digitalisation, we must continue to upgrade our network. Digitalisation will be crucial for us when it comes to managing future challenges relating to growth, prosperity and the environment.

Collaboration between a number of players is required to ensure that the best possible digital quality of life is achieved in Sweden. In the future, a large number of services in Com Hem’s network will be related to various societal requirements and communication between citizens and the public sector. This will also place increased demands on the cooperation between the market and the public sector. Com Hem actively participates in debates and political forums to highlight the issues we believe are important for paving the way for sustainable digitalisation in Sweden. During the year, for example, Com Hem cooperated with other

companies, authorities and interest groups to identify the core challenges for achieving the national goals for broadband. This work was conducted within the framework of the government’s Broadband Forum, which is led by the digitalisation minister and on which Com Hem’s CEO is represented. Core issues for us are infrastructure competition and efficient expansion to ensure high-quality and future-proof networks.

We want digitalisation to be implemented sustainably and have thus launched the monitor Com Hem-kollen, a report that measures and describes digital wellbeing in Sweden, where we also present Com Hem’s index for digital wellbeing. Using Com Hem-kollen, we want to stimulate a discussion with households, other players in the industry, politicians and other stakeholders, so that we can jointly contribute to the most favourable development possible.



COM HEM'S INDEX FOR DIGITAL WELLBEING

Com Hem has developed an index for digital wellbeing with the assistance of Sifo, and almost 2,000 Swedes have participated in the survey. The index is based on three aspects:

- access to the internet
- knowledge and safety online
- attitude toward the internet's role in society.

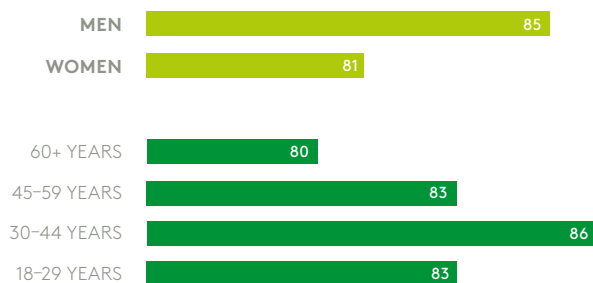
The index aims to measure the degree of digital wellbeing and maturity in relation to digitalisation among the Swedish public. With enhanced understanding of digital quality of life, we and other players in society can better manage the pitfalls that could affect the ability for Sweden to fully capitalise on the opportunities offered by digitalisation. Thanks to our large customer base and the large number of connected households throughout Sweden, we have unique insight into Sweden's digital wellbeing. It is important that we share this insight.

The result of the 2017 index was 83 on a scale of 100, compared with 82 for 2016. This is a high value, which is positive and entirely in line with Sweden's status as one of the most digitalised countries in the world. It is interesting to note that a fast and stable broadband continues to be a very important factor when choosing a place to live – even more important than proximity to parks and transportation. The importance of a fast and stable broadband has increased since last year. In 2016, 53% of participants thought that a fast and stable broadband was “very important” and in 2017 that number rose by five percentage points. In this year's survey we added the option of “a safe and secure neighbourhood”, which is such a fundamentally important issue that it ended up first on the list. The result is relatively stable between various groups in society, but at the same time, we have found that the feeling of vulnerability on the internet is the factor that Swedes perceive as the most problematic. This year, once again, parents are lagging behind. We also see that women and individuals over 60 have a somewhat lower index value than others. To be able to improve the digital quality of life, we have identified two main challenges for positive development: democracy and safety.

83

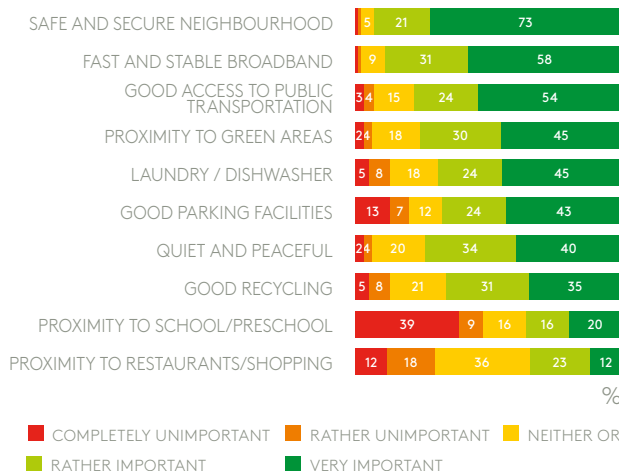
The result of the 2017 index. (2016 the result was 82, on a scale of 100)

RESULTS COM HEM'S INDEX FOR DIGITAL WELLBEING (ON A SCALE OF 100)



HOW IMPORTANT ARE THE FOLLOWING REGARDING YOUR ACCOMMODATION?

BASE: ALL (1,996)



Democracy – the fight against digital class divides

As an increasing number of societal services become digital and replace services that have been physically available, everyone must be given the opportunity to become connected. It is important that as many people as possible have access to the new tools, and that the right conditions and knowledge are available to enable their use in a positive way. This is crucial for future democracy. In some groups, we can discern a broad lack of knowledge and a sense of concern about increasing digitalisation and internet use.

In the monitor Com Hem-kollen, we found that parents are one group that are faring below average from a digital perspective. They are concerned about their children's use of the internet. One example of the initiatives we took in 2017 involves gaming and e-sport. In a study we conducted in cooperation with Sifo, we found that children want their parents to become more involved. Gaming for up to ten hours a week does not impact children's wellbeing, school work, social relationships or physical activity according to the study. We have also produced a mini-documentary on gaming and e-sports to increase understanding and created a dictionary to enable more people to understand gaming language.

On our website comhem.se/digital-livskvalitet, we have gathered content aimed at providing our customers and others with specific advice for enhanced digital quality of life.

The pursuit of a safe and secure internet

Far too many people feel unsafe on the internet, which is a hurdle to positive development. This relates to everything from personal integrity to cyber bullying. Com Hem has a responsibility to increase security so that people can feel safe in a digital environment. We strive to strengthen the digital quality of life throughout Sweden. Some of this work involves raising awareness about the use of digital services so that we, our customers and other stakeholders can manage the challenges related to digitalisation, including integrity, information security and various forms of vulnerability on the internet.

The high degree of internet usage also creates some challenges, in particular, the vulnerability of children and young people on the internet. Com Hem realises that it cannot resolve these problems alone. Accordingly, Com Hem supports the organisation Surfa Lugnt, through which we cooperate with other companies in our industry, interest groups and public authorities to raise adults' awareness of children and young people's everyday life on the internet. Com Hem has had personnel trained to become Safe Surfing volunteers who offer free lectures to schools about how young people can avoid pitfalls and vulnerability on the internet. The lectures will begin in 2018 and are aimed at school personnel, teachers, parents and students aged 9 to 16.

EXAMPLES OF COM HEM'S COOPERATIONS

IT&Telekomföretagen

Together with IT&Telekomföretagen (the membership organisation for companies within the IT and telecom sector in Sweden) Com Hem engages within the council for data and the council for telecom. Within these councils we engage in matters concerning our customers and society as a whole.

Bredbandsfakta.se/The newsletter Insikt

This is a communication platform aiming at spreading knowledge around the topic of infrastructure competition in general and broadband competition in MDUs in particular.

IGEday

Com Hem participates in IGEday (Introduce a Girl to Engineering day) which is an initiative to increase interest in technology and engineering among young girls.

Yalla Rinkeby

An initiative aiming at providing job opportunities and self-sufficiency for women who are far from the labor market. Com Hem's role in the project has been to provide internet connection and digital services in Yalla Rinkeby's premises

Kodcentrum

Together with Kodcentrum, Com Hem strives to educate and inspire children in programming and coding, in order to ensure that future generations are well equipped for the digital society.

Tekniksprånget

Tekniksprånget is an internship program aiming at attracting more young people to higher technical education. As a member Com Hem welcomes interns to become a more attractive future employer within tech.

Com Hem Play Team

Play Team is Com Hem's own test patrol - a bunch of curious children and adolescents aged 7 to 18 years old with the task of testing and evaluating today's (and yesterday's) digital services and tv.

Initiative for newly arrived at customer service

In cooperation with Arbetsförmedlingen (the Employment Service) and the municipality of Härnösand Com Hem has initiated a specially adapted education for technical support for a group of newly arrived jobseekers in Sweden.

RESPONSIBLE BUSINESS

At Com Hem, responsible business is a building block for every business decision, and the services Com Hem offers represent an important platform for the society of today and the future. Responsible business is necessary for Com Hem to continue delivering value to shareholders. Our work already complies with the UN Global Compact and its ten principles on human rights, labour rights, the environment and anti-corruption. In 2018, we will officially become a signatory of the UN Global Compact. We have a clear ethical approach and standards for all areas of our business and in relation to all parties with whom we collaborate. These are defined in our Code of Conduct and by guidelines in such areas as human rights, anti-corruption, the environment, personnel-related issues and the precautionary principle.

Responsible marketing

At Com Hem, we constantly strive to market our products and services responsibly and to provide our customers with reliable information. In this quest, Com Hem complies with

the rules and recommendations of the Swedish Consumer Agency, the Swedish Ethics Committee for Direct Marketing, the EU, the Swedish Post and Telecom Authority (PTS), the Swedish Telecom Advisors and the Swedish National Board for Consumer Disputes (ARN). In addition, we support and are actively involved in various organisations, such as the Swedish Advertising Ombudsman, 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.

Marketing communication (number of incidents)	2017	2016	2015
Incidents of non-compliance with voluntary codes concerning marketing communications	8	4	7

Most cases concern unsolicited telemarketing, no cases resulted in a fine, penalty or warning.



During 2017, Com Hem and a number of other operators, in cooperation with the Swedish Telecom Advisors, prepared guidelines and signed an agreement to enable consumers to receive free and impartial advice from the Swedish Telecom Advisors regarding fibre connections.

In 2017, Com Hem had no incidents of non-compliance with marketing regulations that led to sanctions. In 2017, the number of cases of non-compliance with voluntary codes was eight, compared with four 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). Com Hem constantly reviews its internal system, whereby phone numbers are cross-checked against the NIX registry.

Information security

Information security is central to our operations and in addition to legal compliance, we also adhere to the ethical standards of our industry. During 2017, eight minor incidents occurred within Com Hem relating to customer integrity. All of these were addressed and resolved. Our integrity policy and our customer terms and conditions describe how we handle our customers' data, with the aim of being as informative and easy to understand as possible. A natural part of our ongoing efforts to ensure that we protect the integrity of our customers and employees, and comply with information security requirements, is our risk management work. This work proceeds from our information security management system (ISMS), based on the ISO 27001 standard. The system is a framework of policies, procedures, roles and activities, which we continuously work to develop and adapt according to the reality in which we operate. At Com Hem, a comprehensive effort has been under way for some time to ensure that Com Hem is ready for the new General Data Protection Regulation (GDPR). This work has included a review of our existing handling, systems and procedures to ensure that all handling is conducted correctly, and to ensure that our customers and employees continue to be provided with sufficient information and that their details are protected in the prescribed manner. Com Hem is a member of Swedish IT and Telecom Industries, SIG Security and the Swedish Civil Contingencies Agency (MSB), and actively pursues various integrity and information security issues in order to strengthen trust in the market.

Customer privacy	2017	2016	2015
Substantiated complaints received concerning breaches of customer privacy	8	5	1

All incidents have been handled and are closed.

Percentage that has received information of anti-corruption policy and procedures (%)	2017	2016	2015
Board of Directors			
Percentage that our anti-corruption policy has been communicated to	100%	100%	100%
Percentage that received training in anti-corruption	100%	100%	0%
Employees			
Percentage that our anti-corruption policy has been communicated to	100%	100%	100%
Percentage who received training on anti-corruption	100%	75%	0%

All employees have been informed about the anti-corruption policy. Guidelines on gifts, entertainment and hospitality have been communicated in-depth throughout the organisation.

Anti-corruption

Our Anti-Corruption Policy, which was introduced in May 2015, is based on Com Hem's Code of Conduct and sets out the principles that are applied at Com Hem to prevent corruption in our business operations. All employees at Com Hem have been informed about the company's Code of Conduct and our efforts to combat corruption. Additionally, every new employee signs the Code of Conduct individually as part of Com Hem's introductory programme. All members of Executive Management have received training in ethics and anti-corruption since 2016. We provide continuous training and information on our existing policies through our internal channels to reduce the risk of unintentional mistakes. In 2017, Com Hem had no confirmed incidents of corruption.

Our gifts, hospitality and entertainment guidelines, which have also been communicated throughout the organisation, contain detailed information on how everyone at Com Hem should act in regard to external hospitality, and our rules for giving and receiving gifts or other benefits. If our employees feel uncertain about how they should act, they are encouraged to contact their supervisor or consult with the Group General Counsel.

Children on the internet

In 2017, Com Hem, in cooperation with ECPAT Sweden and the major telecom and internet providers in Sweden, formed the Telecom Coalition Against the Sexual Exploitation of Children on the Internet. Membership of the coalition entails an active stance against the sexual exploitation of children; the company clearly disassociates itself from this issue, internally and externally, and informs employees and customers about this. Membership also involves cooperation with the police and participation in coalition meetings to develop new solutions to obstruct or prevent this type of crime.

Whistle-blower system

Com Hem is to be characterised by an open organisational culture, in which all employees feel that they can speak openly if they have experienced serious misconduct by employees in management positions, or in key positions within the Group. As part of this, Com Hem has a whistle-blower system, whereby employees are encouraged to report wrongdoings and suspicions of serious misconduct committed, sanctioned or deliberately ignored by an employee in a management or key position. Such wrongdoings and serious misconduct include crimes punishable by a prison sentence, such as fraud, embezzlement, breach of trust and corrupt deeds, including giving and taking bribes as well as environmental crimes. It also comprises other serious misconduct arising from infringements of basic freedoms and rights, a risk to life, health and safety, and damage to the environment. The system allows for anonymous reporting, and the information received is kept confidential to safeguard the integrity of the whistle-blower. The system can be regarded as a complement to Com Hem's usual communication channels. According to the policy, serious misconduct can be reported via email to an email account that can only be accessed by Com Hem's Group General Counsel. Alternatively, reports can be filed through ordinary post to the Chairman of the Audit Committee, who is one of the company's independent Board members in Com Hem Holding AB. Reported cases are handled by the Group General Counsel, management (CEO) or the Audit Committee, depending on the severity of the issue and the individual toward whom suspicions are raised in order to avoid conflicts of interest. If required, the investigation can also be handed over to an external, independent legal firm. In 2017, no incidents were reported through the whistle-blower system.

Purchasing procedures

In 2017, Com Hem introduced a suppliers' code that requires all suppliers to comply with the guidelines relating to such sustainability principles as trade sanctions, the environment, anti-corruption and the central ILO conventions (freedom of association, discrimination, forced labour and child labour).

Com Hem requires that all new suppliers undertake to comply with the suppliers' code, either by signing the code or by confirming that their own policies correspond with it in all essential aspects. In all procurement, sustainability principles represent a key element of the evaluation criteria and are weighed against other factors (total cost, fulfilment of functional requirements, etc.).

All existing suppliers will be reviewed annually to identify sustainability risks and, where necessary, implement measures to ensure compliance with the suppliers' code.

In 2017, Com Hem conducted a review of one supplier, based in Asia, who is considered a medium-high risk from a sustainability perspective. The review process included an interview with the sustainability manager, an inspection of CSR documents, and an inspection of plants and premises. No shortcomings in relation to Com Hem's suppliers' code were identified during the audit.

Supplier assessments	2017
Number of suppliers subject to impact assessments regarding labor practice, environmental impact, and human rights	259
Number of suppliers identified as having significant negative impacts regarding labor practice, environmental impact, and human rights	0
Percentage of new suppliers that were screened using labor practice, environmental, and human rights criteria	100%

EMPLOYEES



A number of policies and guidelines form the basis of our work in human resources, such as our Code of Conduct, Work Environment Policy, Policy on fair treatment of coworkers and Equality Plan. All of these documents are shared with the company's employees and consultants via the Group intranet, ComIn. Building and developing a strong employer brand remains a prioritised ambition at Com Hem, and we constantly strive to retain and recruit the right employees who share our values of being reliable, personal and proactive. A key part of our vision to create a positive customer experience is that all of our employees understand and feel that they play an important part in the company. It is important that we convey the message to our employees that Com Hem offers them the possibility to influence and shape Sweden's digital future. Com Hem continues to measure such factors as employeeship and leadership in the annual employee dialogue, involving four different areas: Work Environment; Organisation; Leadership; Vision and Goals. The results of these four areas are summarised as an overall employee index. The results of the 2017 employee dialogue,

conducted in September-October 2017 with a response rate of 88%, showed a continued positive result in such areas as work environment, leadership, and vision & goals. Com Hem will continue to work on developing its organisation and employees to further strengthen and establish our vision of "Sweden's most satisfied customers", within our industry while at the same time making Com Hem an attractive place to work. The following are some of the initiatives launched in 2017:

In 2017, Com Hem developed an introductory programme to be implemented in January 2018. The programme is structured so that it is not only of value to new employees, but also serves as an information tool for existing employees.

In the spring of 2017, the entire Com Hem management team participated in a workshop on diversity. During the workshop, a decision was made to form a Diversity Audit Group, which will ensure that the company continues to address these matters in the future.

Professional development

All employees should have an individual development plan that is to be discussed with their immediate manager during regular development talks – COMpetence discussions. During 2017, all employees were introduced to the COMpetence discussions, which are conducted in a web-based tool between manager and employees. The discussions are built around our values, our vision, our purpose and the competencies we have identified as important for our employees and managers in our shared effort to achieve our business goals. At the time of the employee dialogue focusing in particular on the COMpetence discussion and salary review process, 92% responded that they had completed their annual COMpetence discussion.

The COMpetence discussions support, among other things, sub-goal contained in the individual development plans of offering our employees tangible support and clear goals to be able to develop in their existing roles as well as growing into other, future attractive roles within the company.

Our internal management and talent development programme continues to harvest success. All managers at

Com Hem are given the chance to take part and, depending on the seniority of their role, participate in one of our two programmes (new manager or experienced manager). Our specialists and talents are also offered development programmes that continue to build on our values, our vision, our purpose and our business goals. The programmes run for a few months up to a year and are all designed to develop and strengthen the leadership characteristics at Com Hem.

To keep up the momentum in our development work, we created a number of new activities in 2017 as a follow-up to the senior management programme to support the challenges we constantly identify in, among other things, our employee dialogues.

During 2017, we prepared three different half-day workshops for our experienced managers focusing on:

- Commitment
- Communication
- Conflict management

TOTAL WORKFORCE, END OF YEAR

	2017	Women/men (%)	2016	Women/men (%)	2015	Women/men (%)
Permanent employees	1,083	29/71	1,158	29/71	1,169	31/69
- Of whom full time	981	26/74	1,112	27/73	1,148	30/70
- Of whom part time	102	56/44	46	72/28	21	86/14
Temporary employees	13	23/77	21	33/67	9	56/44
Total	1,096	29/71	1,179	29/71	1,178	31/69

EMPLOYEE MOVEMENT

	2017	Women/men (%)	2016	Women/men (%)	2015	Women/men (%)
New recruitments during the year						
Under 30 years	127	32/68	109	28/72	120	33/67
30-50 years	80	43/57	91	33/67	89	31/69
Over 50 years	6	50/50	6	17/83	7	29/71
Total	213	37/63	206	30/70	216	32/68
New recruitment rate	19%		17%		18%	
Individuals who left during the year						
Under 30 years	131	37/63	130	35/65	105	38/62
30-50 years	150	37/63	119	38/62	100	39/61
Over 50 years	16	44/56	20	55/45	10	20/80
Total	297	37/63	269	38/62	215	38/62
Employee turnover	27%		23%		18%	

The employee turnover is in line with our industry and its customer service operations. The average age of our employees are 28-29 years.

Reduction in number of employees and increased employee turnover is mainly due to the integration of Phonera into Com Hem Group common functions during 2017.

Talent programme

For the past two years, Com Hem has had a special talent programme in its IT department. In cooperation with an external partner, the programme identifies and recruits young talents from within the IT sector and now also technology. The talent programme has been successful and has now been expanded to include our operations and technology organisation. The programme will continue to recruit talent during the next year. The programme participants work in development teams and are given the opportunity to work for short periods in other Com Hem departments. They are also offered external and continuous coaching by experienced Com Hem employees to establish a good start to their careers.

Future employees

In 2017, Com Hem took part in events for young academics and final-year students at a number of universities and colleges. The company was also nominated for a number of awards in employer branding in 2017. In 2017, Com Hem was again named a Career Company – an award presented annually to companies that actively focus on employee development, increased commitment and a better workplace. The company continued to successfully recruit individuals to its management trainee programme and IT talent programme.

Our employees are our most important ambassadors and Com Hem continuously evaluates key metrics, such as eNPS (employee Net Promoter Score) and pNPS (product Net Promoter Score), in its ongoing employee dialogues. eNPS developed positively between 2016 and 2017, increasing 7 points. pNPS also remains high, meaning that our employees remain willing to recommend our products and services.

Health and 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 healthy activities by, for example, providing wellness contributions and sponsoring specific physical activities (running and cycling in 2017). By providing occupational health services, we ensure that our employees receive prompt and qualified care and rehabilitation when required. In 2016, a project was started to analyse all dimensions of health and safety, which was completed in 2017. The following focus areas were identified and work groups were established in each area during the year to further pursue the respective area:

- Timetable and working hours
- Work environment
- Training/Development
- Management and control
- Compensation
- Information

Com Hem continuously follows up its health and safety work during the year, including safety inspection rounds and health and safety meetings with, for example, health and safety officers and trade union branch representatives, while an employee dialogue is conducted once a year, which focuses solely on the physical and social work environment.

Diversity

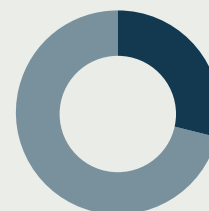
Com Hem values workplaces with extensive diversity and our recruitment base extends far beyond Sweden's borders. We believe that Com Hem has become a more innovative and dynamic company by employing women and men of all ages, with various backgrounds and experience. Com Hem always strives to offer the same opportunities, rights and obligations to all of its employees. We ensure this, for example, by way of the terms in our collective agreement – Telekom.

Com Hem regards equal pay for equal work without salary discrimination as self-evident. We continue to conduct salary surveys in conjunction with our salary reviews to ensure that we do not have any structural salary differences between men and women. The result of the survey showed that no such differences exist in the company and the result was reported in the company's Equality Plan 2017-2018.

In 2018, Com Hem is also participating in Womentor, a mentoring programme for increased equality. Womentor is an initiative that supports companies in the IT and telecom industry, aimed at systematically increasing the number of female managers. As part of its commitment, Com Hem has selected two employees to participate in the Womentor programme for one year: one female manager who will become a mentee and one man from the company's management group who will serve as a mentor. Com Hem's goal in 2017-2018 is to increase the proportion of female managers from 27% to at least 30%. We also want to increase the proportion of female candidates in our recruitment process for positions that are usually dominated by men, such as in IT. The goal is to have at least one woman in the interview process for these positions and for half of the final candidate list to comprise women. Wherever possible, Com Hem also works with anonymous CVs during the recruitment process.

GENDER DISTRIBUTION DEC 31, 2017

■ Women	29%
■ Men	71%



EMPLOYEE INTERVIEW

A COMPANY WITH A STRONG PURPOSE AND CLEAR VALUES

Com Hem wants to unleash the power for the best possible digital quality of life in Sweden. We also want our employees to have the opportunity to unleash the power of their full potential. That is why we exist. And we do it by living our values, "Proactive, Personal and Reliable".

The annual award "Årets Kraftknippe" (employee of the year) goes to the one who best delivers on our values. All Com Hem employees are invited to vote. No jury, no management team, no lottery. This year the award went to Carolina Eggertsson.

It is easy to get involved with her enthusiasm. Even things that are not so fun at work are delivered with a smile. Can everything really be so great, you wonder?

"Basically, I enjoy what I'm doing. As a result, it's easier for me to do a good job."

An advertising agency. An event agency. A PR agency. And some other things. That's what Carolina Eggertsson did before joining Com Hem and the Marketing Department. Or with Com Hem words; Project Manager in the Brand Experience team responsible for all communication with landlords. This means that she has daily contact with agencies in the industry she used to work in, has the responsibility for fairs, for Com Hem Magazine, for newsletters and for a lot of other events at Com Hem.

She joined Com Hem in the fall of 2016. Just over a year later she is awarded the employee award of the Year. That is fast moving, to say the least. When asked why, she stops and thinks little.

"If I have to choose, I'm Proactive and Reliable, but I'm probably most Personal with my colleagues. If we feel good and laugh together, we become more creative which makes it easier to deliver good things. I like to do things quickly, strive to simplify things and steer things up so that we can move on. Just because you have fun at work, you do not have to be slow. I get a bit of a kick from delivering good things quickly, and I have high demands both on myself and on my environment. And it seems that my colleagues appreciate it.

"Årets Kraftknippe" is awarded in December each year, with the entire company present. It's the most



Cristina Bueno - Product TV, Carolina Eggertsson - Marketing, Ahmed Omar - Sales and Daniel Bryntesson - Network planning.

prestigious of four prizes awarded. None of the prize winners know about the awards in advance.

"It was super cool. Of course one can understand it is a great feeling to get a recognition like this, but there are so many talented people at Com Hem."

You seem to feel at home, even at work. Com Hem seems to be a fun place. Your colleagues appreciate you. Is there anything that could be better?

"But of course. A fairly simple thing would be to pay more attention to all those who do a great job behind the scenes, and there are many."

Everything can always get better. This year's Kraftknippe has spoken.

ENVIRONMENT



Com Hem has worked continuously with environmental issues for many years. The ongoing digitalisation of society is creating opportunities for economic growth without a negative environmental impact and Com Hem strives to contribute to this transformation. We do so by constantly developing and simplifying environmentally effective communications solutions, but also by economising on resources and managing our waste in the best possible way.

Com Hem's environmental work is based on our Code of Conduct, of which the environment is a key part. We believe that digitalisation can create opportunities for reduced environmental impact, and we work actively to reduce our own energy consumption and recycling of e-waste. Com Hem also uses an environmentally aware procurement method (described in the section on purchasing procedures on page

31). When making investments and choosing suppliers, environmental aspects are taken into consideration to reduce the use of materials and resources. In its CPE procurements in 2017, Com Hem ensured that the occurrence of bromide, chlorine and phosphor compounds was minimised.

Smart cities

Our work on smart cities was intensified during the autumn, and we will present our view of smart cities based on smart properties in spring 2018. A key product launch for smarter properties is the Com Hem Smart app, which was launched at the beginning of 2018. With this app, landlords and residents have the possibility to, among other things, book shared resources, distribute information, report faults and control their energy consumption.

Energy consumption (MWh)	2017	2016	2015
Electricity inside the organization	7,960	7,810	7,500
District heating	787	810	840
District cooling	2,798	2,820	2,740
Electricity for outsourced data centers	641	630	550
Electricity for IT infrastructure	4,125	4,130	3,750
Total	16,311	16,200	15,380
Share renewables	98%	90%	66%

The table shows the electricity, district heating and cooling from Com Hem's offices and data centres as well as the energy consumption from outsourced data centres and IT infrastructure.

Energy consumption from products (MWh)	2017	2016
Set-top-boxes	50,280	53,880
Routers	81,210	-
Total	131,490	53,880

The table shows the estimated electricity consumption from our customers use of all set-top-boxes and routers.

Energy

Part of our ongoing work is to actively support a reduction in environmental impact in terms of energy consumption in the production of our products and services. For example, Com Hem has signed an agreement with Fortum Öppen Fjärrvärme® to reuse surplus heat from data centres for the district heating network. In 2017, a new electricity agreement came into force with a new supplier of renewable energy. As a result of this, 100% of the electricity that Com Hem purchases directly is renewable.

Recycling and e-waste

Com Hem is committed to ensuring that used network materials, routers and set-top boxes are collected and recycled in the right way. For this purpose, we have established a partnership with Kuusakoski for the recycling of e-waste, and are affiliated with EI-Kretsen for the recycling of obsolete consumer electronics. During 2017, Com Hem initiated a major effort for the reuse of CPE within the operation to reduce the need for new purchases of equipment, thus reducing energy and resource consumption in the manufacturing process. This initiative will achieve full effect in 2018.

CONSOLIDATED INCOME STATEMENT

SEKm	Note	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Total revenue	3	7,136	5,665
Cost of services sold		-4,039	-2,964
Gross profit		3,097	2,701
Selling expenses		-1,867	-1,557
Administrative expenses		-302	-291
Other operating income	5	34	42
Other operating expenses	6	-22	-29
Operating profit	7, 8, 9, 25, 27	940	866
FINANCIAL INCOME AND EXPENSES			
Financial income		99	47
Financial expenses		-507	-662
Net financial income and expenses	10	-407	-615
Result after financial items		532	251
Income taxes	11	-119	-59
Net result for the year		414	192
EARNINGS PER SHARE			
Basic earnings per share (SEK)	33	690	320
Diluted earnings per share (SEK)		690	320

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Net result for the year	414	192
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to net profit or loss		
Revaluation of defined-benefit pension obligations	-4	-59
Tax on items that will not be reclassified to profit or loss	1	13
Other comprehensive income for the year, net of tax	-3	-46
Comprehensive income for the year	410	146

CONSOLIDATED BALANCE SHEET

SEKm	Note	Dec 31 2017	Dec 31 2016
ASSETS			
Non-current assets			
Intangible assets	12	16,014	16,765
Property, plant and equipment	13	1,493	1,564
Financial assets	14	4,470	2,780
Total non-current assets		21,977	21,109
Current assets			
Inventories	15	44	48
Trade receivables	16, 25	197	159
Prepaid expenses and accrued income	17, 25	250	205
Other receivables	14, 25	285	323
Cash and cash equivalents	18, 25, 26	577	454
Total current assets		1,352	1,189
Total assets		23,330	22,298
EQUITY AND LIABILITIES			
Equity			
Share capital	19	1	1
Other paid-in capital		3,969	4,104
Retained earnings incl. net result for the year		-2,271	-3,693
Total equity		1,699	412
Non-current liabilities			
Non-current interest-bearing liabilities	20, 25, 26, 34	17,354	18,267
Pension provisions	21	229	244
Other provisions	22	95	139
Deferred tax liabilities	11	756	677
Total non-current liabilities		18,434	19,327
Current liabilities			
Current interest-bearing liabilities	20, 25, 26, 34	903	517
Trade payables	25	540	570
Other current liabilities	23, 25	301	142
Accrued expenses and prepaid income	24, 25	1,404	1,300
Current provisions	22	49	29
Total current liabilities		3,197	2,558
Total equity and liabilities		23,330	22,298

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to Parent Company shareholders

SEKm	Share capital	Other paid-in capital	Retained earnings incl. net result for the year	Total equity
Opening equity, Jan 1 2017	1	4,104	-3,693	412
Merger profit	-	-	1,004	1,004
COMPREHENSIVE INCOME FOR THE YEAR				
Net result for the year	-	-	414	414
Other comprehensive income for the year	-	-	-3	-3
Comprehensive income for the year	-	-	410	410
Contributions from and value transfers to owners				
Shareholders' contribution	-	-	7	7
Group contribution	-	-173	-	-173
Tax on group contribution	-	38	-	38
Total transactions with Group's owners	-	-135	7	-127
Closing equity, Dec 31 2017	1	3,969	-2,271	1,699

SEKm	Share capital	Other paid-in capital	Retained earnings incl. net result for the year	Total equity
Opening equity, Jan 1 2016	1	3,887	-3,843	45
COMPREHENSIVE INCOME FOR THE YEAR				
Net result for the year	-	-	192	192
Other comprehensive income for the year	-	-	-46	-46
Comprehensive income for the year	-	-	146	146
Contributions from and value transfers to owners				
Shareholders' contribution	-	-	4	4
Group contribution	-	279	-	279
Tax on group contribution	-	-61	-	-61
Total transactions with Group's owners	-	217	4	221
Closing equity, Dec 31 2016	1	4,104	-3,693	412

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	Note	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Operating activities			
Result after financial items		532	251
Adjustment for items not included in cash flow	34	2,096	1,888
Income taxes paid		-31	-
Cash flow from operating activities before changes in working capital	34	2,597	2,139
Change in working capital			
Increase(-)/decrease(+) in inventories		4	-3
Increase(-)/decrease(+) in current receivables		-64	62
Increase(+)/decrease(-) in current liabilities		34	-5
Cash flow from operating activities		2,571	2,193
Investing activities			
Acquisition of subsidiaries	4	-	-1,375
Acquisition of non-current intangible assets		-502	-396
Acquisition of property, plant and equipment		-636	-497
Sales of property, plant and equipment		5	2
Loans to Group companies		-1,594	-1,187
Cash flow from investing activities		-2,728	-3,453
Financing activities			
Borrowings		3,050	6,600
Amortisation of borrowings		-2,767	-5,578
Payment of borrowing costs, including discounts		-4	-63
Received Group contribution		-	42
Cash flow from financing activities		279	1,001
Net change in cash and cash equivalents		123	-259
Cash and cash equivalents at beginning of year		454	713
Cash and cash equivalents at year-end		577	454

NOTES TO THE GROUP'S 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 note A1 in the Parent Company's financial statements. 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 March 29, 2018. 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 March 29, 2018.

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 million. 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.

Adjustments

Certain financial information and other amounts and percentages presented in this report have been rounded and therefore the tables may not tally. The abbreviation "n/m" ("not meaningful") is used in this report if the information is not relevant.

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.

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 2017. In the opinion of Management and the Board, no reasonably possible changes to 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 12, which also states the two cash generating units carrying amount for goodwill of SEK 11,321m.

CHANGES IN ACCOUNTING POLICIES DUE TO NEW OR AMENDED IFRS

New and revised standards and interpretative statements applicable from 1 January 2017, have not resulted in any material effects on the financial statements.

The Group applied IAS 7 Statement of Cash Flows from January 1, 2016 which is an early adoption due to the implementation requirement was applicable for financial year commencing January 1, 2017. The purpose of the new amendment is that disclosures shall be presented related to changes of liabilities that according to IAS 7 are assignable to financing activities. IAS 7 requires presentation of changes both affecting cash flow and changes not affecting cash flow. The change of liabilities shall be divided into cash flow related to borrowings and amortisation, changes linked to disposals and acquisitions of subsidiaries, exchange rates differences, change in revaluation of fair value and other changes. These disclosures can be presented as an analysis of the opening and closing balances of the liabilities. If these disclosures are presented in combination with for example changes of net debt disclosures shall be presented concerning changes of the liabilities that are related to the financing activities in accordance with IAS 7, separately from changes of other assets and liabilities that are part of the net debt.

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 early adopted when preparing these financial statements.

IFRS 9 Financial instruments will replace IAS 39 Financial instruments: Recognition and measurement from 2018. The Group will not apply IFRS 9 in advance. IFRS 9 contains new requirements for the classification and measurement of financial instruments, introducing an impairment model that are based on expected credit losses instead of losses occurred, and changes of principles for hedge accounting with the purpose among other things as simplification and increasing the consistency with company's internal risk management strategy.

The new impairment model will result in credit losses mainly in connection to earlier collection of accounts and other receivables. The provision will be made for all receivables (not only ones that objectively indicate need for impairment) corresponding to credit losses expected to occur within the remaining binding period.

The Group has investigated which impact the implementation of the standard will have on the Group's accounting principles. IFRS 9 will be applied from 2018 and will be prospectively applied from January 1, 2018, which will result in an increase of the credit loss allowance of SEK 2m. IFRS 9 will also entail more extensive disclosure requirements, especially for hedge accounting, credit risks and credit losses.

IFRS 15 Revenue from Contracts with Customers replaces all existing revenue recognition guidance from 2018, such as IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or service which differs from existing basis of transferring of risks and rewards. IFRS 15 implements new ways to determine how and when revenue shall be recognised, which means new ways of thinking compared to how revenue is recognised at the moment.

IFRS 15 demands significantly extended disclosure requirements such as information about disaggregation of revenue into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has completed an assessment of the implementation of IFRS 15 where the Group's actual revenue recognition and the different offerings and packages to customers have been analysed and compared to the revenue model in IFRS 15. After the per-

formed analysis the conclusion is that this standard will not have any impact on the Group's revenue recognition excepts from more extensive disclosure requirements. The financial impact is SEK 0.

IFRS 16 Leases mostly affects lessees and the central effect is that all leasing agreements that today are accounted for as operating lease agreements shall be accounted for in a similar way as financial lease agreements provided that they meet the requirements to be reported as a lease in accordance with IFRS 16. This means that also for operating leases, that meet the requirements to be reported as a lease, an asset and liability will have to be recognised, including recognition of depreciation, amortisation and interest, in comparison with today when there is no recognition for a leased asset and related liability, and the rental expense recognised as a straight-line expense. IFRS 16 will apply to financial years commencing January 1, 2019 or later.

The Group will as a lessee be affected by the implementation of IFRS 16. A scrutinisation of the agreements that may be affected by the implementation has begun but it's too early to draw any conclusions. The disclosures related to operating leases in Note 26 gives an indication of the nature and extent of the existing agreements.

Other published standards with effect from 2018 or later are not expected to have any significant impact on the Group's accounts, with the exception of extended disclosure requirements.

OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses and the operating results are reviewed regularly by the chief operating decision maker, to make decisions about allocation of resources to the operating segments and also to assess their performance and for which financial information is available. See note 2 for additional information about operating segments.

CLASSIFICATIONS, ETC.

Non-current assets primarily comprise amounts that are expected to be recovered or settled subsequent to 12 months from the reporting date while current assets and short-term liabilities primarily comprise amounts expected to be recovered or settled within 12 months of the reporting date. Long-term liabilities consists primarily of amounts that the company as of the reporting period have an unconditional right to choose to pay more than twelve months after the reporting period. If the company has not such a right at the end of the reporting period - or if the liability is held for trading or the liability is expected to be settled within the normal operating cycle - the liability is reported as a current liability.

CONSOLIDATION POLICIES AND BUSINESS COMBINATIONS

Subsidiaries

Subsidiaries are companies over which Com Hem Sweden AB (publ) has a controlling influence. Controlling influence exists if Com Hem Sweden AB (publ) 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 network operator (basic television services and revenue from communication operator 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.

Revenue from sales of hardware that are not directly linked to a subscription is recognised when the significant risks and rewards have been transferred to the customer, i.e. normally at the time of delivery.

Start-up 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, transmission 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 and insurance compensation etc.

OTHER OPERATING COSTS

Other operating costs include exchange rate losses, disposal of intangible assets and property, plant and equipment, and transaction expenses in conjunction with business combinations etc.

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 and interest expenses on borrowings.

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 expenses include allocated amounts of issue expenses and similar direct transaction expenses to raise borrowings.

FINANCIAL INSTRUMENTS

Financial instruments recognised in the balance sheet include primarily cash and cash equivalents, trade receivables, loans receivable, accrued revenue and derivatives on the asset side. The liabilities side includes primarily trade payables, borrowings, accrued expenses 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. 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 utilised to hedge risks of exchange rate fluctuations.

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.

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 for at least 12 months. 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	5–18 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 expenses.

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	3–5 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 hardware for sale. Inventories 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

Computation of earnings per share is based on the net profit or loss of the Group attributable to equity holders of the Parent company and the weighted average number of shares outstanding in the year. There are no potential diluting ordinary shares.

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 plan was closed for new entries from February 2017, thereafter premiums are paid to Alecta and accounted for in accordance with UFR 10. 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 are determined with support from external actuaries. As guideline the interest rate for mortgage covered bonds with a maturity that will equal the average maturity of the obligation is used. The most important 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 10 from the Swedish Financial Reporting Board, this is a defined-benefit multiemployer plan. For the 2017 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

An expense for remuneration in connection with termination of employees are recognised at the earliest when the company can no longer withdraw the offer to the employees or the company reported restructuring expenses. The benefits expected to be settled after twelve months are recognised at their present value. Benefits that are not expected to be settled wholly within twelve months are recognised as long-term benefits.

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

In the Parent company Com Hem Holding AB, there are three share-savings incentive programme "LTIP 2015", "LTIP 2016" and "LTIP 2017" in which employees in subsidiaries to Com Hem Sweden AB (publ) participates. 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. 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 options 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 for 2017 refers to the positions specified in note 7.

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 provision.

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.

NOTE 2 OPERATING SEGMENT

The Group operates in a single market, Sweden and is divided in two operating segments, Com Hem and Boxer. The division is based on the Group's management structure and infrastructure for delivery of services and structure for internal reporting, which is controlled by the Group's CEO, who has been identified as its chief operating decision-maker.

The operating segment Com Hem offers services to consumers (digital-TV, broadband and fixed telephony), B2B (broadband and telephony) and landlords (basic TV offering) via fibreCoax, fibre and LAN. The services to consumers and landlords are mainly delivered to multi-dwelling unit buildings. The B2B services are mainly delivered to small and medium sized enterprises (SMEs). The infrastructure that is the basis for enabling delivery of services to customers is the same for all services in the operating segment. 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.

The operating segment Boxer offers services (digital TV and broadband) to consumers in the SDU market through the Swedish digital terrestrial network provided by Teracom as well as through open networks.

The operating segment information is based on the same accounting principles as for the Group, IFRS. The pricing of inter company transactions is determined on a commercial basis.

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 items affecting comparability and operating currency gains/losses). Operating segment assets comprise intangible assets, property, plant and equipment, inventories and current receivables. Operating segment liabilities comprise non-current liabilities and provisions.

Capital expenditure includes intangible assets and property, plant and equipment but excludes the effect of goodwill, intangible assets and property, plant and equipment through acquisitions which are presented separately.

	Jan 1 - Dec 31 2017		
SEKm	Com Hem	Boxer	Group
Revenue external	5,431	1,705	7,136
Operating profit (EBIT)	904	35	940
Net financial income and expenses			-407
Income taxes			-119
Net result for the period			414
Operating profit (EBIT)	904	35	940
Amortisation & depreciation	1,665	277	1,943
Disposals	14	2	16
Operating currency loss/gains	-8	1	-7
Items affecting comparability	46	4	50
Underlying EBITDA	2,622	319	2,942
CAPEX	-963	-175	-1,138
Operating free cash flow	1,659	144	1,803

	Dec 31 2017			
SEKm	Com Hem	Boxer	Eliminations	Group
Operating segment assets	20,758	2,047	-52	22,753
-of which goodwill	10,899	421	-	11,321
-of which customer relationships	1,939	1,249	-	3,188
Other unallocated assets				577
Total assets				23,330
Operating segment liabilities	2,369	938	-52	3,255
Other unallocated liabilities				18,376
Total liabilities				21,631

	Jan 1 - Dec 31 2016		
SEKm	Com Hem	Boxer ¹	Group
Revenue external	5,218	446	5,665
Operating profit (EBIT)	863	3	866
Net financial income and expenses			-615
Income taxes			-59
Net result for the period			192
Operating profit (EBIT)	863	3	866
Amortisation & depreciation	1,600	67	1,667
Disposals	4	-	4
Operating currency loss/gains	6	1	7
Items affecting comparability	11	6	17
Underlying EBITDA	2,485	77	2,562
CAPEX	-851	-42	-893
Operating free cash flow	1,634	35	1,669
CAPEX in relation to business combinations	-	-1,705	-1,705

¹Boxer was acquired on September 30, 2016.

	Dec 31 2016			
SEKm	Com Hem	Boxer ¹	Eliminations	Group
Operating segment assets	19,660	2,184	-1	21,844
-of which goodwill	10,899	421	-	11,321
-of which customer relationships	2,527	1,392	-	3,919
Other unallocated assets				454
Total assets				22,298
Operating segment liabilities	2,045	994	-1	3,038
Other unallocated liabilities				18,846
Total liabilities				21,885

¹Boxer was acquired on September 30, 2016.

NOTE 3 CATEGORIES OF REVENUE

Operations cover two operating segments, see Note 2. Consumer, B2B and Landlord services are provided for customers in Sweden.

Revenue by service, SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Total revenue		
Consumer	5,992	4,539
- of which digital TV	3,354	2,277
- of which broadband	2,232	1,869
- of which telephony	204	253
- of which other	201	140
B2B	280	317
Network operator	842	777
Other	22	32
Total	7,136	5,665

Boxer was acquired on September 30, 2016

NOTE 4 BUSINESS COMBINATIONS**Business combinations 2017**

No business combinations occurred during the 2017 financial year.

Business combinations 2016*Boxer TV-Access AB ("Boxer")*

On June 8, 2016 Com Hem through its wholly owned subsidiary Com Hem Communications AB (merged with its Parent company Com Hem Sweden AB (publ) in 2017) signed an agreement to acquire all shares in Boxer TV-Access AB ("Boxer") a wholly owned subsidiary of Teracom Boxer Group AB. Boxer is the pay TV operator in the digital terrestrial television ("DTT") network in Sweden. The fibre expansion in the single dwelling unit ("SDU") market has over the last years put pressure on Boxer's customer base. The Com Hem SDU expansion programme will enable Boxer to sell market leading bundled broadband- and TV-services to its customer base. The acquisition of Boxer thereby represents a highly attractive opportunity for Com Hem to accelerate its reach in the SDU market. The Boxer brand is included in the transaction and Boxer will continue to operate as part of the Com Hem Group.

At September 1, 2016 the Swedish State approved the acquisition and at September 21, 2016 the Swedish Competition Authority also resolved to approve the acquisition. Completion took place on September 30, 2016 when controlling influence of operations was obtained and the entity was consolidated from that date. The acquisition closed with an Enterprise Value of SEK 1,330m, representing an estimated LTM underlying EBITDA multiple of 4.3x.

The acquisition has been recognised by applying the purchase method, and the table below states the fair value of the acquired assets and liabilities. The acquisition was funded through external borrowings and own cash. No equity instruments were issued in conjunction with the acquisition.

SEKm	Carrying amounts in the Group
Intangible assets	1,552
Property, plant and equipment	153
Other current assets	167
Cash and cash equivalents	258
Deferred tax liabilities	-305
Non-current liabilities	-141
Other current liabilities	-472
Net identifiable assets	1,212
Goodwill	421
Purchase price (paid in cash)	1,633
Less cash in acquired business	-258
Net effect on Group's cash	1,375

A purchase price allocation has been prepared. The recognised fair value of intangible assets and goodwill was SEK 1,973m of which customer relationships SEK 1,427m, trademark SEK 101m, goodwill SEK 421m and other SEK 24m. The goodwill recognised for the acquisition relates to future revenue from new customers, increased revenue from existing customers through continued growth of the number of services sold per customer, undocumented know-how and technology. No portion of the goodwill amount is expected to be tax deductible.

An existing long-term fixed price transmission network access contract has been measured to a negative fair value of SEK 174m, which will be released over the contract term, ending March 31, 2020. Lower annual price levels will apply as from April 1, 2020 which was negotiated as part of the transaction.

The total consideration for Boxer amounted to SEK 1,633m and the total net cash outflow was SEK 1,375m after deducting acquired cash and cash equivalents of SEK 258m. Acquisition related expenses were SEK 11m and have been recognised as other operating expenses in the income statement.

Boxer is reported as a separate operating segment and contributed with SEK 446m to consolidated revenue and SEK 3m to operating profit since closing of the acquisition.

If the acquisition had been conducted on January 1, 2016, management estimates that the contribution to consolidated revenue would have been SEK 1,833m and the contribution to operating profit would have been SEK 57m.

NOTE 5 OTHER OPERATING INCOME

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Exchange gains on trade receivables/liabilities	12	5
Recovered trade receivables	8	8
Other	14	29
Total	34	42

NOTE 6 OTHER OPERATING EXPENSES

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Losses from disposals of non-current assets	-17	-6
Exchange losses on trade receivables/liabilities	-5	-12
Acquisition-related costs	-	-11
Total	-22	-29

NOTE 7 EMPLOYEES AND PERSONNEL EXPENSES

Average number of employees	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Women	255	280
Men	712	766
Total	966	1,046

At year-end, the number of employees was 1,095 (1,178).

Members of the Board and Executive Management	Dec 31 2017	Dec 31 2016
Board of Directors	4	5
- of which women	1	0
- of which men	3	5
Executive Management	6	5
- of which women	2	2
- of which men	4	3

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

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Salaries and remuneration	562	542
Social security expenses	199	188
Pension expenses	52	59
Capitalised work by employees	-154	-133
Other personnel costs	21	24
Total personnel costs	679	680

REMUNERATION AND OTHER BENEFITS TO EXECUTIVE MANAGEMENT

MSEK	Jan 1 - Dec 31 2017		Jan 1 - Dec 31 2016	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
CEO	-	-	-	-
Pension expenses	-	-	-	-
Other executive management	17	5	17	5
- of which bonus	4	1	4	1
Pension expenses	-	3	-	4
Total	17	8	17	9

The number of people in Executive Management amounted to 6 (5), at the end of the financial year. Executive Management in 2017 includes the following positions: CEO, CFO, Director of Human Resources, Director of Corporate Communications, CEO of Boxer TV-Access AB and Director of business to consumer.

The Group's CEO has been employed by the Parent company Com Hem Holding AB during 2017 and 2016.

GUIDELINES ON REMUNERATION TO THE CEO AND OTHER EXECUTIVE MANAGEMENT

CEO and other Executive Management Remuneration to 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, 2016 and 2017), in addition to pension and other customary benefits.

For 2017, the CEO was entitled to a fixed annual salary of SEK 5,497 thousand

(excluding holiday bonus) 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 2017, 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.

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.

Remuneration to the Board

Matters of significance to Com Hem Sweden AB (publ) and subsidiaries are primarily discussed at Board meetings of the Parent company Com Hem Holding AB. No board fees have been paid from Com Hem Sweden AB (publ) or its subsidiaries during 2017.

The Group has no outstanding pension obligations to the Board of Directors or to the current Chief Executive Officer since the pension premiums are paid directly. When the Group company Com Hem AB was part of Telia Company AB (publ), 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 amounted to SEK 2m (2) at year-end.

Incentive programme in the Parent company Com Hem Holding AB

There are four incentive programmes in the Parent company. Three long-term share savings incentive programme (LTIP 2015, 2016 and 2017) and one incentive programmes that comprise a total of 2,289,306 issued and paid warrants. In these four incentive programmes, employees in Com Hem Sweden AB (publ) and its subsidiaries also participate.

NOTE 8 FEES AND REIMBURSEMENTS TO AUDITORS

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
KPMG AB		
Audit assignments	1	2
Tax consulting	0	-
Other assignments	0	0
Total	1	2

NOTE 9 OPERATING EXPENSES BY TYPE

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Personnel expenses	-679	-680
Depreciation and amortisation	-1,943	-1,667
Cost of production of services	-2,718	-1,798
Cost of sales and services	-32	-27
Sales and marketing expenses	-311	-273
Acquisition-related costs	-	-11
Other operating expenses	-513	-342
Total	-6,196	-4,798

Other operating costs include consulting fees and IT costs. The increase in operating expenses was mainly due to Boxer being included in the Group from September 30, 2016.

NOTE 10 NET FINANCIAL INCOME AND EXPENSES

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Financial income		
Interest income		
- bank balances	0	0
- loans and receivables	3	2
- loans receivables from Group companies	96	44
Other financial income	0	1
Total	99	47
SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Financial expenses		
Interest expenses		
- financial liabilities measured at amortised cost ¹	-301	-421
- defined-benefit pension commitments	-7	-7
- financial liabilities to Group companies measured at amortised cost	-185	-219
Other financial expenses	-14	-15
Total	-507	-662
Total net financial income and expenses	-407	-615

¹ The "Financial liabilities measured at amortised cost" item above includes non-recurring costs pertaining to allocated borrowing costs of SEK 1m (29) related to the repayment of bank loans and bonds with an original amortisation period until 2017, and redemption premiums on bonds totalling SEK -m (66).

NOTE 11 INCOME TAXES

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Current tax		
Income taxes for the period	-38	65
	-38	65
Deferred tax		
Deferred tax on capitalised loss carryforwards	-248	-250
Deferred tax relating to temporary differences	168	126
Total deferred tax	-80	-124
Total recognised tax in the Group	-119	-59

RECONCILIATION OF EFFECTIVE TAX

SEKm	Jan 1 - Dec 31 2017		Jan 1 - Dec 31 2016	
	%		%	
Result before tax		532		251
Tax according to the current tax rate for the Parent Company	22.0	-117	22.0	-55
Non-taxable income		0		0
Non-deductible expenses		-1		-4
Deferred tax relating to previous years		0		0
Recognised effective tax	22.3	-119	23.5	-59

TAX ATTRIBUTABLE TO OTHER COMPREHENSIVE INCOME

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Actuarial gains/losses, before tax	-4	-59
Tax attributable to actuarial gains/losses	1	13
Total	-3	-46

DEFERRED TAX ASSETS AND LIABILITIES**Recognised deferred tax assets and liabilities**

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

SEKm	Dec 31 2017			Dec 31 2016		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Non-current intangible assets	5	-879	-874	6	-1,047	-1,042
Property, plant and equipment	0	-7	-7	4	-20	-16
Trade receivables	3	-	3	4	-	4
Prepaid expenses	1	-	1	5	-	5
Provisions	79	-	79	86	-	86
Financial liabilities	1	-	1	6	-	6
Current liabilities	2	-	2	4	-	4
Tax allocation reserve	-	-	-	-	-10	-10
Other	3	-	3	1	0	1
Loss carryforwards	36	-	36	285	-	285
Tax receivables/liabilities	130	-886	-756	401	-1,077	-677
Set-off	-130	130	-	-401	401	-
Net tax receivables/liabilities	-	-756	-756	-	-677	-677

It is management's assessment that the reported tax losses will be utilised against taxable profits in 2018.

CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSS CARRYFORWARDS

SEKm	Jan 1 2017	Recognised in profit or loss	Recognised in other comprehensive income	Other	Dec 31 2017
Non-current intangible assets	-1,042	167	-	-	-874
Property, plant and equipment	-16	9	-	-	-7
Trade receivables	4	-1	-	-	3
Prepaid expenses	6	-5	-	-	2
Provisions	88	-8	1	-	80
Financial liabilities	6	-5	-	-	1
Current liabilities	4	-2	-	-	2
Tax allocation reserve	-10	10	-	-	-
Other	1	2	-	-	3
Loss carryforwards	285	-248	-	-	36
Total	-677	-80	1	-	-755

SEKm	Jan 1 2016	Recognised in profit or loss	Recognised in other comprehensive income	Other ¹	Dec 31 2016
Non-current intangible assets	-844	139	-	-336	-1,042
Property, plant and equipment	-2	3	-	-17	-16
Trade receivables	2	1	-	1	4
Prepaid expenses	-	1	-	5	6
Provisions	35	1	13	39	88
Financial liabilities	13	-7	-	-	6
Derivatives	0	0	-	-	-
Current liabilities	1	0	-	4	4
Tax allocation reserve	-	-10	-	-	-10
Other	0	1	-	-	1
Loss carryforwards	535	-250	-	-	285
Total	-261	-124	13	-305	-677

¹ The item 'Non-current intangible assets' in the Other column above for 2016 mainly refers to deferred tax liabilities resulting from business combinations.

NOTE 12 NON-CURRENT INTANGIBLE ASSETS

SEKm	Externally acquired				Total
	Goodwill	Customer relations ¹	Trademark	Other ²	
Accumulated cost					
At beginning of year 2017	11,321	6,884	792	2,772	21,769
Capital expenditure	-	-	-	502	502
Divestments and disposals	-	-	-	-64	-64
At year-end 2017	11,321	6,884	792	3,210	22,207
Accumulated amortisation and impairment					
At beginning of year 2017	-	-2,965	-	-2,039	-5,004
Amortisation for the year	-	-731	-	-518	-1,249
Divestments and disposals	-	-	-	61	61
At year-end 2017	-	-3,696	-	-2,496	-6,192
Carrying amount at year-end 2017	11,321	3,188	792	714	16,014

SEKm	Externally acquired				Total
	Goodwill	Customer relations ¹	Trademark	Other ²	
Accumulated cost					
At beginning of year 2016	10,899	5,457	691	2,374	19,422
Business Combinations	421	1,427	101	47	1,996
Capital expenditure	-	-	-	396	396
Divestments and disposals	-	-	-	-45	-45
At year-end 2016	11,321	6,884	792	2,772	21,769
Accumulated amortisation and impairment					
At beginning of year 2016	-	-2,359	-	-1,611	-3,970
Business Combinations	-	-	-	-23	-23
Amortisation for the year	-	-606	-	-450	-1,056
Divestments and disposals	-	-	-	45	45
At year-end 2016	-	-2,965	-	-2,039	-5,004
Carrying amount at year-end 2016	11,321	3,919	792	734	16,765

¹ The remaining useful life for customer relations is considered approximately 2-12 years.

² The Other column above mainly comprises capitalised development expenses of SEK 1,733m (1,463) and investments in licenses and acquisition costs for subscriptions totaling SEK 1,137m (858). Of total acquisition costs of SEK 3,210m (2,772), SEK 2,898m (2,537) were externally acquired and SEK 312m (235) internally generated.

All intangible assets, except goodwill and trademark with indefinite useful lives, are amortised. The trademark represents "Com Hem" (SEK 691m) and "Box-er" (SEK 101m) which are included in the respective operating segment assets. The company management is of the opinion that these trademarks are 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:

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Cost of services sold	304	277
Selling expenses	944	779
Administrative expenses	0	0
Total	1,249	1,056

Impairment testing

All cash-generating units are tested for impairment. A cash-generating unit comprise of an operating segment, which in 2017 and 2016 was Com Hem and Boxer, see further in note 2 operating segment. Carrying value for impairment testing corresponds to the consolidated value of each operating segment, whereof goodwill corresponding SEK 10,899m in operating segment Com Hem and SEK 421m in operating segment Boxer.

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 flow. Value in use consists of the present value of future cash flow. 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 the Group's product strategies and partly on external information. EBITDA margin forecasts are based on expected gross margin and revenue mix.

	Operating segment Com Hem	Operating Segment Boxer
2017		
Forecast period	5 år	5 år
Growth after forecast period	2%	2%
WACC after taxes	7.27%	10.12%
WACC before taxes	8.81%	12.45%
2016		
Forecast period	5 years	5 years
Growth after forecast period	2%	2%
WACC after taxes	7.32%	10.30%
WACC before taxes	8.84%	13.92%

The conclusion of the aforementioned impairment test is that the recoverable amount exceeded the carrying amount at year-end. In the opinion of Management and the Board, no reasonably possible changes to the relevant key assumptions listed would reduce the recoverable amount to a value that is lower than the carrying amount.

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

SEKm	Production facility	Customer equipment	Machinery, equipment and computers	Total
Accumulated cost				
At beginning of year 2017	7,196	1,836	444	9,476
Capital expenditure	387	233	17	636
Divestments and disposals	-7	-304	-4	-315
At year-end 2017	7,576	1,765	456	9,798
Accumulated depreciation and impairment				
At beginning of year 2017	-6,441	-1,078	-393	-7,912
Depreciation for the year	-287	-386	-20	-694
Divestments and disposals	0	298	2	301
At year-end 2017	-6,727	-1,165	-411	-8,304
Carrying amount at year-end 2017	848	600	45	1,493

SEKm	Production facility	Customer equipment	Machinery, equipment and computers	Total
Accumulated cost				
At beginning of year 2016	6,968	1,480	443	8,891
Business combinations	-	276	0	276
Capital expenditure	229	232	38	499
Divestments and disposals	-1	-152	-37	-190
At year-end 2016	7,196	1,836	444	9,476
Accumulated depreciation and impairment				
At beginning of year 2016	-6,150	-803	-407	-7,360
Business combinations	-	-123	-	-123
Depreciation for the year	-291	-299	-21	-611
Divestments and disposals	0	147	35	183
At year-end 2016	-6,441	-1,078	-393	-7,912
Carrying amount at year-end 2016	755	758	51	1,564

DEPRECIATION

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

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Cost of services sold	673	590
Selling expenses	1	0
Administrative expenses	20	22
Total	694	611

NOT 14 NON-CURRENT FINANCIAL ASSETS AND OTHER RECEIVABLES

SEKm	Dec 31 2017	Dec 31 2016
Non-current financial assets		
Non-current receivables from Group companies	4,470	2,780
Total	4,470	2,780

SEKm	Dec 31 2017	Dec 31 2016
Other receivables that are current assets		
Receivables from Group companies	260	279
Other receivables	25	44
Total	285	323

NOTE 15 INVENTORIES

Inventories consist primarily of equipment for upgrading the Group's cable network and hardware for sale. Impairment of SEK 1m (-) was made during 2017.

NOTE 16 TRADE RECEIVABLES

SEKm	Dec 31 2017	Dec 31 2016
Invoiced receivables	211	176
Provision for doubtful debts	-14	-16
Total	197	159
Invoiced receivables are due as follows:		
Not overdue	86	24
1-30 days overdue	100	125
31-60 days overdue	9	8
61-90 days overdue	4	4
91 and more days overdue	11	14
Total	211	176

CHANGE IN PROVISION FOR DOUBTFUL TRADE RECEIVABLES

SEKm	Dec 31 2017	Dec 31 2016
Provision for doubtful trade receivables at beginning of year	-16	-8
New provisions	-9	-4
Provisions from business combinations	-	-9
Utilisation of provisions during the period	15	8
Reversal of unutilised provisions	-4	-3
Total	-14	-16

See Note 26 for a description of the Group's credit risks.

NOTE 17 PREPAID EXPENSES AND ACCRUED INCOME

SEKm	Dec 31 2017	Dec 31 2016
Prepaid support expenses	36	33
Prepaid leases	14	16
Accrued income	115	83
Other prepaid expenses	85	73
Total	250	205

NOTE 18 CASH AND CASH EQUIVALENTS

SEKm	Dec 31 2017	Dec 31 2016
Cash and bank balances	577	454
Total	577	454

The Group has a granted bank overdraft facility of SEK 400m (400), of which SEK 0m (0) was utilised as of December 31, 2017. For information on other available credit facilities, see Note 26, Financial risks and treasury policy.

NOTE 19 EQUITY**SHARE CAPITAL**

At December 31, 2017, the registered share capital comprised 600,000 shares. The quota value per share was 1 SEK. According to the Articles of Association, share capital shall be a minimum of SEK 500,000 and a maximum of SEK 2,000,000.

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.

NOTE 20 INTEREST-BEARING LIABILITIES

SEKm	Dec 31 2017	Dec 31 2016
Non-current liabilities		
Bond loans	3,957	3,948
Non-current liabilities to credit institutions	6,147	6,229
Non-current liabilities to Group companies	7,249	8,087
Financial lease liabilities ¹	-	3
Total	17,354	18,267

¹ See Note 27 for information.

At the end of 2017, the Group had two outstanding notes maturing June 23, 2021 and February 25, 2022, respectively. The notes are listed on Nasdaq Stockholm and amount to SEK 1,750m and SEK 2,250m, respectively with a coupon rate of 3.625% and 3.5%, respectively.

In September, the Group through the Parent company Com Hem Sweden AB (publ) issued commercial papers of SEK 900m, which is short term funding fully backed up by undrawn amount on the long term revolving credit facility.

Non-current liabilities to credit institutions accrue interest at STIBOR plus a margin of 1.5-2.25%.

SEKm	Dec 31 2017	Dec 31 2016
Current liabilities		
Commercial papers	900	-
Liabilities to credit institutions	-	500
Financial lease liabilities ¹	3	17
Total	903	517

¹ See Note 27 for information.

Commercial papers runs with a fixed interest rate.

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 Com Hem Sweden AB (publ) with subsidiaries.

In addition, there are provisions and limitations in loan agreements for the credit facilities with credit institutions and the bond loans regarding further debt gearing, guarantee commitments and pledging, material changes to operating activities, as well as acquisitions and divestments. At December 31, 2017 and 2016, the conditions had been met by a solid margin.

NOTE 21 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 and Boxer TV-Access AB apply 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 plan 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, interest rate risk, and investment risk. An employee with a pension plan according to ITP 1 takes the full responsibility for his or her future retirement pension. The level of the retirement pension will amongst others depend on the salary level, for how many years the employee has been connected to the ITP plan and how she or he has chosen to invest the pension contribution paid by the employer, which implies that the employee takes the full financial risk for the level of the future retirement pension. An employee with retirement pension according to the ITP 2 pension plan do not take the financial risk for his or her future level of retirement pension. ITP 2 is a defined-benefit pension plan where the level of the employees future retirement is determined in advance but not the level of the premiums to be paid by the employer.

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.

ITP/PRI

Com Hem is affiliated with PRI Pensionsgaranti, and the company's obligations under the ITP 2 plan is recognised as a liability in the balance sheet in relation to retirement pension earned until February 2017, thereafter the plan is closed for new entries and premiums are paid to Alecta, while those parts pertaining to family pension are as before 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. Com Hem AB and Boxer TV-Access AB has employees linked to both the ITP 1 and the ITP 2.

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 2017 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 2017, Alecta's surplus in terms of the preliminarily calculated collective funding ratio was 154% (148%). 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 2017, Com Hem paid contributions of SEK 36m (20) for pension insurance in Alecta, the increase is mainly due to the closing for new entries in the ITP 2-plan mentioned above. For 2018 the contributions are expected to reach SEK 38m. The amounts refer to the above described family pensions under ITP 2 and premiums under ITP 1 as well as premiums under ITP2 from March 2017 and onwards.

EXPENSES RECOGNISED IN NET RESULT FOR THE YEAR

SEKm	Jan 1 – Dec 31 2017	Jan 1 – Dec 31 2016
Pension expense		
<i>Defined-benefit plans</i>		
Expenses for pensions earned in the period	2	12
Interest expenses	7	6
Expense, defined-benefit plans	9	18
Expense, defined-contribution plans	71	50
Special employer's contribution	16	12
Total expense for post-employment remuneration	96	80
<i>Expense for defined-benefit plans is recognised in the following income statement items:</i>		
Administrative expenses	2	12
Financial expenses	7	6
Expense, defined-benefit plans	9	18
Actual return on plan assets	9	9
Expense recognised in other comprehensive income		
<i>Revaluations</i>		
Actuarial gain (+)/loss (-)	-9	-62
Difference between actual return and return under the discount rate on plan assets	4	4
Recognised in other comprehensive income, net	-4	-59

DEFINED-BENEFIT PENSION PLANS

SEKm	Dec 31 2017	Dec 31 2016
Defined-benefit commitments and value of plan assets		
<i>Fully or partly funded commitments</i>		
Present value of defined-benefit commitments	400	406
Fair value of plan assets	-179	-170
Total fully or partly funded commitments	221	236
Present value of non-funded defined-benefit commitments	7	8
Net amount in balance sheet (commitments +, assets -)	229	244
<i>Net amount is recognised in the following items in the balance sheet:</i>		
Pension provisions	229	244

Management pension

During the period when operations were part of Telia Company AB (publ), 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 Telia Company AB (publ). Telia Company AB (publ) invoiced Com Hem AB quarterly up to and including June 5, 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 Telia Company AB (publ) to Com Hem AB, and the remaining is utilised from Com Hem AB's own provision.

At December 31, 2017, the weighted average term for Com Hem's commitments under defined-benefit pension plans was 22.4 years (23.2 years). In 2018, Com Hem estimates that SEK 6m (5) 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

SEKm	ITP/PRI	Management pension	Conditional early retirement pension	Total
Change in pension commitments				
At beginning of 2017	406	1	7	414
Expense for pension benefits earned in the period	2	0	0	2
Interest expenses	11	0	0	12
Pension disbursements	-6	0	0	-6
Actuarial gains and losses on amended financial assumptions	9	0	0	9
Experience adjustments	-22	0	-1	-23
At year-end 2017	400	1	6	408

SEKm	ITP/PRI	Management pension	Conditional early retirement pension	Total
Change in pension commitments				
At beginning of 2016	326	1	7	334
Expense for pension benefits earned in the period	12	0	0	12
Interest expenses	11	0	0	11
Pension disbursements	-5	0	0	-5
Actuarial gains and losses on amended financial assumptions	62	0	0	62
Experience adjustments	-1	0	0	-1
At year-end 2016	406	1	7	414

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

- Active members 1% (44%)
- Former employees 77% (38%)
- Pensioners 22% (18%)

ACTUARIAL ASSUMPTIONS

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

Weighted average values	Dec 31 2017	Dec 31 2016
Discount rate	2,70%	2,80%
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	DUS14 ¹	DUS14 ¹

¹ Mortality assumption based on current mortality survey in Sweden.

From 2016 the mortality assumptions has been changed to DUS 14. The mortality assumptions of DUS 14 are based on the latest large mortality survey made in Sweden. The assumptions are divided amongst the generations and the underlying data is based on statistics on mortality from the majority of the Swedish insurance companies. The mortality assumptions used by Com Hem are applicable for insured officials, which is the category most in line with the company's employees. The new mortality assumptions gives increased longevity for men as well as women.

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

Dec 31 2017	ITP/PRI	Management pension	Conditional early retirement pension
Longevity assumptions at age 65 for current pensioners:			
Men	21.7	21.7	21.7
Women	24.2	24.2	24.2
Longevity assumptions at age 65 for current members aged 45:			
Men	23.4	23.4	23.4
Women	25.3	25.3	25.3

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.

SEKm	Increase	Decrease
Discount rate (1% change)	-70	94
Expected inflation assumption (1% change)	92	-69

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 Telia Company AB's (publ) pension fund, which was founded in 1998 when Com Hem was a subsidiary of Telia Company AB (publ). These plan assets may only be used to pay benefits under pension agreements. At December 31, 2017, Com Hem AB's deposits to the fund totalled SEK 74m (74). 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 December 31, 2017, the market value of Com Hem AB's share of the assets in the pension trust amounted to SEK 179m (170).

CHANGE IN FAIR VALUE OF PLAN ASSETS

SEKm	ITP/PRI	Management pension	Conditional early retirement pension	Total
Change in fair value of plan assets				
At beginning of 2017	170	-	-	170
Interest income recognised in net result	5	-	-	5
Actuarial gain/loss	4	-	-	4
At year-end 2017	179	-	-	179

SEKm	ITP/PRI	Management pension	Conditional early retirement pension	Total
Change in fair value of plan assets				
At beginning of 2016	161	-	-	161
Interest income recognised in net result	5	-	-	5
Actuarial gain/loss	4	-	-	4
At year-end 2016	170	-	-	170

The assets in the pension trust are as follows:

SEKm	Dec 31 2017	Dec 31 2016
Equity securities		
Swedish shares	4.1%	3.9%
Global shares	33.2%	29.6%
Interest-bearing securities		
Index-linked bonds	13.5%	14.4%
Mortgage bonds	21.0%	21.9%
Other fixed-interest securities	7.9%	12.4%
Alternative investments	20.3%	17.8%
Total	100%	100%

NOT 22 OTHER PROVISIONS

SEKm	Dec 31 2017	Dec 31 2016
At the beginning of the year	168	3
<i>During the year:</i>		
Provisions	5	2
Business combinations ¹	-	174
Provisions used during the year	-29	-11
At the end of the year	144	168
<i>Where of</i>		
Long term provisions	95	139
Current provisions	49	29
Total	144	168
<i>Maturity:</i>		
Within 1 year	49	29
Between 1-5 years	89	136
Longer than 5 years	6	3

¹ In connection with the acquisition of Boxer TV-Access AB ("Boxer") provisions were made as an existing long-term fixed-price contract for the supply of transmission was valued at a negative fair value of SEK 174 m, which will be released over the contract period extending to March 31, 2020.

NOTE 23 OTHER LIABILITIES

SEKm	Dec 31 2017	Dec 31 2016
Other current liabilities		
Liabilities to Group companies	177	-
Current tax liabilities	0	31
Employee withholding taxes	14	14
Value-added taxes	97	84
Other liabilities	13	13
Total	301	142

NOTE 24 ACCRUED EXPENSES AND PREPAID INCOME

SEKm	Dec 31 2017	Dec 31 2016
Prepaid income		
Prepaid income	757	772
Accrued expenses		
Accrued personnel expenses	137	131
Accrued content expenses	153	171
Accrued interest expenses	119	62
Other accrued expenses	238	164
Total	1,404	1,300

NOTE 25 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES BY VALUATION CATEGORY

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

SEKm	Dec 31 2017					
	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
Non-current receivables Group companies	-	4,470	-	-	4,470	4,470
Trade receivables	-	197	-	-	197	197
Accrued income	-	114	-	-	114	114
Current receivables Group companies	-	260	-	-	260	260
Other receivables	-	25	-	-	25	25
Cash and cash equivalents	-	577	-	-	577	577
Non-current interest-bearing liabilities, bond loans	-	-	-	-3,957	-3,957	-4,148
Non-current interest-bearing liabilities, credit institutions	-	-	-	-6,147	-6,147	-6,147
Non-current interest-bearing liabilities, Group companies	-	-	-	-7,249	-7,249	-7,249
Current interest-bearing liabilities	-	-	-	-903	-903	-903
Current liabilities to Group companies	-	-	-	-177	-177	-177
Trade payables	-	-	-	-540	-540	-540
Other current liabilities	-	-	-	-13	-13	-13
Accrued expenses	-	-	-	-589	-589	-589
Total financial assets and liabilities by category	-	5,643	-	-19,576	-13,933	-14,124
	Dec 31 2016					
SEKm	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
Non-current receivables Group companies	-	2,780	-	-	2,780	2,780
Trade receivables	-	159	-	-	159	159
Accrued income	-	83	-	-	83	83
Current receivables Group companies	-	279	-	-	279	279
Other receivables	-	44	-	-	44	44
Cash and cash equivalents	-	454	-	-	454	454
Non-current interest-bearing liabilities, bond loans	-	-	-	-3,948	-3,948	-4,039
Non-current interest-bearing liabilities, credit institutions	-	-	-	-6,232	-6,232	-6,232
Non-current interest-bearing liabilities, Group companies	-	-	-	-8,087	-8,087	-8,087
Current interest-bearing liabilities	-	-	-	-517	-517	-517
Trade payables	-	-	-	-570	-570	-570
Other current liabilities	-	-	-	-13	-13	-13
Accrued expenses	-	-	-	-397	-397	-397
Total financial assets and liabilities by category	-	3,799	-	-19,765	-15,966	-16,056

FAIR VALUE OF ASSETS AND LIABILITIES

Fair values are described below. The amounts indicated are unrealised and will not necessarily be realised.

Derivative instruments

At the end of 2017 and 2016 Com Hem had no derivative instruments outstanding. The fair value of 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

Financial liabilities that are not derivative instruments have a floating interest rate and thus carrying amount are assumed to correspond to fair value. 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

Financial instruments are 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 from time to time level 2 instruments comprising currency forward contracts.

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.

LIABILITIES OVERVIEW AND UNUTILISED CREDIT AT DECEMBER 31 2017

SEKm	Maturity date	Interest base/Coupon	Total credit	Utilised amount	Unutilised amount
Bank debt					
Facility A	Jun 26, 2019	Floating	3,500	3,500	-
Revolving Credit Facility	Jun 26, 2019	Floating	2,000	-	2,000
Commercial papers	short-term	Fixed	n/a	900	-900
Incremental facilities	Jun 26, 2019	Floating	2,675	2,675	-
Outstanding notes at fixed interest rates					
SEK 1,750m, 2016/2021 Notes	Jun 23, 2021	Fixed 3.625%	1,750	1,750	-
SEK 2,250m, 2016/2022 Notes	Feb 25, 2022	Fixed 3.5%	2,250	2,250	-
Total credit facilities			12,175	11,075	1,100

NOTE 26 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 December 31, 2017 and 2016, the liquidity reserve is divided as follows:

SEKm	Dec 31 2017	Dec 31 2016
Cash and bank balances	577	454
Unutilised credit facilities	1,100	1,400
Total liquidity reserve	1,677	1,854

At December 31, 2017, the Group's total credit facilities, including the outstanding SEK bond, amounted to SEK 12,175m (SEK 12,175m) with an average remaining term of 2.3 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.

LIABILITIES OVERVIEW AND UNUTILISED CREDIT AT DECEMBER 31 2016

SEKm	Maturity date	Interest base/Coupon	Total credit	Utilised amount	Unutilised amount
Bank debt					
Facility A	Jun 26, 2019	Floating	3,500	3,500	-
Revolving Credit Facility	Jun 26, 2019	Floating	2,000	600	1,400
Incremental Facility 2,4,7	Jun 26, 2019	Floating	2,175	2,175	-
Incremental Facility 6	Dec 31, 2017	Floating	500	500	-
Outstanding notes at fixed interest rates					
SEK 1,750m, 2016/2021 Notes	Jun 23, 2021	Fixed 3.625%	1,750	1,750	-
SEK 2,250m, 2016/2022 Notes	Feb 25, 2022	Fixed 3.5%	2,250	2,250	-
Total credit facilities			12,175	10,775	1,400

Refinancing in 2017

In September, the Group through the Parent company Com Hem Sweden AB (publ) issued commercial papers of SEK 900m, which is short term funding fully backed up by undrawn amount on the long term revolving credit facility (as shown in the table for 2017 above).

Refinancing in 2016

On June 10, 2016, Com Hem announced that the Parent company Com Hem Sweden AB (publ), former NorCell Sweden Holding 3 AB (publ), had issued new Senior Notes, in the total amount of SEK 1,750m. The new notes have a fixed rate coupon of 3.625% and matures in June 2021. The proceeds from the issue was used to prepay Incremental Facility 3 (SEK 500m) due in March 2017, and to amortise on the Revolving Credit Facility.

Incremental Facility 7 (SEK 800m) was signed in June 2016 and was fully utilised together with Revolving Credit Facility and own cash when the acquisition of Boxer TV-access AB was closed on September 30, 2016. In April 2016 Incremental Facility 5 (SEK 500m), was replaced by an extended facility, Incremental Facility 6 (SEK 500m), due December 31, 2017.

On November 11, 2016, Com Hem announced that the Parent company Com Hem Sweden AB (publ) had issued new notes in the total amount of SEK 2,250m. The new notes have a fixed rate coupon of 3.50% and matures February 25, 2022. The proceeds from the new notes were, together with existing unutilised credit facilities, used to redeem the SEK 2,500m 2014/2019 Notes

in full, which was completed on November 25, 2016. In connection with the redemption a premium of SEK 66m was paid. Following the refinancing the average blended interest rate of the Group's debt portfolio decreased from approximately 3% in the first nine months of 2016 to 2.5% in December 2016.

On November 18, 2016 Com Hem announced that Com Hem Sweden AB (publ) had given notice to initiate a written procedure under its SEK 1,750m 2016/2021 Notes requesting that certain terms should be harmonised with those of the SEK 2,250m 2016/2022 Notes. The written procedure was closed on December 12, 2016 after a sufficient majority of the noteholders had approved the request. Following the amendments of certain terms, which had previously been approved in relation to the loan facilities by the credit institutions, Com Hem was able to terminate an Intercreditor agreement and release certain securities.

Expected maturities of financial liabilities

On December 31, 2017 and 2016, the Group's interest-bearing borrowings, including repayments and estimated interest payments, had the following expected maturity structure. Forward rates have been used for estimated future interest payments related to instruments with full or partly variable interest.

Expected maturities of financial liabilities at December 31 2017:

SEKm	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 and commercial papers	7,075	900	6,175	-	-	-	-	2018-2019
Bond loans	4,000	-	-	-	1,750	2,250	-	2021-2022
Liabilities to Group companies	7,249	-	-	-	-	-	7,249	-
Finance lease liabilities	3	3	-	-	-	-	-	-
Total interest-bearing liabilities	18,327	903	6,175	-	1,750	2,250	7,249	
Interest payments		291	227	142	110	13	-	
Net total	18,327	1,193	6,403	142	1,860	2,263	7,249	

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.

Expected maturities of financial liabilities at December 31 2016:

SEKm	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	6,775	500	-	6,275	-	-	-	2017-2019
Bond loans	4,000	-	-	-	-	1,750	2,250	2021-2022
Liabilities to Group companies	8,087	-	-	-	-	-	8,087	-
Finance lease liabilities	20	17	3	-	-	-	-	-
Total interest-bearing liabilities	18,882	517	3	6,275	-	1,750	10,337	
Interest payments		273	279	258	142	110	13	
Net total	18,882	790	282	6,533	142	1,860	10,350	

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

Interest rate risks

Interest risk is the risk that the fair value or future cash flows from a financial instrument varies because of changes in the market interest rates. The interest risk is managed at Group level within the framework of the stipulated treasury policy adopted by the Board. Sensitivity analyses are used when considering the appropriate interest structure in a given market environment. The Group's debt financing have both variable- and a fixed interest rates, and if needed the interest structure can be adjusted using derivatives.

Fixed interest structure

The Group's interest expenses would increase by approximately SEK 71m (68) on an annual basis with a 1% increase in the interest rate and the same hedging conditions that existed on the reporting date.

SEKm	Nominal amount	Net exposure	Distribution, %
2018	7,078	7,078	64%
2019	-	-	-
2020	-	-	-
2021	1,750	1,750	16%
2022	2,250	2,250	20%
Beyond 5 years	-	-	-
Total	11,078	11,078	100%

In addition to the above, the company has liabilities to Group companies of SEK 7,249m which runs at a STIBOR plus margin rate of 3%.

Currency risks

Currency risk is the risk that the fair value or future cash flows from a financial instrument varies because of fluctuations in exchange rates. The Group has no outstanding debt in foreign currency except from trade payables.

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.

Exchange rate differences arising in operations are recognised in profit or loss and have been allocated between other operating income of SEK 12m (5) and other operating expenses of SEK -5m (-12).

Transaction exposure by currency

SEKm	Jan 1 - Dec 31 2017		Jan 1 - Dec 31 2016	
	Amount	%	Amount	%
Currency				
EUR	-152	31%	-74	18%
NOK	-12	2%	-12	3%
USD	-328	66%	-335	77%
CHF	0	0%	0	0%
GBP	-2	0%	-3	1%
DKK	-1	0%	-2	1%
HKD	-1	1%	-	-
Total	-496	100%	-427	100%

Transaction exposure translated into SEK according to the currency distribution above representing 8% (11%) of the Group's total supplier spending.

During the period, consolidated cash flow would decrease by approximately SEK 24m (21) 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 2017, all interest-bearing liabilities were denominated in SEK.

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 risks are 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 0.4% (0.3%) of total revenue. Cash and cash equivalents are placed in credit institutions with a solid credit rating.

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 items affecting comparability and operating currency gains/losses). At the end of the period, the Group's net debt totalled SEK 10,501m (10,341), and the net debt/underlying EBITDA LTM was a multiple of 3.6x (3.7). The company's objective is to maintain leverage within the interval of a multiple of 3.5-4.0x underlying EBITDA LTM. At December 31, 2017 the conditions (net debt/underlying EBITDA LTM) had been met by a solid margin. The Board and Management regularly monitor and analyse the key ratios, which ultimately set the framework for the Group's capital structure.

NOTE 27 LEASING**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 267m (309) 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 rents. 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 connected households, and a variable component for new connection of households. The leases are indexed annually.

SEKm	Dec 31 2017		Dec 31 2016	
	Minimum lease fees	Future	Minimum lease fees	Future
Within 1 year		121		164
1-5 years		300		267
More than 5 years		33		2
Total		454		434

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 equipment for switching centers. At December 31, 2017, the carrying amount of these was SEK 3m (20), production facilities for SEK 1m (10) and other non-current intangible assets for SEK 2m (10). For most of the lease arrangements, the assets held can be acquired after 36 months. Future payments under these lease arrangements mature as follows:

SEKm	Dec 31 2017		Dec 31 2016	
	Minimum lease fee	Nominal value	Minimum lease fee	Nominal value
Within 1 year	3	3	17	17
1-5 years	-	-	3	3
More than 5 years	-	-	-	-
Total finance lease liabilities	3	3	20	20
Less interest portion		0		0
Total finance leases	3	3	20	20

NOTE 28 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.

SEKm	Dec 31 2017	Dec 31 2016
Production facilities	17	23
Customer equipment	60	18
Total	77	41

NOTE 29 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEKm	Dec 31 2017	Dec 31 2016
Pledged assets		
Other bank guarantees	0	0
Total	0	0

SEKm	Dec 31 2017	Dec 31 2016
Contingent liabilities		
Guarantee commitments, FPG/PRI	4	4
Total	4	4

NOTE 30 RELATED PARTIES**Relations and transactions with related parties**

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

On December 31, 2017 the Group had non-current receivables of SEK 4,470m (2,780) and non-current liabilities of SEK 7,249m (8,087), current receivables of SEK 260m (279) to Group companies and current liabilities to Group companies of SEK 177m (-).

The Group's interest income includes interest from Group companies with an amount of SEK 96m (44). The Group's interest expenses include SEK 185m (219) of interest to Group companies. All intragroup transactions are on an arm's length basis.

NOTE 31 EVENTS AFTER THE REPORTING DATE**MERGER WITH TELE2**

On January 10, 2018, it was announced that the Boards of Directors of Tele2 AB and the Parent company Com Hem Holding AB have agreed on a combination of Tele2 and Com Hem through a statutory merger, creating a leading integrated connectivity provider. The merger will be implemented by Tele2 absorbing Com Hem. Com Hem shareholders will receive SEK 37.02 in cash plus 1.0374x B shares in Tele2 as merger consideration for each share in Com Hem. Please find further information on the merger in press release available at www.comhemgroup.se.

NOTE 32 DETAILS OF THE PARENT COMPANY

Com Hem Sweden AB (publ) is a Swedish registered limited Company with its registered office in Stockholm, Sweden. The address of the head office is Fleminggatan 18, 104 20 Stockholm, Sweden.

Com Hem Sweden AB (publ) is a wholly owned subsidiary of Com Hem Holding AB (Corp. ID no. 556858-6613) with its registered office in Stockholm, Sweden. Com Hem Holding AB is listed on Nasdaq Stockholm, Large Cap and prepares the annual accounts for the total Swedish Group. The Consolidated accounts are available at Com Hem Holding AB (publ) head office at Fleminggatan 18, 104 20 Stockholm, Sweden.

NOTE 33 EARNINGS PER SHARE

SEK	Jan 1 – Dec 31 2017	Jan 1 – Dec 31 2016
Basic earnings per share	690	320
Diluted earnings per share	690	320

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.

SEKm	Jan 1 – Dec 31 2017	Jan 1 – Dec 31 2016
Net result for the year attributable to owners of the Parent Company	414	192
Average number of shares outstanding – before dilution	600,000	600,000
Average number of shares outstanding – after dilution	600,000	600,000

NOTE 34 DISCLOSURES FOR THE STATEMENT OF CASH FLOWS

ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

SEKm	Jan 1 – Dec 31 2017	Jan 1 – Dec 31 2016
Depreciation/amortisation and impairment of assets	1,943	1,667
Unrealised exchange rate differences	0	1
Unrealised change in fair value of derivatives	-	0
Change in accrued borrowing costs and discounts	31	60
Change in accrued interest expense	57	17
Capital gain/loss on sale/disposal of non-current assets	12	3
Pension provisions	-19	12
Other provisions	-24	-9
Interest not settled with cash, Group Companies	89	133
Other profit/loss items not settled with cash	7	4
Total	2,096	1,888

RECEIVED AND PAID INTEREST

SEKm	Jan 1 – Dec 31 2017	Jan 1 – Dec 31 2016
Interest received	3	3
Interest paid	-215	-344
Interest paid to Group companies	-	-42

NET CASH FLOW CHANGE IN INTEREST-BEARING LIABILITIES

SEKm	Dec 31 2016	Net cash flow	Non-cash items			Dec 31 2017
			Change in accrual borrowing costs	Accrued interest	Effect of merger	
Long-term interest-bearing liabilities	10,177	-104	31	-	-	10,104
Long-term interest-bearing liabilities to Group companies	8,087	-	-	185	-1,023	7,249
Current interest-bearing liabilities	500	400	-	-	-	900
Leasing liabilities	20	-17	-	-	-	3
Total interest-bearing liabilities	18,784	279	31	185	-1,023	18,257

SEKm	Dec 31 2015	Net cash flow	Non-cash items		Dec 31 2016
			Change in accrual borrowing costs	Accrued interest	
Long-term interest-bearing liabilities	9,130	987	60	-	10,177
Long-term interest-bearing liabilities to Group companies	7,910	-	-	177	8,087
Current interest-bearing liabilities	500	-	-	-	500
Leasing liabilities	48	-28	-	-	20
Total interest-bearing liabilities	17,589	959	60	177	18,784

NOTE 35 MERGER

During the year, the Parent Company NorCell Sweden Holding 2 AB (publ) (corp. reg. no. 556859-4187) was merged with the Parent Company Com Hem Sweden AB (publ). The summary income statement and balance sheet at the date of the merger, April 24, 2017, is set out below.

SEKm	Jan 1 – Apr 24 2017
Revenue	-
Operating profit	0

SEKm	Apr 24 2017
Non-current assets	2,918
Non-current receivables from Group companies	8,150
Cash and cash equivalents	-
Shareholders' equity	3,930
Non-current liabilities to Group companies	7,119
Liabilities to Group companies	19

PARENT COMPANY INCOME STATEMENT

SEKm	Note	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Total revenue	A2	11	6
Administrative expenses		-15	-6
Other operating income		0	0
Other operating expenses		0	0
Operating profit/loss	A3, A4, A5	-3	0
INCOME FROM FINANCIAL ITEMS			
Result from participations in Group companies		1,031	372
Interest income and similar items		110	226
Interest expense and similar items		-526	-644
Net financial income and expenses	A6, A13, A15	615	-46
Result after financial items		612	-46
Income taxes	A7	-213	10
Net result for the year		399	-36

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Net result for the year	399	-36
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	399	-36

PARENT COMPANY BALANCE SHEET

SEKm	Note	Dec 31 2017	Dec 31 2016
ASSETS			
Non-current assets			
Participations in Group companies	A16	16,651	10,371
Receivables from Group companies	A8, A12, A15	4,470	10,084
Non-current financial assets		8	3
Deferred tax assets	A7	39	231
Total non-current assets		21,168	20,689
Current assets			
Receivables from Group companies	A12, A15	957	651
Prepaid expenses		0	1
Other receivables	A12	1	1
Cash and bank balances	A13	-	-
Total current assets		959	653
Total assets		22,127	21,342
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	A9	1	1
<i>Unrestricted equity</i>			
Share premium reserve		1,341	1,341
Retained earnings		227	598
Net result for the year		399	-36
Total equity		1,968	1,904
Provisions			
Other provisions		10	3
Total other provisions		10	3
Non-current liabilities			
Non-current interest-bearing liabilities		10,102	10,177
Non-current liabilities to Group companies	A10, A12, A13, A15	7,249	8,087
Total non-current liabilities		17,351	18,264
Current liabilities			
Current interest-bearing liabilities	A10, A12, A13	900	500
Liabilities to Group companies	A12, A15	1,771	598
Trade payables	A12	1	9
Other current liabilities	A12	0	0
Accrued expenses	A11, A12	124	64
Total current liabilities		2,797	1,171
Total equity and liabilities		22,127	21,342

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEKm	Restricted equity	Unrestricted equity		Total
	Share capital	Share premium reserve	Retained earnings incl. net result for the year	Equity
Opening equity, Jan 1 2017	1	1,341	562	1,904
Merger profit	-	-	-334	-334
COMPREHENSIVE INCOME FOR THE YEAR				
Net result for the year	-	-	399	399
Other comprehensive income for the year	-	-	-	-
Comprehensive income for the year	-	-	399	399
Closing equity, Dec 31 2017	1	1,341	626	1,968

SEKm	Restricted equity	Unrestricted equity		Total
	Share capital	Share premium reserve	Retained earnings incl. net result for the year	Equity
Opening equity, Jan 1 2016	1	1,341	380	1,722
COMPREHENSIVE INCOME FOR THE YEAR				
Net result for the year	-	-	-36	-36
Other comprehensive income for the year	-	-	-	-
Comprehensive income for the year	-	-	-36	-36
Group contribution	-	-	279	279
Tax on group contribution	-	-	-61	-61
Closing equity, Dec 31 2016	1	1,341	562	1,904

PARENT COMPANY CASH FLOW STATEMENT

SEKm	Note	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Operating activities			
Result after financial items		612	-46
Adjustment for items not included in cash flow	A19	-831	-342
Cash flow from operating activities before changes in working capital	A19	-219	-388
Change in working capital			
Increase(-)/decrease(+) in current receivables		2	0
Increase(+)/decrease(-) in current liabilities		-7	3
Cash flow from operating activities		-224	-385
Investing activities			
Investment in financial assets		0	-
Loans to Group companies, net		-1,594	-1,225
Repayment of receivables, Group companies		361	-6
Cash flow from investing activities		-1,233	-1,231
Financing activities			
Borrowings		3,050	6,600
Amortisation of borrowings		-2,750	-5,550
Payment of borrowing costs, including discounts		-4	-63
Cash flow from financing activities		296	987
Net change in cash and cash equivalents		-1,161	-629
Cash received from merger		-12	-
Cash and cash equivalents at beginning of year		-598	31
Cash and cash equivalents at year-end	A13	-1,771	-598

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

NOTE A1 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.

NOTE A2 CATEGORIES OF REVENUE

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Intragroup service assignments	11	6
Total	11	6

NOTE A3 EMPLOYEES AND PERSONNEL EXPENSES

PARENT COMPANY SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

SEKm	Jan 1 - Dec 31 2017		Jan 1 - Dec 31 2016	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
CEO	-	-	-	-
Pension expenses	-	-	-	-
Other employees	8	3	5	1
Pension expenses	-	2	-	0
Total	8	5	5	1

The average number of employees in the Company was 2 (1) of which men 2 (1). The CEO was employed by the Parent company Com Hem Holding AB during 2017 and 2016. No remuneration to the board has been paid by the Company. The company has no outstanding pension obligations to the Board of Directors or to the current Chief Executive Officer.

NOTE A4 FEES AND REIMBURSEMENTS TO AUDITORS

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Audit assignments	-	1
Other assignments	-	-
Total	-	1

NOTE A5 OPERATING EXPENSES BY TYPE

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Personnel expenses	-13	-6
Other operating expenses	-17	0
Total	-30	-6

NOTE A6 NET FINANCIAL INCOME AND EXPENSES

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Income from participations in Group companies		
Dividend	879	-
Group contribution received	253	372
Impairment of participations in Group companies	-100	-
Total	1,031	372

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Interest income and similar items		
Interest income		
- loan receivables from Group companies	110	226
Other financial income	0	0
Total	110	226
Interest expenses and similar items		
Interest expenses		
- financial liabilities measured at amortised cost	-305	-421
- financial liabilities to Group companies measured at amortised cost	-215	-219
Other financial expenses	-6	-4
Total	-526	-644
Total net financial income and expenses	615	-46

¹ The "Financial liabilities measured at amortised cost" item above Includes non-recurring costs pertaining to allocated borrowing cost of SEK 1m (29) related to repayment of bank loans and bonds with an original amortisation period until December 2017, and redemption premiums on bonds totaling SEK -m (66).

NOTE A7 INCOME TAXES

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Current tax		
Income taxes for the period	-	61
	-	61
Deferred tax		
Deferred tax on capitalised loss carryforwards	-213	-51
Deferred tax relating to temporary differences	0	0
Total deferred tax	-213	-51
Total recognised tax in the Parent Company	-213	10

RECONCILIATION OF EFFECTIVE TAX

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Result before tax	612	-46
Tax according to the current tax rate for the Parent Company	22.0 -135	22.0 10
Non-taxable income	193	0
Non-deductible expenses	-22	0
Tax effect of adjusted Group contribution last year	-249	-
Deferred tax relating to previous years	0	0
Recognised effective tax	34.8 -213	22.0 10

DEFERRED TAX ASSETS AND LIABILITIES

SEKm	Dec 31 2017			Dec 31 2016		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Provisions	2	-	2	1	-	1
Other	0	-	0	-	-	-
Loss carryforwards	36	-	36	230	-	230
Net tax receivables/liabilities	39	-	39	231	-	231

CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSS
CARRYFORWARDS

SEKm	Jan 1 2017	Recognised in profit or loss	Recognised in other comprehensive income	Other ¹	Dec 31 2017
Provisions	1	0	-	1	2
Other	-	0	-	-	0
Loss carryforwards	230	-213	-	19	36
Total	231	-213	-	20	39

SEKm	Jan 1 2016	Recognised in profit or loss	Recognised in other comprehensive income	Other	Dec 31 2016
Provisions	1	0	-	-	1
Loss carryforwards	282	-51	-	-	230
Total	283	-51	-	-	231

NOTE A8 NON-CURRENT FINANCIAL ASSETS AND OTHER RECEIVABLES

SEKm	Dec 31 2017	Dec 31 2016
Non-current receivables that are non-current assets		
Receivables from Group companies	4,470	10,084
Total	4,470	10,084

SEKm	Dec 31 2017	Dec 31 2016
At beginning of year	10,084	8,025
Future and settled receivables, net	-5,615	2,059
Total	4,470	10,084

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

NOTE A9 EQUITY**Restricted equity***Share capital*

At December 31, 2017, the registered share capital comprised 600,000 shares. The quota value per share was 1 SEK. According to the Articles of Association, share capital shall be a minimum of SEK 500,000 and a maximum of SEK 2,000,000.

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

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

Dividend

The Board proposes that no dividends are to be paid for the financial year.

Proposed appropriation of profits

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

Retained earnings	227,431
Share premium reserve	1,340,937
Net result for the year	399,039
Total	1,967,407

The Board of Directors proposes that the available profit and unrestricted reserves be distributed in the following manner, (SEK thousand):

Brought forward to new account	1,967,407
- Of which share premium reserve	1,340,937
Total	1,967,407

NOTE A10 INTEREST-BEARING LIABILITIES

SEKm	Dec 31 2017	Dec 31 2016
Non-current liabilities		
Bond loans	3,957	3,948
Non-current liabilities to credit institutions	6,144	6,229
Non-current liabilities to Group companies	7,249	8,087
Total	17,351	18,264

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

SEKm	Dec 31 2017	Dec 31 2016
Current liabilities		
Current liabilities to credit institutions	900	500
Total	900	500

NOTE A11 ACCRUED EXPENSES AND PREPAID INCOME

SEKm	Dec 31 2017	Dec 31 2016
Accrued personnel expenses	5	1
Accrued interest expenses	119	62
Other accrued expenses	-	1
Total	124	64

**NOTE A12 FINANCIAL ASSETS AND
LIABILITIES BY CATEGORY**

SEKm	Dec 31 2017					
	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
Non-current receivables from Group companies	-	4,470	-	-	4,470	4,470
Current receivables from Group companies	-	957	-	-	957	957
Other current receivables	-	1	-	-	1	1
Non-current interest-bearing liabilities, bond loans	-	-	-	-3,957	-3,957	-4,148
Non-current interest-bearing liabilities, credit institutions	-	-	-	-6,144	-6,144	-6,144
Non-current interest-bearing liabilities to Group companies	-	-	-	-7,249	-7,249	-7,249
Current interest-bearing liabilities	-	-	-	-900	-900	-900
Trade payables	-	-	-	-1	-1	-1
Current liabilities to Group companies	-	-	-	-1,771	-1,771	-1,771
Accrued expenses	-	-	-	-122	-122	-122
Total financial assets and liabilities by category	-	5,428	-	-20,146	-14,718	-14,909

SEKm	Dec 31 2016					
	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
Non-current receivables from Group companies	-	10,084	-	-	10,084	10,084
Current receivables from Group companies	-	651	-	-	651	651
Other current receivables	-	0	-	-	0	0
Non-current interest-bearing liabilities, bond loans	-	-	-	-3,948	-3,948	-4,039
Non-current interest-bearing liabilities, credit institutions	-	-	-	-6,229	-6,229	-6,229
Non-current interest-bearing liabilities to Group companies	-	-	-	-8,087	-8,087	-8,087
Current interest-bearing liabilities	-	-	-	-500	-500	-500
Trade payables	-	-	-	-9	-9	-9
Current liabilities to Group companies	-	-	-	-598	-598	-598
Other current liabilities	-	-	-	0	0	0
Accrued expenses	-	-	-	-64	-64	-64
Total financial assets and liabilities by category	-	10,735	-	-19,435	-8,700	-8,791

NOTE A13 FINANCIAL RISKS AND TREASURY POLICY

The Parent company was at the end of 2017 part in all external bank debt and bonds, except for leasing liabilities. For more information about financial risks and treasury policy see Note 26 in the Group's financial statements.

Expected maturities of financial liabilities at December 31 2017:

SEKm	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 and commercial papers	7,075	900	6,175	-	-	-	-	2018-2019
Bond loans	4,000	-	-	-	1,750	2,250	-	2021-2022
Liabilities to Group companies	7,249	-	-	-	-	-	7,249	-
Total interest-bearing liabilities	18,324	900	6,175	-	1,750	2,250	7,249	
Interest payments		291	227	142	110	13	-	
Net total	18,324	1,190	6,403	142	1,860	2,263	7,249	

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

Expected maturities of financial liabilities at December 31 2016:

SEKm	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 and commercial papers	6,775	500	-	6,275	-	-	-	2017-2019
Bond loans	4,000	-	-	-	-	1,750	2,250	2021-2022
Liabilities to Group companies	8,087	-	-	-	-	-	8,087	-
Total interest-bearing liabilities	18,862	500	-	6,275	-	1,750	10,337	
Interest payments		273	279	258	142	110	13	
Net total	18,862	773	279	6,533	142	1,860	10,350	

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

SEKm	Dec 31 2017	Dec 31 2016
<i>The following items are included in Cash and Cash Equivalents</i>		
Balance on Group account	-1,771	-598
Total	-1,771	-598

NOTE A14 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEKm	Dec 31 2017	Dec 31 2016
Pledged assets		
Endowment insurance	8	3
Total	8	3

Contingent liabilities

The Group had no contingent liabilities at the end of 2017 or 2016.

NOTE A15 RELATED PARTIES**Relations and transactions with related parties**

The Parent Company has related party relationships with the company's major shareholders, subsidiaries and with Board members and Executive Management. The Parent Company's directly and indirectly owned subsidiaries are presented in Note A16.

The company's non-current receivables from subsidiaries amounted to SEK 4,470m (10,084) and non-current liabilities to subsidiaries were SEK 7,249m (8,087).

In addition to the above receivables and liabilities, the company had current receivables from subsidiaries of SEK 957m (651) and current liabilities of SEK 1,771m (598).

The company's total revenue pertained to intragroup service assignments and amounted to SEK 11m (6). Net financial income and expenses included interest income from subsidiaries of SEK 110m (227) and interest expenses from Group companies of SEK 215m (219). Result from participations in Group companies consists for 2017 of dividend from subsidiaries of SEK 879m (-), received Group contributions of SEK 253m (372) and impairment of participations in Group companies of SEK 100m. All intragroup transactions occurred on market terms.

No related-party transactions took place with persons in senior positions during the financial year except for the information provided in Note A3 and Note 7.

NOTE A16 PARTICIPATIONS IN GROUP COMPANIES

SEKm	Dec 31 2017	Dec 31 2016
Accumulated cost		
At beginning of year	10,371	10,371
Fusion effect	6,380	-
At year-end	16,751	10,371
Accumulated impairments		
At beginning of year	-	-
Impairment of participations in Group companies	-100	-
At year-end	-100	-
Carrying amount at year-end	16,651	10,371

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

SEKm	Dec 31 2017				
Subsidiaries	Corporate identity number	Registered office	No. of shares	Holding %	Carrying amount
Com Hem AB	556181-8724	Stockholm	50,000	100	14,716
iTUX Communication AB	556699-4843	Stockholm	100,000	100	1,644
Phonera Företag AB	556434-4397	Malmö	1,000	100	221
Boxer TV-Access AB	556548-1131	Stockholm	3,332	100	70
Total					16,651

NOTE A17 EVENTS AFTER THE REPORTING DATE**MERGER WITH TELE2**

On January 10, 2018, it was announced that the Boards of Directors of Tele2 AB and the Parent company Com Hem Holding AB have agreed on a combination of Tele2 and Com Hem through a statutory merger, creating a leading integrated connectivity provider. The merger will be implemented by Tele2 absorbing Com Hem. Com Hem shareholders will receive SEK 37.02 in cash plus 1.0374x B shares in Tele2 as merger consideration for each share in Com Hem. Please find further information on the merger in press release available at www.comhemgroup.se.

MERGER OF SUBSIDIARIES

On February 19, 2018, the Board of Directors of Com Hem Sweden AB (publ) decided on an intra-group sale of the shares in the subsidiaries Phonera Företag AB and Boxer TV-Access AB to the subsidiary Com Hem AB and thereafter merge these companies, where Com Hem AB will be the surviving company.

NOTE A18 DETAILS OF THE PARENT COMPANY

Com Hem Sweden AB (publ) is a Swedish registered limited Company with its registered office in Stockholm, Sweden. The address of the head office is Flemingatan 18, 104 20 Stockholm, Sweden.

Com Hem Sweden AB (publ) is a wholly owned subsidiary of Com Hem Holding AB (Corp. ID no. 556858-6613) with its registered office in Stockholm, Sweden. Com Hem Holding AB is listed on Nasdaq Stockholm, Large Cap and prepares the annual accounts for the total Swedish Group. The Consolidated Accounts are available at Com Hem Holding AB (publ) head office at Flemingatan 18, 104 20 Stockholm, Sweden.

NOTE A19 DISCLOSURES FOR THE STATEMENT OF CASH FLOWS

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Unrealised exchange rate differences	0	0
Change in accrued interest expense	57	19
Change in accrued borrowing costs and discounts	35	60
Other provisions	1	0
Impairment of participations in Group companies	100	-
Interest not settled with cash, Group companies	107	-50
Dividend not settled with cash	-1,131	-372
Total	-831	-342

INTEREST RECEIVED AND PAID

SEKm	Jan 1 - Dec 31 2017	Jan 1 - Dec 31 2016
Interest received	3	2
Interest paid	214	-329
Dividend received	-	-42

NET CASH FLOW CHANGE IN INTEREST-BEARING LIABILITIES

SEKm	Dec 31 2016	Net cash flow	Non-cash items			Dec 31 2017
			Change in accrual borrowing costs	Capitalised interest rate	Effect of merger	
Long-term interest-bearing liabilities	10,177	-104	35	-	-7	10,102
Long-term interest-bearing liabilities to Group companies	8,087	-	-	185	-1,023	7,249
Current-interest bearing liabilities	500	400	-	-	-	900
Total interest-bearing liabilities	18,764	296	35	185	-1,029	18,251

SEKm	Dec 31 2015	Net cash flow	Non-cash items			Dec 31 2016
			Change in accrual borrowing costs	Capitalised interest rate		
Long-term interest-bearing liabilities	9,136	981	60	-	-	10,177
Long-term interest-bearing liabilities to Group companies	7,910	-	-	177	-	8,087
Current-interest bearing liabilities	500	-	-	-	-	500
Total interest-bearing liabilities	17,547	981	60	177	-	18,763

NOT A20 MERGER

During the year, the Parent Company NorCell Sweden Holding 2 AB (publ) (corp. reg. no. 556859-4187) and the subsidiary Com Hem Communications AB (corp. reg. no. 556689-2104) were merged with the Parent Company Com Hem Sweden AB (publ). The summary income statement and balance sheet at the date of the merger, April 24, 2017, is set out below. The merger has been recognised in accordance with the Swedish Accounting Standards Board recommendation BFNAR 1999:1.

NORCELL SWEDEN HOLDING 2 AB (PUBL)

SEKm	Jan 1 - Apr 24 2017
Total revenue	-
Operating profit	0

SEKm	Apr 24 2017
Non-current assets	2,918
Non-current receivables from Group companies	8,150
Cash and cash equivalents	-
Shareholders' equity	3,930
Non-current liabilities to Group companies	7,119
Liabilities to Group companies	19

COM HEM COMMUNICATIONS AB

SEKm	Jan 1 - Apr 24 2017
Total revenue	3
Operating profit	0

SEKm	Apr 24 2017
Non-current assets	14,672
Non-current receivables from Group companies	1,442
Receivables from Group companies	1,632
Other current assets	3
Cash and cash equivalents	-
Shareholders' equity	6,868
Provisions	6
Non-current liabilities to Group companies	10,862
Liabilities to Group companies	12
Other current liabilities	1

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, March 29, 2018

Andrew Barron
Chairman

Mikael Larsson
Board member

Anders Nilsson
Board member and
Chief Executive Officer

Christina Källenfors
Board member

Our audit report was submitted on March 29, 2018

KPMG AB

Tomas Gerhardsson
Authorised Public Accountant

AUDIT REPORT

To the general meeting of the shareholders of Com Hem Sweden AB (publ), corp. id 556859-4195

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Com Hem Sweden AB (publ) for the year 2017, except for the sustainability report on pages 11-22. The annual accounts and consolidated accounts of the company are included on pages 1-64 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of December 31, 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the sustainability report on pages 11-22.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill and other intangible assets in the form of customer relationships and trademarks

See note 12 and accounting principles on pages 27 and 29-30 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of goodwill in the consolidated accounts at December 31, 2017 amounted to SEK 11,321 million, relating to two different cash generating units, and the carrying value of other intangible assets in the form of customer relationships and trademarks was SEK 3,980 million.

The impairment tests of these assets comprise both complexity and are dependent on judgments of future internal as well as external conditions and plans. Examples of such judgments include forecasts of future cash flows, which in turn require assumptions to be made about future development and market conditions.

Another important assumption is which discount rate to be used in order to reflect the time value of money as well as the specific risks the operations face.

Response in the audit

We have assessed whether the impairment tests related to goodwill and trademarks have been prepared in accordance with the prescribed method as well as assessed the reasonableness in the group's test of the carrying value of customer relationships.

Moreover, we have considered the reasonableness of the predicted future cash flows (such as revenue growth, development of the operating margin and investments) as well as the discount rates used through evaluation of the group's written documentation and forecasts. Our work has also included to assess the accuracy of previous years' cash flow forecasts in relation to actual outcome.

An important part of our work has also been to examine the group's own sensitivity analysis to evaluate how reasonable changes in the assumptions may impact the valuation. We have involved our internal valuation specialists in the audit team, in particular in relation to the assumptions made regarding external markets and competitors as well as the group's assessment of future cash flows.

Furthermore, we have considered the completeness of the disclosures made relating to the impairment tests in the annual accounts and the consolidated accounts.

Other information than the annual accounts and consolidated

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 11-22 as well as on page 68. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Chief Executive Officer are responsible for the assessment

of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.
- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant

doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Com Hem Holding AB for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial

situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability

to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 11-22, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, P.O.Box 382, SE 101 27, Stockholm, was appointed auditor of Com Hem Sweden AB (publ) by the general meeting of the shareholders on April 28, 2017. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2011.

Stockholm March 29, 2018

KPMG AB

Tomas Gerhardsson
Authorized Public Accountant

DEFINITIONS OF FINANCIAL KEY METRICS AND ALTERNATIVE PERFORMANCE MEASURES (APM)

IFRS-MEASURE

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

ALTERNATIVE PERFORMANCE MEASURES

An alternative performance measure is understood as a financial measure other than a financial measure defined or specified in the applicable financial reporting framework. The alternative performance measures presented is primarily found in the Board of Director's report and is a complement to financial measures defined in IFRS and are used by management to evaluate ongoing operations and control activities. Alternative performance measures presented in these interim financial statements should not be considered as a substitute for measures of performance in accordance with IFRS and may not be comparable to similarly titled measures by other companies. For more information regarding the purpose with presented APMs please visit <http://www.comhemgroup.se/en/investors/definitions/>.

Capital expenditure (Capex) Capital expenditure in intangible assets and property, plant and equipment, including capital expenditure financed by leasing.

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

EBITDA EBIT excluding depreciation and amortisation.

Net debt/Underlying EBITDA Net debt at the end of the period indicated divided by underlying EBITDA LTM.

EBITDA-marginal EBITDA as a percentage of revenue.

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

Operating free cash flow (OFCF) Underlying EBITDA less capital expenditure.

Equity free cash flow Underlying EBITDA less Capex, interest on bank debt and notes, taxes and change in net working capital.

Operating profit (EBIT) Revenue less operating expenses.

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

Underlying EBITDA EBITDA before disposals excluding items affecting comparability and operating currency gains/losses.

Items affecting comparability Items of temporary nature such as staff costs related to restructuring and transaction costs related to acquisitions.

Underlying EBITDA margin Underlying EBITDA as a percentage of revenue.

OTHER MEASURES

Consumer ARPU Consumer ARPU is calculated by dividing all digital-TV, broadband, fixed telephony and other revenue that can be allocated to each consumer service for the period in question, by the average number of total unique consumer 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 consumer subscribers on the first day in the respective period plus the number of unique consumer subscribers on the last day of the respective period, divided by two.

B2B ARPU B2B ARPU is calculated by dividing all broadband, fixed telephony and other revenue that can be allocated to each B2B service for the period in question, by the average number of total unique B2B 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 B2B subscribers on the first day in the respective period plus the number of unique B2B subscribers on the last day of the respective period, divided by two.