

# ANNUAL REPORT

2019-01-01--2019-12-31

for

**Tele2 Sverige AB**

**556267-5164**

*English translation from the Swedish original*

<b>Contents:</b>	<b>Page</b>
Management report	1
Income statement	5
Balance sheet	6-7
Statement of changes in equity	8
Cash Flow Statement	9
Notes	10-26

---

**Tele2 Sverige AB**  
556267-5164

---

## **ANNUAL REPORT FOR TELE2 SVERIGE AB**

---

The Board of Directors and Managing Director of Tele2 Sverige AB hereby submit the annual report for the financial year 2019-01-01--2019-12-31.

### **MANAGEMENT REPORT**

#### **Scope and nature of operations**

The company operates fixed and mobile telephony and provides data network and Internet services to consumers and companies. The Consolidated Financial Statements, including Tele2 Sverige AB and its subsidiaries, have been prepared by Tele2 AB (Corporate reg. no. 556410-8917).

Tele2 Sverige AB was established in 1993 and is the leading alternative operator in Sweden.

#### **Ownership**

Tele2 Sverige AB is by the 31st of December 2019 a fully owned subsidiary to Tele2 Holding AB, corporate reg. no. 556579-7700, located in Stockholm with the publicly traded company Tele2 AB, corporate reg. no. 556410-8917, located in Stockholm as the top parent company.

#### **Key events during the financial year**

##### *Consumer*

The main focus throughout 2019 has been to carry out the integration of Com Hem and align the strategy with the new market opportunities arising from the merger. The legal merger with Com Hem will be finalized during 2020 but the operational merger is already completed. The merger with Com Hem allowed us to combine fixed and mobile services and launch our new fixed-mobile-convergence (FMC) strategy. We rolled out the FMC strategy gradually throughout the year across all brands, reaching approximately 200,000 customers on FMC-benefits at yearend. This constitutes a growing pool of loyal, happy, full-service customers, providing a solid foundation that creates stability and potential for growth in the consumer business.

We executed a successful rebranding campaign of the Tele2 brand to reinforce its premium position, followed by increased list prices and the launch of a unique and advantageous multi-line scheme for families in September. Tele2 was recognized as having the best mobile network in Sweden in the P3 benchmark report, further strengthening the brand perception in the market.

Total consumer revenue declined by 3 percent compared to 2018 due to lower equipment sales. End-user service revenue was stable during 2019 as the decline in fixed telephony & DSL was offset by growth in mobile. Within mobile, we saw volume growth within postpaid which was offset by a decline in prepaid.

**Tele2 Sverige AB**

556267-5164

**Business**

While the market remains challenging, we made progress in 2019 to prepare for a future turnaround. We have separated the Large Enterprise and SME units for a more efficient and focused setup. Within SME we have made great progress improving our abilities with better sales capabilities, a new mobile portfolio and FMC-offers. Within large enterprise we continue our efforts to defend our public sector customer base while managing the market price erosion, and focus sales efforts toward the private market where pricing is more benign.

During 2019, Tele2 won significant new and extended contracts with customers in both the private and the public sector, such as Ambea, Sveriges Riksbank, Scania, and Skövde kommun.

While mobile net intake continued to be positive, the total end-user service revenue declined by 2 percent for the year. This was caused by price pressure, particularly in the public sector combined with decline in legacy fixed services.

**Five-year summary (TSEK)**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Revenue	15 768 316	16 427 493	13 085 697	12 441 814	12 921 264
Operating profit	2 079 981	2 135 692	2 387 024	2 011 367	2 641 867
Profit after financial items	5 517 844	222 279	3 130 422	2 459 465	6 020 317
Total assets	56 478 222	58 595 458	53 090 165	59 881 505	55 495 251
Solidity <sup>(1)</sup>	52,1%	42,4%	52,0%	53,1%	53,1%
Investments in fixed assets <sup>(2)</sup>	1 154 170	1 220 725	723 948	970 344	814 475

<sup>(1)</sup> Adjusted equity\*/ Total assets. \*Adjusted equity refers to equity + untaxed reserves less deferred tax liability.

<sup>(2)</sup> Investments in fixed assets include unpaid investments

**Enterprise risk management**

The managing of financial risks is mainly centralized in Tele2 AB. For additional information please refer to the annual report of Tele2 AB. All long-term debt obligation consists of debt towards group companies, please refer to Note 33 for more details.

Other risk and uncertainty factors for Tele2 Sverige is mainly considered to be:

- Spectrum auctions
- Market competitiveness
- Strategy implementation and integration
- Regulation
- Networks shared with external parties

**Tele2 Sverige AB**  
556267-5164

### **Expected future development**

#### *Consumer*

The legal merger with Com Hem will be finalized during 2020, which is why we comment on the strategy for the merged business in this report. The ongoing pandemic creates some uncertainties regarding our growth opportunities for 2020, but in the mid-term our aim is to return to growth.

Going forward we will continue to execute on our next phase in our FMC-strategy which will be driven by organic FMC-sales and increased cross-selling within Tele2's consumer brands. This phase within the FMC-strategy is in-line with our transformation program which stems from our vision to become the smartest telco in the world, creating a society of unlimited possibilities. The goal is to provide services to all customer types within the consumer segment through leading brands and provide the right type of service in the right way for the right price within each market segment. We believe that the improvements we are making to enhance the customer experience and the continued growth in consumption of our services will support price adjustments, resulting in growth.

We have created a road map as guidance for our work where some initiatives will launch during 2020. These are for example our new brand Penny which gives us an FMC-brand within the No-frills segment and our OTT-service Comhem play+ which helps us secure a modern tv-offering to our customers. We also further optimize our brand portfolio by making Comviq an FMC-brand. We expect that this will lead to less churn for Comviq postpaid, take additional market share within the open network segment and strengthen our FMC-strategy when we offer a FMC-offer in the mid-tier segment.

#### *Business*

In 2020 we will continue work to reduce silos and utilize infrastructure synergies from TDC and Com Hem while improving operational excellence in delivery, service and sales across the entire organization. We aim to keep up the positive volume momentum through a combination of cross- and up-sell activities on existing customers. We aim for gradual improvement as we leverage our new capabilities within SME to take market share and turn focus within large enterprise to the private sector where we see better profitability.

#### *Employees*

On December 31, 2019, the number of employees in Tele2 was 2 959 employees (2 663). Please refer to Note 8 for additional information regarding average number of employees, salaries, other benefits and social fees.

Tele2 is a value driven organization. Values are the key to attract and retain the right employees. Tele2 is an organization where leadership creates a developing environment for engaged employees. Tele2 focuses on building a flat and agile organization, renowned for not only what we do but also for how we do tasks. Tele2's working culture takes into consideration diversity and this includes our employees in executive positions. This is a culture where Tele2 challenges its employees as much as the employees challenges Tele2 to deliver customer value. This is called the Tele2 Way.

**Tele2 Sverige AB**

556267-5164

**Sustainability**

With regards to chapter 6 ÅRL (the Annual Accounts Act), no sustainability report has been written specifically for Tele2 Sverige AB but the same demands regarding information have been included as part of the sustainability report that the top parent company Tele2 AB writes for the entire group.

**Proposed appropriation of profit (SEK)**

The following funds are available to the annual general meeting

Retained earnings from previous year	22 953 419 914
This year's profit	3 778 086 549
	<b><u>26 731 506 463</u></b>

The Board proposes as follows

shareholder dividend	21 000 000 000
carried forward	5 731 506 463
	<b><u>26 731 506 463</u></b>

Regarding the company's earnings and position in general, reference is made to the subsequent income statement and balance sheet, statement on changes in equity, cash flow analysis and notes. All amounts are expressed in Swedish kronor unless otherwise stated.

**Tele2 Sverige AB**  
556267-5164

<b>INCOME STATEMENT</b> [KSEK]	<b>Note</b>	<b>2019-01-01</b> <b>2019-12-31</b>	<b>2018-01-01</b> <b>2018-12-31</b>
Revenue	4,5	15 768 316	16 427 493
Cost of services provided and equipment sold		-9 535 668	-9 389 071
<b>Gross profit</b>		<b>6 232 648</b>	<b>7 038 422</b>
Selling expenses		-2 586 215	-2 743 445
Administrative expenses		-1 354 603	-1 832 485
Other operating income		291 314	272 911
Other operating expenses		-503 163	-599 711
<b>Operating profit</b>	6,7,8,9	<b>2 079 981</b>	<b>2 135 692</b>
<b>Profit/loss from financial investments</b>			
Profit/loss from shares in subsidiaries	10	4 196 472	-1 270 728
Earnings from other securities and receivables that are fixed assets	11	-18 150	16 414
Other interest revenue and similar items	12	8 863	7 167
Interest costs and similar items	13	-749 322	-666 266
<b>Profit after financial items</b>		<b>5 517 844</b>	<b>222 279</b>
<b>Appropriations</b>	14	<b>-1 050 000</b>	<b>-432 773</b>
<b>Profit before tax</b>		<b>4 467 844</b>	<b>-210 494</b>
Income tax	15	-689 755	-207 637
<b>NET PROFIT</b>		<b>3 778 089</b>	<b>-418 131</b>

**Tele2 Sverige AB**  
556267-5164

<b>BALANCE SHEET</b> (KSEK)	<b>Note</b>	<b>2019-12-31</b>	<b>2018-12-31</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Patent licenses & trademarks	16	1 636 416	1 348 578
Licences, Trademarks and Similar Rights	17	150 233	196 600
Leaseholds and similar rights	18	24 303	8 706
Goodwill	19	1 223 400	1 380 308
Ongoing development work	20	505 802	735 511
Customer agreements	21	533 808	676 157
		<b>4 073 962</b>	<b>4 345 860</b>
<b>Tangible fixed assets</b>			
Machinery and other technical facilities	22	909 047	982 887
Equipment, tools and installations	23	189 565	213 196
Financial leasing		-	50 921
Construction in progress & adv payments for tangible assets	24	223 558	181 911
		<b>1 322 170</b>	<b>1 428 915</b>
<b>Financial tangible fixed assets</b>			
Shares in Group companies	25	35 767 931	45 749 515
Receivables from Group companies		597 911	597 910
Shares in associated companies	26	6 906 428	2 372
Deferred tax claims	27	21 706	17 660
Other long-term receivables	28	751 458	835 187
		<b>44 045 434</b>	<b>47 202 644</b>
<b>Total fixed assets</b>		<b>49 441 566</b>	<b>52 977 419</b>
<b>Current assets</b>			
<b>Inventories, etc.</b>			
Prepared goods and goods for sale		411 853	418 258
Ongoing work on behalf of others		38 050	31 080
		<b>449 903</b>	<b>449 338</b>
<b>Short-term receivables</b>			
Account receivables		1 302 932	1 498 165
Receivables from Group companies		3 260 975	1 643 009
Other receivables		805 453	1 029 893
Prepaid costs and accrued revenue	29	1 215 745	994 408
		<b>6 585 105</b>	<b>5 165 475</b>
<b>Cash and cash equivalents</b>		<b>1 648</b>	<b>3 226</b>
<b>Total current assets</b>		<b>7 036 656</b>	<b>5 618 039</b>
<b>TOTAL ASSETS</b>		<b>56 478 222</b>	<b>58 595 458</b>

**Tele2 Sverige AB**  
556267-5164

<b>BALANCE SHEET</b>	<b>Note</b>	<b>2019-12-31</b>	<b>2018-12-31</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b><i>Restricted equity</i></b>			
Share capital	30	150 000	150 000
Reserve fund		30 000	30 000
Development fund		380 547	338 131
		<b>560 547</b>	<b>518 131</b>
<b><i>Unrestricted equity</i></b>			
Retained earnings		22 953 420	23 445 644
Net profit		3 778 089	-418 131
		<b>26 731 509</b>	<b>23 027 513</b>
<b>Total equity</b>		<b>27 292 056</b>	<b>23 545 644</b>
<b>Untaxed reserves</b>	31	<b>2 713 131</b>	<b>1 663 131</b>
<b>Provisions</b>			
	32		
Other pension provisions		105 313	62 831
Other provisions		402 762	214 921
		<b>508 075</b>	<b>277 752</b>
<b>Long-term liabilities</b>			
	33		
Liabilities to Group companies		6 851 794	6 602 840
Other long-term liabilities		55 084	12 500
		<b>6 906 878</b>	<b>6 615 340</b>
<b>Short-term liabilities</b>			
Accounts payables		872 154	989 335
Liabilities to Group companies		15 734 948	22 651 238
Tax liabilities		459 268	153 227
Other short-term liabilities		474 639	950 057
Accrued costs and pre-paid income	34	1 517 073	1 749 734
		<b>19 058 082</b>	<b>26 493 591</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56 478 222</b>	<b>58 595 458</b>



Tele2 Sverige AB  
556267-5164

## STATEMENT OF CHANGES IN EQUITY (KSEK)

	<i>Restricted equity</i>			<i>Unrestricted equity</i>		<b>Total equity</b>
	Share capital	Reserve fund	Fund for development costs	Retained earnings	Net profit	
<b>Opening balance as per 1 January 2018</b>	<b>150 000</b>	<b>30 000</b>	<b>156 115</b>	<b>23 715 797</b>	<b>2 423 137</b>	<b>26 475 049</b>
Appropriation of previous year's profit/loss				2 423 137	-2 423 137	0
Net profit					-418 131	-418 131
Changes in accounted values on assets and liabilities:						
Provision to development fund			182 016	-182 016		0
Earnings from mergers				-161 284		-161 284
Actuarial gains/losses for pensions				-21 942		-21 942
Aligning with the Group Revenue Recognition				162 666		162 666
Tax effect of employee stock options				9 286		9 286
<b>Total change of values</b>	<b>0</b>	<b>0</b>	<b>182 016</b>	<b>-193 290</b>	<b>0</b>	<b>-11 274</b>
Transactions with shareholders:						
Dividends				-2 500 000		-2 500 000
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2 500 000</b>	<b>0</b>	<b>-2 500 000</b>
<b>Closing balance as per 31 December 2018</b>	<b>150 000</b>	<b>30 000</b>	<b>338 131</b>	<b>23 445 644</b>	<b>-418 131</b>	<b>23 545 644</b>
	<i>Restricted equity</i>			<i>Unrestricted equity</i>		
	Share capital	Reserve fund	Fund for development costs	Retained earnings	Net profit	<b>Total equity</b>
<b>Opening balance as per 1 January 2019</b>	<b>150 000</b>	<b>30 000</b>	<b>338 131</b>	<b>23 445 644</b>	<b>-418 131</b>	<b>23 545 644</b>
Appropriation of previous year's profit/loss				-418 131	418 131	0
Net profit					3 778 089	3 778 089
Changes in accounted values on assets and liabilities:						
Provision to development fund			42 416	-42 416		
Actuarial gains/losses for pensions				-42 702		-42 702
Tax effect of employee stock options				11 025		11 025
<b>Total change of values</b>	<b>0</b>	<b>0</b>	<b>42 416</b>	<b>-74 093</b>	<b>0</b>	<b>-31 677</b>
<b>Closing balance as per 31 December 2019</b>	<b>150 000</b>	<b>30 000</b>	<b>380 547</b>	<b>22 953 420</b>	<b>3 778 089</b>	<b>27 292 056</b>

**Tele2 Sverige AB**  
556267-5164

**CASH FLOW STATEMENT**  
(KSEK)

	Note	2019-01-01 2019-12-31	2018-01-01 2018-12-31
<b>Operating activities</b>			
Operating profit		2 079 981	2 135 692
Adjustment for items not included in cash flow			
Depreciations		1 851 902	1 363 514
Capital gain/loss		-	179 202
Dividend received		-	16 507
Interest received		8 863	7 168
Interest paid		-6 689	-8 090
Tax paid		-365 107	-459 147
Other financial items		-813 672	-93
<b>Cash flow from operating activities before changes in operating capital</b>		<b>2 755 278</b>	<b>3 234 753</b>
<b>Cash flow from changes in operating capital</b>			
Decrease(+)/increase(-) of inventory		-565	27 835
Decrease(+)/increase(-) of accounts receivable		195 660	731 687
Decrease(+)/increase(-) of other short-term receivables		209 227	-44 954
Decrease(-)/increase(+) of accounts payable		-103 682	-997 779
Decrease(-)/increase(+) of other short-term liabilities		-2 638 635	447 894
<b>Cash flow from operating activities</b>		<b>417 283</b>	<b>3 399 436</b>
<b>Investing activities</b>			
Other share acquisitions and sales		3 902 609	-83 233
Acquisition of intangible fixed assets		-845 683	-935 024
Sale of intangible fixed assets		956	12 714
Acquisition of tangible fixed assets		-388 468	-283 187
Sale of tangible fixed assets		1 686	3 700
<b>Cash flow from investing activities</b>		<b>2 671 100</b>	<b>-1 285 030</b>
<b>Financing activities</b>			
Net changes in loans from Group companies		-3 089 961	-2 416 618
Net changes in loans from banks		-	304 039
<b>Cash flow from financing activities</b>		<b>-3 089 961</b>	<b>-2 112 579</b>
<b>This year's cash flow</b>		<b>-1 578</b>	<b>1 827</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>3 226</b>	<b>1 399</b>
<b>Cash and cash equivalents at end of year</b>	35	<b>1 648</b>	<b>3 226</b>

**Tele2 Sverige AB**  
556267-5164

## NOTES

### Accounting principles

#### Note 1 General information

Tele2 Sverige AB, with corporate reg.no. 556267-5164 is a limited liability company registered in Sweden with its registered office in Stockholm. The address of the head office is Torshamnsgatan 17, 164 94 Kista. The company's activities are fixed and mobile telephony as well as data network and Internet services for consumers and companies.

No consolidated accounts have been prepared pursuant to the Annual Accounts Act, Chapter 7, Section 2, Paragraph 1. Consolidated accounts, in which Tele2 Sverige AB and its subsidiaries are included, have been prepared by Tele2 AB (corporate reg. no. 556410-8917) with registered office in Stockholm.

#### Note 2 Accounting and measurement principles

The Company applies the Swedish Annual Accounts Act (1995:1554) and Swedish Accounting Standards Board general advisory BFNAR 2012:1 1 Annual Report and Consolidation Accounts ("K3").

##### Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable, net of value added tax, discounts, returns and other similar allowances.

Net turnover includes customer-related revenue from mobile and fixed-line telephony services such as connection fees, contract fees, call revenue, data and information services and other services. Net turnover also includes interconnection revenues from other operators and revenues attributable to sales of products such as mobile phones and modems. Revenues are recognised at market value, after deduction of discounts and value added tax.

Connection fees are recognised at the time of sale corresponding to the costs of the connection and any remaining part is accrued over the contract period. Subscription fees are recognised as revenue in the period to which the fee relates. Revenue from calls and interconnections are recognised as revenue during the period of service. Revenue from the sale of products is recognised on delivery of the product to the customer. Revenue from the sale of prepaid cards is recognised in relation to actual card use or when the card has expired.

Revenue from data and information services, e.g. text messages and ringtones, is recognised when the service is provided. The revenue that can be allocated to equipment is recognised on delivery of the equipment to the customer and revenue from other monthly fees is recognised in the period to which the fee relates.

Revenues related to ongoing projects are recognised progressively during the installation in connection with delivery/commissioning. The part of the company's operations that consists of providing service and maintenance on the delivered communication solution is recognised in line with the duration of the underlying service agreements.

Revenues from KST agreements (function-based solutions) are recognised monthly on a regular basis during the contract period.

For customer agreements containing several components or elements, the contracted revenue is distributed to each element based on its relative fair value in relation to the total fair value of the offer. Services invoiced based on usage are not included in the distribution. The revenue for each element is recognised in the period the component is delivered to the customer. In cases where the elements essential to the functionality have not been delivered and the actual value is missing for any element, the recognition of revenue is postponed until all elements essential to the functionality have been delivered and the fair value has been established for the undelivered elements.

##### Leasing agreement

A financial leasing agreement is an agreement according to which the financial risks and benefits associated with the ownership of an asset are essentially transferred from the lessor to the lessee. Other leasing agreements are classified as operational leasing agreements. All leasing agreements are reported in accordance with the rules for operational leasing.

##### *Lessee*

Leasing fees in operating leasing agreements are expensed on a straight-line basis over the leasing period, unless another systematic way better reflects the user's financial benefit over time.

##### *Lessor*

Leasing income in operating leasing agreements is recognized as revenue on a straight-line basis over the leasing period, unless another systematic way better reflects how the financial benefits attributed to the object decrease over time.

**Tele2 Sverige AB**  
556267-5164**Foreign currency**

The company's accounting currency is Swedish kronor (SEK)

*Translation of items in foreign currency*

At each balance sheet date, monetary items denominated in foreign currencies are translated at the exchange rate on the balance sheet date. Non-monetary items, which are valued at historical acquisition value in a foreign currency, are not translated. Exchange rate differences are recognized in operating profit or as a financial item based on the underlying business event, in the period in which they arise, with the exception of transactions that constitute hedging and that meet the conditions for hedge accounting of cash flows or of net investments.

**Employee benefits**

Remuneration to employees in the form of salaries, bonuses, paid holiday, sick pay, etc., as well as pensions are recognised as they are earned. Pensions and other post-employment benefits are classified as defined-contribution or defined-benefit pension plans, see further under pensions below. There are no other long-term employee benefits.

**Group contribution**

Group contributions received and submitted are recognised as appropriations in the profit and loss statement.

**Income tax**

Tax expenses or tax income for the period are made up of current tax and deferred tax.

*Current tax*

Current tax is the tax calculated on the taxable profit for a period. Taxable profit differs from the reported profit in the income statement as it has been adjusted for non-taxable income and non-deductible expenses and for income and expenses that are taxable or deductible in other periods. Current tax liability is calculated according to the tax rates that apply on the balance sheet date.

*Deferred tax*

Deferred tax is reported on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax value used in calculating taxable income. Deferred tax is reported according to the so-called balance sheet method. Deferred tax liabilities are reported for in principle all taxable temporary differences, and deferred tax assets are reported in principle for all deductible temporary differences to the extent that it is probable that the amounts can be utilized against future taxable income. Untaxed reserves are reported including deferred tax liabilities.

The carrying amount of deferred tax assets is reviewed each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to be utilized, in whole or in part, against the deferred tax asset.

The valuation of deferred tax is based on how the company, as of the balance sheet date, expects to recover the carrying amount of the corresponding asset or adjust the carrying amount of the corresponding liability. Deferred tax is calculated based on the tax rates and tax rules that have been decided before the balance sheet date.

*Current and deferred tax for the period*

Current and deferred tax are reported as an expense or income in the income statement, except when the tax is attributable to transactions that are reported directly against equity. In such cases, the tax is also reported directly against equity.

**Intangible fixed assets**

Intangible assets acquired separately are reported at acquisition value less accumulated depreciation and any accumulated write-downs. Depreciation takes place on a straight-line basis over the asset's estimated useful life. Estimated useful lives and depreciation methods are reassessed if there is an indication that these have changed compared with the estimate at the previous balance sheet date. The effect of any changes in estimates and assessments is reported in the future. Depreciation begins when the asset can be used.

Goodwill is reported at acquisition value after deductions for accumulated depreciation and any write-downs. Depreciation is expensed so that the asset's acquisition value is amortized on a straight-line basis over its estimated useful life. An impairment loss of goodwill is never reversed.

If there is any indication that a tangible or intangible fixed asset has decreased in value, a calculation is made of the asset's recoverable amount. The recoverable amount consists of the higher of the value in use of the asset in the business and the value that would be obtained if the asset in question was sold to an independent party, the so-called net realizable value. The value in use consists of the present value of all inflows and outflows attributable to the asset in question during its useful life and with the addition of the present value of the net sales value at the end of the useful life. If the estimated recoverable amount is less than the carrying amount, a write-down is made to the asset's recoverable amount.

**Tele2 Sverige AB**  
556267-5164

An impairment loss is recognized in the income statement. Impairment losses are reversed if there have been changes in the assumptions that led to the original impairment loss. Reversal of write-downs made is not made so that the reported value exceeds what would have been reported, after deductions for planned depreciation, if no write-down has been made. A reversal of write-downs made is reported in the income statement.

The Company has a number of licences that entitle it to operate a telephony business. The costs for these are capitalised and depreciated linearly over the term of the licence agreement. Goodwill consists of the difference between the purchase price of the acquired shares or the assets and liabilities and the fair value of the liabilities and contingent liabilities and are reported at acquisition value less depreciation and any impairment. When the company reports expenses for its own development work as an asset, the corresponding amount is transferred from unrestricted equity to a fund for development costs.

**Tangible fixed assets**

Tangible fixed assets are reported at acquisition value after deductions for accumulated depreciation and any write-downs.

Machines and technical equipment relate to installations and machines that are intended to be used in the activities, such as, for example, network installations. As the difference in the consumption of a substantial component of a tangible fixed asset is deemed to be significant, the asset is divided into these components. The acquisition value includes direct costs attributable to construction and installation. For assets that are divided into components, expenses for the exchange of such component are included in the asset's reported value. The same applies for additional new components. Additional expenses for expansion and value-enhancing improvements are capitalised, while additional expenses for repair and maintenance are regularly charged to the period in which they arise. The asset is depreciated linearly over the useful life.

The acquisition value consists of the purchase price, expenses that are directly attributable to the acquisition to bring it into place and in condition to be used.

For assets that are divided into components, expenses for the replacement of such a component are included in the carrying amount of the asset. The same applies to additional new components. For assets that have not been divided into components, additional expenses that are significant are included in the carrying amount of the asset when it is probable that future economic benefits associated with the item will accrue to the company, and that its acquisition value can be measured reliably. All other costs for repairs and maintenance as well as additional expenses are reported in the income statement in the period in which they arise.

Tangible fixed assets that are of lesser value or can be assumed to have an economic life of no more than three years are reported as an expense at the first reporting date, provided that the company can make corresponding deductions in accordance with the Income Tax Act.

When the difference in consumption of significant components of a tangible fixed asset is judged to be significant, the asset is split on those components.

Depreciation of tangible fixed assets is expensed so that the acquisition value of the asset, possibly reduced by the estimated residual value at the end of the useful life, is amortized on a straight-line basis over its estimated useful life. If an asset has been divided into different components, each component is depreciated separately over its useful life. Depreciation begins when the tangible fixed asset can be taken into use. The useful lives of tangible fixed assets are estimated at:

*Machinery and other technical facilities:*

Sites, masts, towers and infrastructure in the mobile network	10 years
Network equipment	3-20 years
Customer equipment	3-5 years
Fiber	10-30 years

*Equipment*

Office investments	3 years
Office equipment	3-5 years

Estimated useful lives and depreciation methods are reassessed if there are indications that expected consumption has changed significantly compared with the estimate at the previous balance sheet date. When the company changes the assessment of useful lives, any residual value of the asset is also reconsidered. The effect of these changes is reported in the future.

**Tele2 Sverige AB**  
556267-5164*Derecognition from the balance sheet*

The carrying amount of a tangible fixed asset is derecognised from the balance sheet on disposal or disposal, or when no future economic benefits are expected from use. When additional expenses are included in the acquisition value (see above), the carrying amount of those parts that are replaced is derecognized from the balance sheet.

The gain or loss that arises when a tangible fixed asset or component is derecognised from the balance sheet is the difference between what may be received, after deduction of direct selling expenses, and the carrying amount of the asset. The capital gain or loss that arises when a tangible fixed asset or component is derecognised from the balance sheet is reported in the income statement as other operating income or other operating expenses.

**Impairment of tangible fixed assets and intangible assets**

At every closing day, the company analyzes the carrying amounts of tangible fixed assets and intangible assets to determine whether there is any indication that these assets have decreased in value. If this is the case, the recoverable amount of the asset is calculated in order to determine the value of a possible impairment. Where it is not possible to calculate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is calculated.

The recoverable amount is the higher of the asset's value in use and its fair value less costs to sell. Fair value less costs to sell is the value that is obtainable from the sale of the asset to a knowledgeable, independent party who has an interest in the transaction being carried out, less such costs that are directly attributable to the sale. When calculating value in use, estimated future cash flow is discounted to present value with a discount rate before tax that reflects the current market assessment of the time value of money and the risks associated with the asset. To calculate future cash flows, the company has used budgets and forecasts for the next five years.

If the recoverable amount of an asset (or cash-generating unit) is determined to be lower than its carrying amount, the carrying amount of the asset (or cash-generating unit) is written down to the recoverable amount. An impairment loss is immediately expensed in the income statement.

At every closing day an assessment is made to find out if the previous impairment is no longer justified. If so, the impairment is reversed partially or completely. When an impairment loss is reversed, the carrying amount of the asset (the cash-generating unit) increases. The carrying amount after reversal of impairment losses may not exceed the carrying amount that would have been determined if no impairment loss had been made on the asset (the cash-generating unit) in previous years. A reversal of an impairment loss is reported directly in the income statement.

**Investments in Group companies**

Shares in subsidiaries are reported at acquisition value. Dividend from subsidiary is recognised as revenue when the right to receive dividend is assessed to be ensured and can be calculated in a reliable manner.

**Shares in associated companies and joint ventures**

Shares in associated companies and joint ventures are recognised at acquisition value after deductions for any impairment. Dividend from participation in associated companies and joint ventures is recognised as revenue in the income statement.

**Inventories**

The inventory is valued at the lower of acquisition value and net sales value on the closing day. The acquisition value is calculated by applying the first-in-first-out method. Net sales value is the sales value after deductions for estimated costs that can be directly attributed to the sales transaction. The inventory of the company essentially consists of phones and other technical equipment.

**Cash and cash equivalents**

Cash and cash equivalents include cash and available balances with banks and other credit institutions as well as other short-term liquid investments that can easily be converted into cash and are subject to an insignificant risk of value fluctuations. To be classified as cash and cash equivalents, the term may not exceed three months from the time of acquisition.

**Tele2 Sverige AB**

556267-5164

**Provisions**

Provisions are reported when the company has a legal or constructive obligation as a result of past events, and it is probable that payments, which can be reliably estimated, will be required in order to settle the obligation.

A provision is reviewed every closing day and adjusted to reflect the best estimate of the amount required to settle the existing obligation on the closing day, taking into account the risks and uncertainties associated with the obligation. The provision is reported at the present value of the future payments required to settle the obligation.

Where part or all of the amount required to settle a provision is expected to be reimbursed by a third party, the indemnity shall be reported separately as an asset in the balance sheet when it is almost certain that it will be received if the company settles the obligation and the amount can be calculated reliably.

**Contingent liabilities**

A contingent liability is a possible liability as a result of events that have occurred and the occurrence of which will only be confirmed by the occurrence or absence of one or more uncertain future events, which are not entirely within the company's control, or an existing liability as a result of events occurring, but which are not reported as a liability or provision because it is not probable that an outflow of resources will be required to settle the liability or the amount of the liability cannot be calculated with sufficient reliability.

**Cash flow statement**

The cash flow statement shows the changes in the cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. The recognized cash flow only includes transactions that entail deposits or payments.

**Pensions**

Within Tele2 Sverige AB, there are a number of different pension plans, with the majority of the company's pension undertakings constituting defined-contribution plans for which the Company makes payments to public and private pension institutions. The Company's payments for defined-contribution plans are recognised as an expense during the period when the employees performed the services to which the fee relates. A smaller part of the Company's commitment consists of defined-benefit plans.

The cost of the defined-benefit plans is calculated using the so-called Projected Unit Credit Method, which means that the cost is distributed over the employee's service period. The calculation is carried out annually by independent actuaries. The commitments are measured at the present value of the expected future payments, taking into account assumptions such as expected future salary increases, inflation, increases in healthcare costs and lifespan. Expected future payments are discounted by an interest rate applying on the balance sheet date for first-class corporate bonds or government bonds and taking into account the estimated remaining maturity of the respective commitments. Actuarial gains and losses are reported in equity in the fair value fund.

**Tele2 Sverige AB**

556267-5164

**Note 3 Important estimates and assessments**

The company's financial reports are partly based on assumptions and estimates in connection with the preparation of the company's accounting. Calculations and estimates are based on historical experience and a variety of other assumptions, resulting in decisions about the value of the asset or liability that can not be determined otherwise. Actual results may deviate from these estimates and calculations.

Below are the accounting principles whose application contains the most significant assessments and estimates used in the preparation of the company's financial statements.

*Valuation of fixed assets with a definable useful life*

The recoverable amount consists of the higher of the value in use of the asset in the business and the value that would be obtained if the asset was sold to an independent party less sales costs, the net sales value. The value in use consists of the present value of all inflows and outflows attributable to the asset during its useful life and with the addition of the present value of the net sales value at the end of the useful life. If the estimated recoverable amount is less than the carrying amount, it is written down to the asset's recoverable amount.

*Depreciation periods on fixed assets*

When determining the useful lives for groups of assets, historical experience is taken into account and assumptions are made about future technical development. Depreciation rates are based on the acquisition value of the fixed assets and estimated utilization period less estimated residual value at the end of the utilization period. If technology develops faster than expected or competition, regulation or market conditions develop in a different way than expected, the company's evaluation of utilization periods and residual values may be affected.

*Provisions for disputes and damages*

The company is party to a number of disputes. For each separate dispute, an assessment of the most likely outcome is made, and reported in the financial statements accordingly.

*Revenue recognition*

Revenue recognition in Tele2 requires management to make judgments and estimates in a number of cases, mainly to determine fair values and the period in which the revenue should be recognized. Many agreements bundle products and services into one customer offering which for accounting purposes requires allocating revenue to each part based on its relative fair value using accounting estimates. Determining whether revenues should be recognized immediately or be deferred require management to make judgments as to when the services and equipment have been provided, the fair value of each part as well as estimates regarding the remaining contract period. Please refer to Note 16 and 17 concerning receivables for sold equipment

*Valuation of accounts receivable*

Accounts receivable are valued on a current basis and recognized at accrued acquisition value. Reserves for doubtful receivables are based on various assumptions and historical experience.



**Tele2 Sverige AB**  
556267-5164

**Note 4 Revenue and operating profit per business segment**

<b>Revenue and operating profit per business segment</b>	<b>2019</b>	<b>2018</b>
<i>Consumer</i>		
Mobile telephones	8 453 326	8 623 077
Landlines	238 988	312 024
	<b>8 692 314</b>	<b>8 935 101</b>
<i>Company</i>		
Mobile telephones	3 143 739	3 205 930
Landlines	956 706	1 059 910
Communication solutions	1 591 234	1 539 264
	<b>5 691 679</b>	<b>5 805 104</b>
<i>Operators</i>		
Mobile telephones	314 331	252 498
Landlines	454 277	514 865
	<b>768 608</b>	<b>767 363</b>
<i>Other</i>	<b>615 715</b>	<b>919 925</b>
<b>Total</b>	<b>15 768 316</b>	<b>16 427 493</b>

**Note 5 Information on purchases and sales within the Group**

	<b>2019</b>	<b>2018</b>
Purchases	0,6%	0,7%
Sales	4,4%	5,4%

**Note 6 Fees to the appointed auditor**

	<b>2019</b>	<b>2018</b>
Deloitte AB		
Audit fees	2 766	20 562
Consultation, all other fees	-	1 434
<b>Total</b>	<b>2 766</b>	<b>21 996</b>

In this context, "audit fees" refers to the review of the Annual Report, the accounts and the governance exercised by the Board of Directors and the Managing Director. To this are added other duties that are expected of the Company's auditors, as well as advice or other assistance caused by observations in such review or implementation of such other duties. Everything else is other fees.

**Note 7 Lease agreements**

**Operational leasing**

The company is lessee of operational leasing. The total leasing cost of the year related to operational leasing is 670 388 KSEK (648 222) KSEK.

Future agreed leasing costs for operational leases maturing for payment	<b>2019</b>	<b>2018</b>
Within 1 year	259 200	797 641
Between 1-5 years	646 445	625 406
Later than 5 years	155 120	310 975
<b>Total</b>	<b>1 060 765</b>	<b>1 734 022</b>

Tele2 Sverige AB  
556267-5164

**Note 8 Average number of employees and personnel costs**

Average number of employees	2019		2018	
	Number of employees	Of whom men	Number of employees	Of whom men
	2 374	709	2 626	1 814
<b>Total</b>	<b>2 374</b>	<b>709</b>	<b>2 626</b>	<b>1 814</b>

**The gender distribution of senior executives on the closing day**

	2019-12-31	2018-12-31
Women:		
other senior executives incl CEO	-	2
Men:		
board members	3	3
other senior executives incl CEO	-	13
<b>Total</b>	<b>3</b>	<b>18</b>

Salaries, remunerations, etc.	2019		2018	
	Salaries and remuneration	Soc costs (of which pension costs)	Salaries and remuneration	Soc costs (of which pension costs)
<b>Total</b>	<b>1 587 754</b>	<b>912 751</b> <b>(249 063)</b>	<b>1 531 569</b>	<b>829 053</b> <b>(255 678)</b>

Salaries and remunerations, distributed between the board members and employees	2019		2018	
	Board members and CEO (of which bonuses and equiv. compensation)	Other employees	Board members and CEO (of which bonuses and equiv. compensation)	Other employees
<b>Total</b>	<b>-</b> <b>(-)</b>	<b>1 587 754</b> <b>(-)</b>	<b>3 124</b> <b>(2 667)</b>	<b>1 528 445</b> <b>(-)</b>

**Pensions**

The cost for defined contribution pension plans is 7 264 (7 245) KSEK.

Tele2 Sverige AB  
556267-5164

**Note 9 Depreciation and impairment of tangible and intangible fixed assets**

	<b>2019</b>	<b>2018</b>
Costs of goods sold	-636 287	-797 872
Administrative costs	-100 432	-476 854
<b>Total</b>	<b>-736 719</b>	<b>-1 274 726</b>

**Note 10 Profit/loss from shares in Group companies**

	<b>2019</b>	<b>2018</b>
Dividends	1 578 787	2 021 969
Group contribution received	2 546 800	1 167 700
Group contributions paid	-394 500	-
Write downs	-1 289 430	-4 460 397
Sale of shares	1 749 528	-
Other	5 287	-
<b>Total</b>	<b>4 196 472</b>	<b>-1 270 728</b>

**Note 11 Profit/loss from other securities and receivables that are fixed assets**

	<b>2019</b>	<b>2018</b>
Dividends from shares in associated companies	-	16 507
Other financial costs	-18 150	-93
<b>Total</b>	<b>-18 150</b>	<b>16 414</b>

**Note 12 Other interest income and similar items**

	<b>2019</b>	<b>2018</b>
Interest income	8 863	7 167
<b>Total</b>	<b>8 863</b>	<b>7 167</b>

**Note 13 Interest expenses and similar items**

	<b>2019</b>	<b>2018</b>
Interest expenses	-6 689	-8 090
Interest expenses, Group	-780 635	-645 899
Currency differences	38 002	-12 277
<b>Total</b>	<b>-749 322</b>	<b>-666 266</b>

**Note 14 Appropriations**

	<b>2019</b>	<b>2018</b>
Group contribution received	-	1 167 700
Group contributions paid	-	-1 501 640
Changes of tax accrual fund	-800 000	-496 054
Change of accelerated depreciation	-250 000	397 221
<b>Total</b>	<b>-1 050 000</b>	<b>-432 773</b>

Tele2 Sverige AB  
556267-5164

#### Note 15 Taxes

	2019	2018
Current tax	-675 162	-423 464
Deferred tax	-14 593	215 827
<b>Reported tax</b>	<b>-689 755</b>	<b>-207 637</b>
<b>Reconciliation of the tax cost</b>		
	2019	2018
Net profit before tax	4 467 844	-210 494
Tax as per current tax rate 21.4 %	-959 084	46 309
Tax effect from non-taxable revenue	852 640	457 048
Reported non-deductible expenses	-542 757	-869 136
<b>Total</b>	<b>-649 201</b>	<b>-365 779</b>
Adjustments of tax from previous years	-40 554	158 142
<b>Reported tax</b>	<b>-689 755</b>	<b>-207 637</b>

#### Note 16 Patent licenses & trademarks

	2019-12-31	2018-12-31
Opening acquisition value	3 990 508	3 620 585
Acquired assets in merged companies	-	180 290
This year's investments	9	8 143
Sales/disposals	-80 301	-291 848
Reclassifications	914 465	473 338
<b>Closing accumulated acquisition values</b>	<b>4 824 681</b>	<b>3 990 508</b>
Opening depreciation	-2 375 803	-2 134 133
Sales/disposals	36 535	276 279
Reclassifications	-	-60 799
This year's depreciation per plan	-582 870	-457 150
<b>Closing accumulated depreciation</b>	<b>-2 922 138</b>	<b>-2 375 803</b>
Opening impairments	-266 127	-266 127
<b>Closing accumulated impairments</b>	<b>-266 127</b>	<b>-266 127</b>
<b>Closing residual value according to plan</b>	<b>1 636 416</b>	<b>1 348 578</b>

#### Note 17 Licences, Trademarks and Similar Rights

	2019-12-31	2018-12-31
Opening acquisition value	749 759	891 791
This year's investments	48 350	38 457
Sales/disposals	-12 163	-217 756
Reclassifications	-	37 267
<b>Closing accumulated acquisition values</b>	<b>785 946</b>	<b>749 759</b>
Opening depreciation	-553 159	-684 222
Sales/disposals	5 247	208 690
Reclassifications	0	-18 013
This year's depreciation per plan	-87 801	-59 614
<b>Closing accumulated depreciation</b>	<b>-635 713</b>	<b>-553 159</b>
<b>Closing residual value according to plan</b>	<b>150 233</b>	<b>196 600</b>

Tele2 Sverige AB  
556267-5164

**Note 18 Leaseholds and similar rights**

	2019-12-31	2018-12-31
Opening acquisition value	88 487	198 560
This year's investments	20 671	2 257
Sales/disposals	-	-110 073
Reclassifications	-	-2 257
<b>Closing accumulated acquisition values</b>	<b>109 158</b>	<b>88 487</b>
Opening depreciation	-79 781	-182 674
Sales/disposals	-	110 387
Reclassifications	-	-
This year's depreciation per plan	-5 074	-7 494
<b>Closing accumulated depreciation</b>	<b>-84 855</b>	<b>-79 781</b>
<b>Closing residual value according to plan</b>	<b>24 303</b>	<b>8 706</b>

**Note 19 Goodwill**

	2019-12-31	2018-12-31
Opening acquisition value	1 797 987	364 390
This year's investments	-	1 564 476
Sales/disposals	-	-65 533
Reclassifications	-	-65 346
<b>Closing accumulated acquisition values</b>	<b>1 797 987</b>	<b>1 797 987</b>
Opening depreciation	-417 679	-364 390
Accumulated depreciation for assets in merged companies	-	-28 469
Sales/disposals	-	65 533
Reclassifications	-	65 346
This year's depreciation per plan	-156 908	-155 699
<b>Closing accumulated depreciation</b>	<b>-574 587</b>	<b>-417 679</b>
<b>Closing residual value according to plan</b>	<b>1 223 400</b>	<b>1 380 308</b>

**Note 20 Ongoing development work**

	2019-12-31	2018-12-31
Opening acquisition value	735 511	369 901
This year's investments	781 472	859 056
Sales/disposals	-983 486	-493 446
Reclassifications	-27 695	-
<b>Closing accumulated acquisition values</b>	<b>505 802</b>	<b>735 511</b>
Opening depreciation	-	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>-</b>
<b>Closing residual value according to plan</b>	<b>505 802</b>	<b>735 511</b>

Tele2 Sverige AB  
556267-5164

**Note 21 Customer agreements**

	<b>2019-12-31</b>	<b>2018-12-31</b>
Opening acquisition value	1 052 517	76 629
Acquired assets in merged companies	-	984 634
Sales/disposals	-	-8 746
<b>Closing accumulated acquisition values</b>	<b>1 052 517</b>	<b>1 052 517</b>
Opening depreciation	-376 360	-76 629
Accumulated depreciation for assets in merged companies	-	-166 108
Sales/disposals	-	8 746
This year's depreciation per plan	-142 349	-142 369
<b>Closing accumulated depreciation</b>	<b>-518 709</b>	<b>-376 360</b>
<b>Closing residual value according to plan</b>	<b>533 808</b>	<b>676 157</b>

**Note 22 Machinery and other technical facilities**

	<b>2019-12-31</b>	<b>2018-12-31</b>
Opening acquisition value	7 530 090	10 872 685
This year's investments	126 469	-4 949 583
Acquired assets in merged companies	-	224 987
Sales/disposals	-10 498	-175 234
Reclassifications	121 862	1 557 235
<b>Closing accumulated acquisition values</b>	<b>7 767 923</b>	<b>7 530 090</b>
Opening depreciation	-6 286 008	-9 850 588
Sales/disposals	8 020	4 927 626
Accumulated depreciation for assets in merged companies	-	-1 158 177
Reclassifications	-	159 663
This year's depreciation per plan	-319 693	-364 532
<b>Closing accumulated depreciation</b>	<b>-6 597 681</b>	<b>-6 286 008</b>
Opening impairments	-261 195	-261 195
<b>Closing accumulated impairments</b>	<b>-261 195</b>	<b>-261 195</b>
<b>Closing residual value according to plan</b>	<b>909 047</b>	<b>982 887</b>

**Note 23 Equipment, tools and installations**

	<b>2019-12-31</b>	<b>2018-12-31</b>
Opening acquisition value	621 902	773 444
This year's investments	-3 735	-232 374
Acquired assets in merged companies	556	87 825
Sales/disposals	-	-16 703
Reclassifications	81 639	9 710
<b>Closing accumulated acquisition values</b>	<b>700 362</b>	<b>621 902</b>
Opening depreciation	-408 706	-545 399
Sales/disposals	2 521	231 061
Accumulated depreciation for assets in merged companies	-	-419
Reclassifications	-	-191
This year's depreciation per plan	-104 612	-93 758
<b>Closing accumulated depreciation</b>	<b>-510 797</b>	<b>-408 706</b>
<b>Closing residual value according to plan</b>	<b>189 565</b>	<b>213 196</b>

Tele2 Sverige AB  
556267-5164

**Note 24 Construction in progress & adv payments for tangible assets**

	2019-12-31	2018-12-31
Opening acquisition value	183 067	181 237
This year's investments	245 664	-
Sales/disposals	-516	-59 404
Reclassifications	-203 501	61 234
<b>Closing accumulated acquisition values</b>	<b>224 714</b>	<b>183 067</b>
Opening depreciation	-1 156	-1 156
<b>Closing accumulated depreciation</b>	<b>-1 156</b>	<b>-1 156</b>
<b>Closing residual value according to plan</b>	<b>223 558</b>	<b>181 911</b>

**Note 25 Shares in Group companies**

	2019-12-31	2018-12-31
Opening acquisition values	121 796 192	117 640 374
Acquisitions	478 373	-
Shareholder contributions	-13 932 403	-50
Sales	-	7 728 584
Mergers	-	-2 836 896
Liquidated companies	-	-735 820
<b>Closing accumulated acquisition values</b>	<b>108 342 162</b>	<b>121 796 192</b>
Opening impairments	-76 046 677	-73 522 704
This year's dissolutions	4 572 446	662 165
This year's impairments	-1 100 000	-3 186 138
<b>Closing accumulated impairments</b>	<b>-72 574 231</b>	<b>-76 046 677</b>
<b>Closing residual value</b>	<b>35 767 931</b>	<b>45 749 515</b>

The company Tele2 Sverige AB acquired 100 % of the shares in the company Tele2 Communication Services GmbH Germany on November 29, 2019.

The company Tele2 Sverige AB has during the year sold 100 % of the shares in the company Tele2 Netherlands Holding NV on January 2, 2019 and Khan Tengri Holding on March 31, 2019.

**Total shares in subsidiaries**

Company, Corporate reg. no., Registered Office	Holding (capital/votes)	Booked value	
		2019-12-31	2018-12-31
Svenska UMTS-nät Holding AB, 556606-7988, Stockholm, Sverige	100%	127	127
Interloop AB, 556450-2606, Stockholm, Sverige	100%	1 318 870	1 318 870
Tele2 Netherlands Holding NV, 33272606, Amsterdam, Holland	100%	-	9 137 805
Mobile Telecom Service LLP, 66497-1910-TOO, Almaty, Kazakstan	100%	-	222 152
Tele2 d.o.o. Za telekomunikacijske usluge, 1849018, Zagreb, Kroatien	100%	108 426	108 426
Tele2 Eesti AS, 10069046, Tallin, Estland	100%	33 053	33 053
UAB Tele2, 111471645, Vilnius, Litauen	100%	3 458 373	3 458 373
UAB Tele2 Fiksuoatas Rysys, 111793742, Vilnius, Litauen	100%	1 869	1 869
Tele2 Holding SIA, 40003512063, Riga, Lettland	100%	527 308	527 308
SIA Tele2 Shared Service Center, 40003690571, Riga, Lettland	100%	14 551	14 551
Tele2 Europe SA, R.C.B56944, Luxemburg	100%	29 821 907	30 921 907
Tele2 Russia Two AB, 556041-1307, Sverige, vilande	100%	5 024	5 024
Tele2 IoT AB, 559078-0597, Stockholm, Sverige	100%	50	50
Tele2 Communication Services (GmbH) Germany	100%	478 373	-
<b>Total</b>		<b>35 767 931</b>	<b>45 749 515</b>

**Tele2 Sverige AB**

556267-5164

**Note 26 Shares in associated companies**

	<b>2019-12-31</b>	<b>2018-12-31</b>
Opening acquisition values	2 372	1 352
Acquisitions	6 904 056	1 020
<b>Closing residual value</b>	<b>6 906 428</b>	<b>2 372</b>

The company Tele2 Sverige AB acquired 25 % of the shares in the company T-Mobile Netherlands Holding BV on February 1, 2019.

**Total shares in associated companies**

<b>Company</b>	<b>Holding (capital/votes)</b>	<b>Booked value</b>	
		<b>2019-12-31</b>	<b>2018-12-31</b>
SNPAC AB	20%	2 040	2 040
Triangelbolaget	25%	32	32
Altlorenscheuerhof	33%	300	300
T-Mobile Netherlands Holding BV	25%	6 904 056	0
<b>Total</b>		<b>6 906 428</b>	<b>2 372</b>

**Note 27 Deferred tax**

	<b>2019-12-31</b>	<b>2018-12-31</b>
Staff related items	21 706	17 660
<b>Total</b>	<b>21 706</b>	<b>17 660</b>

**Note 28 Other long-term receivables**

	<b>2019-12-31</b>	<b>2018-12-31</b>
Claim for sold equipment	354 670	538 671
Pension capital	58 332	62 821
Other long-term receivables	338 456	233 695
<b>Total</b>	<b>751 458</b>	<b>835 187</b>

**Note 29 Prepaid costs and accrued revenue**

	<b>2019-12-31</b>	<b>2018-12-31</b>
Fixed subscription fees	398	396
Rental costs	185 820	66 987
Prepaid insurance	16 858	16 852
Prepaid data and support	103 113	112 574
Other prepaid costs	18 342	6 730
Accrued telephone revenues, other operators	277 612	271 669
Accrued telephone revenue, customers	382 193	376 972
Accrued subscription revenue, customers	-	29 360
Accrued revenue for ongoing work	19 620	22 225
Other accrued income	211 789	90 643
<b>Total</b>	<b>1 215 745</b>	<b>994 408</b>

**Note 30 Share capital**

The share capital consists of 1 500 000 number of A shares with a par value of 100 SEK.



Tele2 Sverige AB  
556267-5164

**Note 31 Untaxed reserves**

Tax accrual fund 2017	517 908	517 908
Tax accrual fund 2018	458 729	458 729
Tax accrual fund 2019	496 054	496 054
Tax accrual fund 2020	800 000	-
Accumulated excess depreciation	440 440	190 440
<b>Total</b>	<b>2 713 131</b>	<b>1 663 131</b>

**Note 32 Other provisions**

	2019-12-31	2018-12-31
Copyswede	199 913	-
Provision KPN	179 124	-
Other provisions	23 725	214 921
Pension provisions	105 313	62 831
<b>Total</b>	<b>508 075</b>	<b>277 752</b>

**Note 33 Long-term liabilities**

	2019-12-31	2018-12-31
Long-term liabilities that fall due for payment later than five years after the closing day:		
Liabilities to Group companies	6 851 794	6 602 840
Other long-term liabilities	55 084	12 500
<b>Total</b>	<b>6 906 878</b>	<b>6 615 340</b>

**Note 34 Accrued costs and pre-paid income**

	2019-12-31	2018-12-31
Accrued telephone cost to other operators	204 967	222 595
Accrued costs for external services and projects	62 468	123 990
Accrued staff-related costs	480 467	350 060
Accrued leasing and rental costs	39 955	35 785
Prepaid revenue	546 847	786 618
Other items	182 369	230 686
<b>Total</b>	<b>1 517 073</b>	<b>1 749 734</b>

**Note 35 Cash and cash equivalents in cash flow**

	2019-12-31	2018-12-31
Cash and cash equivalents	1 648	3 226
<b>Total</b>	<b>1 648</b>	<b>3 226</b>

**Note 36 Pledged collateral and contingent liabilities**

<b>Contingent liabilities</b>		
Guarantee commitment	290 000	375 000
Guarantee for corporate bonds issued by Tele2 AB	20 233 600	20 575 300
Other commitments	125 185	130 628
<b>Total</b>	<b>20 648 785</b>	<b>21 080 928</b>

**Tele2 Sverige AB**

556267-5164

**Note 37 Events after the end of the financial year**

The ongoing spread of Covid-19 makes the need for communication services greater than ever before. We at Tele2 realize our responsibility, and closely monitor our business and ability to continue to provide our customers and society with the services we provide.

However, the global pandemic adds high uncertainty about our economic development in 2020. Our operations face challenges such as reduced store sales, reduced international roaming and reduced demand from the corporate customers who are now under financial pressure due to the pandemic. In the medium term, our perspective remains unchanged.

Com Hem AB was merged with Tele2 Sverige AB on April 30, 2020.

**Tele2 Sverige AB**  
556267-5164

Stockholm on June 24, 2020

Anders Nilsson  
Chairman of the board

Mikael Larsson

Stefan Backman

Our auditor's report was submitted on June 24, 2020

Deloitte AB

Pontus Pålsson  
Certified auditor

## AUDITOR'S REPORT

To the general meeting of the shareholders of Tele2 Sverige AB  
corporate identity number 556267-5164

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of Tele2 Sverige AB for the financial year 2019-01-01 - 2019-12-31.

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 Tele2 Sverige AB as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

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

#### *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 Tele2 Sverige AB 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 Managing Director*

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

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company'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 Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual 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.

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, 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 Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual 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 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 or, if such disclosures are inadequate, to modify our opinion about the annual 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 the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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.

## Report on other legal and regulatory requirements

### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Tele2 Sverige AB for the financial year 2019-01-01 - 2019-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director 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 Tele2 Sverige AB 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 Managing Director*

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 type of operations, size and risks place on the size of the company'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 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 Managing Director 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 Managing Director 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 scepticism 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 the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Stockholm 2020-06-24

Deloitte AB

*Signature on Swedish original*

Pontus Pålsson  
Certified Public Accountant