ANNUAL REPORT
2020-01-01--2020-12-31

for

Tele2 Sverige AB
556267-5164

English translation from the Swedish original

Contents:

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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 2020-01-01--2020-12-31.

MANAGEMENT REPORT

Scope and nature of operations
The company operates fixed and mobile telephony, TV, 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. Tele2s vision is to be the smartest telco in the world, creating a society of unlimited possibilities.

Ownership
Tele2 Sverige AB is at December 31, 2020, a fully owned subsidiary of the listed company Tele2 AB, corporate registration no. 556410-8917, located in Stockholm.

Key events during the financial year
Tele2 Sverige AB acquired Com Hem AB (corp reg no 556181-8724) in the beginning of 2020 and Com Hem AB was merged with Tele2 Sverige AB. During the year, the subsidiary Tele2 IoT AB (corp reg no 559078-0598) was also merged with Tele2 Sverige AB. The Income statement for 2020 includes the result from the operations of all three companies. See also note 37.

In subsequent texts regarding Consumer and Business segments, we have in comparisons with the previous year also included the operations in Com Hem AB and Tele2 IoT AB in the previous year.

Conusumer segment

The main focus of 2020 has been continued execution of the fixed-mobile-convergence (FMC) more-for-more strategy to drive growth by increasing customer satisfaction. The FMC customer stock increased by roughly 25% to 270,000 customers. These customers continue to have significantly lower churn compared to single play customers. On the back of product improvements such as upgrades to broadband speed and mobile data, backbook price adjustments were successfully implemented on both the mobile and fixed customer base throughout the year. A new frontbook price portfolio was introduced for Tele2 mobile in September, further establishing Tele2 as a premium brand.

The new video streaming service Comhem Play+ was launched to future proof the TV business, meet the transition in consumer demand and participate in the growing video streaming market. Comviq Broadband was launched and FMC offers were introduced through Comviq as the first mid-tier FMC brand.

End-user service revenue declined by 2% as growth in mobile and fixed broadband was offset by declines in digital TV, exacerbated by pandemic effects on premium sports revenue, and continued decline in fixed telephony & DSL. Mobile end-user service revenue increased with 1% as strong volume growth and effects from price adjustments offset headwinds from the pandemic, negatively impacting international roaming revenue and mobile prepaid sales.

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Business segment

In 2020, Sweden Business was affected by headwinds from the pandemic including lower international roaming. Lower economic activity resulted in fewer new sales as businesses were hesitant to invest in telecommunication services. Two important steps were taken to improve the organization; merging the SME and Large Enterprise units to allow for better coordination, and consolidating the Sweden Business and Sweden Consumer support functions to increase efficiency.

During the year, Tele2 won new and extended contracts with customers in both the private and the public sector, such as Dustin, Anticimex, Skatteverket and Göteborgs Stad. While mobile net intake continued to be positive with 27,000 new RGUs, price pressure, particularly in the public sector, and headwinds from the pandemic drove a decline in mobile ASPU, resulting in a 5% decline in mobile end-user service revenue. Together with decline in legacy fixed services and business solutions, this drove a total end-user service revenue decline of 7% for the year.

Five-year summary (TSEK)

	2020	**2019**	**2018**	**2017**	**2016**
Revenue	21 821 803	15 768 316	16 427 493	13 085 697	12 441 814
Operating profit	4 401 886	2 079 981	2 135 692	2 387 024	2 011 367
Profit after financial items	4 563 499	5 517 844	222 279	3 130 422	2 459 465
Total assets	26 963 158	56 478 222	58 595 458	53 090 165	59 881 505
Solidity (1)	46,8%	52,1%	42,4%	52,0%	53,1%
Investments in fixed assets (2)	2 212 280	1 154 170	1 220 725	723 948	970 344

(1) Adjusted equity*/ Total assets. *Adjusted equity refers to equity + untaxed reserves less deferred tax liability.
uppskjuten skatteskuld.

(2) Investments in fixed assets include unpaid investments

Proforma
Below is a comparison where Com Hem AB and Tele2 IoT AB are also included in the comparative figures for 2019.

(TSEK)	**2020**	**2019**
Revenue	21 821 803	22 968 386
Operating profit	4 401 886	4 016 608
Profit after financial items	4 563 499	5 545 826
Investments in fixed assets (2)	2 212 280	1 945 841

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Key risk and uncertainty factors
The managing of financial risks is mainly centralized in Tele2 AB. For additional information please refer to the Annual and Sustainability report of Tele2 Group.

Risks and uncertainty factors for Tele2 Sverige is mainly considered to be:
- spectrum auctions
- market competitiveness
- strategy implementation and integration
- changes in regulations
- network quality towards customers
- network and IT integrity and personal data security
- networks shared with external parties
- ability to recruit and retain skilled personnel
- customer churn
- corruption and unethical business practices
- climate change
- pandemics

Expected future development

Consumer segment

In 2021, the goal for Sweden Consumer is to return to growth through continued execution of the FMC more-for-more strategy. The next phase of the FMC strategy involves optimizing the brand portfolio by merging the Tele2 and Com Hem into one premium brand. This will lead to more efficient cross selling and enable a genuine convergent customer experience with all services streamlined from front- to-back-end.

Tele2 will aim to maintain its 5G leadership through the broader rollout in Sweden and utilize 5G and remote-PHY to support the more-for-more strategy. Investments made in 2020 and further development of Comhem Play+ is expected to increase the customer base of the service in 2021.

Business segment

In 2021, the internal focus will be to reduce silos, utilize infrastructure synergies from Com Hem, realize internal synergies and increase coordination with the new Technology organization to improve delivery, service and sales across the entire organization.

Tele2 will aim to stabilize end-user service revenue by utilizing the new mobile portfolio to drive sales and reduce churn within the small business segment where market prices and profitability remains attractive. Within the public sector, efforts will be made to improve profitability by tailoring the incentive structure and improving the review process for new contracts. Within the large corporate segment focus will be to improve profitability and pricing by simplifying the service offering and tailoring the incentive structure toward profitability, closer customer partnership and upselling.

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Employees
On December 31, 2020, the number of employees in Tele2 Sverige was 2 904 employees (2 959). 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 om building a flat and agile organization, renowned for not only what we do but also for how we do tasks. Diversity, inclusion and gender equality are important building blocks in our corporate culture. 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.

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 years	5 634 595 283
This year's profit	3 256 386 578
	8 890 981 861
The Board proposes as follows	
shareholder dividend	6 725 000 000
carried forward	2 165 981 861
	8 890 981 861

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.

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INCOME STATEMENT

[KSEK]

	Note	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Revenue	4,5	21 821 803	15 768 316
Cost of services provided and equipment sold		-11 868 819	-9 535 668
Gross profit		**9 952 984**	**6 232 648**
Selling expenses		-3 614 812	-2 586 215
Administrative expenses		-1 856 705	-1 354 603
Other operating income		265 790	291 314
Other operating expenses		-345 371	-503 163
Operating profit	6,7,8,9	**4 401 886**	**2 079 981**
Profit/loss from financial investments			
Profit/loss from shares in subsidiaries	10	315 507	4 196 164
Earnings from other securities and receivables that are fixed assets	11	306	-17 842
Other interest revenue and similar items	12	11 850	8 863
Interest expense and similar items	13	-166 050	-749 322
Profit after financial items		**4 563 499**	**5 517 844**
Appropriations	14	**-934 560**	**-1 050 000**
Profit before tax		**3 628 939**	**4 467 844**
Income tax	15	-372 552	-689 755
NET PROFIT		**3 256 387**	**3 778 089**

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BALANCE SHEET
(KSEK)

	Note	2020-12-31	2019-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
Right-of-use assets and software	16	1 940 228	1 636 416
Licences, Trademarks and Similar Rights	17	253 443	150 233
Leaseholds and similar rights	18	22 597	24 303
Goodwill	19	1 359 720	1 223 400
Ongoing development work	20	680 947	505 802
Customer agreements	21	1 212 214	533 808
		5 469 149	**4 073 962**
Tangible fixed assets			
Machinery and other technical facilities	22	2 285 744	909 047
Equipment, tools and installations	23	175 812	189 565
Construction in progress & adv payments for tangible assets	24	546 517	223 558
		3 008 073	**1 322 170**
Financial tangible fixed assets			
Shares in Group companies	25	5 415 906	35 767 931
Receivables from Group companies		597 911	597 911
Shares in associated companies	26	6 906 428	6 906 428
Ownership interests in other companies		8 292	0
Deferred tax claims	27	76 745	21 706
Other long-term receivables	28	1 098 467	751 458
		14 103 749	**44 045 434**
Total fixed assets		**22 580 971**	**49 441 566**
Current assets			
Inventories, etc.			
Prepared goods and goods for sale		674 490	411 853
Ongoing work on behalf of others		18 330	38 050
		692 820	**449 903**
Short-term receivables			
Account receivables		1 149 026	1 302 932
Receivables from Group companies		606 362	3 260 975
Other receivables		746 065	805 453
Prepaid costs and accrued revenue	29	1 187 332	1 215 745
		3 688 785	**6 585 105**
Cash and cash equivalents		**582**	**1 648**
Total current assets		**4 382 187**	**7 036 656**
TOTAL ASSETS		**26 963 158**	**56 478 222**

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BALANCE SHEET

	Note	2020-12-31	2019-12-31
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital	30	150 000	150 000
Reserve fund		30 000	30 000
Development fund		405 882	380 547
		585 882	**560 547**
Unrestricted equity			
Retained earnings		5 634 595	22 953 420
Net profit		3 256 387	3 778 089
		8 890 982	**26 731 509**
Total equity		**9 476 864**	**27 292 056**
Untaxed reserves	31	**3 952 691**	**2 713 131**
Provisions	32		
Other pension provisions		373 616	105 313
Other provisions		370 995	402 762
		744 611	**508 075**
Long-term liabilities	33		
Liabilities to Group companies		314 476	6 851 794
Other long-term liabilities		57 717	55 084
		372 193	**6 906 878**
Short-term liabilities			
Accounts payables		1 417 568	872 154
Liabilities to Group companies		8 347 946	15 734 948
Tax liabilities		144 712	459 268
Other short-term liabilities		170 899	474 639
Accrued costs and pre-paid income	34	2 335 674	1 517 073
		12 416 799	**19 058 082**
TOTAL EQUITY AND LIABILITIES		**26 963 158**	**56 478 222**

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STATEMENT OF CHANGES IN EQUITY
(KSEK)

	Restricted equity			*Unrestricted equity*		
	Share capital	Reserve fund	Fund for development costs	Retained earnings	Net profit	**Total equity**
Opening balance as per 1 January 2019	**150 000**	**30 000**	**338 131**	**23 445 644**	**-418 131**	**23 545 644**
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		0
Actuarial gains/losses for pensions				-42 702		-42 702
Tax effect of employee stock options				11 025		11 025
Total change of values	**0**	**0**	**42 416**	**-74 093**	**0**	**-31 677**
Closing balance as per 31 December 2019	**150 000**	**30 000**	**380 547**	**22 953 420**	**3 778 089**	**27 292 056**

	Restricted equity			*Unrestricted equity*		
	Share capital	Reserve fund	Fund for development costs	Retained earnings	Net profit	**Total equity**
Opening balance as per 1 January 2020	**150 000**	**30 000**	**380 547**	**22 953 420**	**3 778 089**	**27 292 056**
Appropriation of previous year's profit/loss				3 778 089	-3 778 089	0
Net profit					3 256 387	3 256 387
Changes in accounted values on assets and liabilities:						
Provision to development fund			25 335	-25 335		0
Earnings from mergers Note 37				-120 369		-120 369
Actuarial gains/losses for pensions				45 941		45 941
Tax effect of employee stock options				2 849		2 849
Total change of values	**0**	**0**	**25 335**	**-96 914**	**0**	**-71 579**
Transactions with shareholders:						
Dividends				-21 000 000		-21 000 000
Total transactions with shareholders	**0**	**0**	**0**	**-21 000 000**	**0**	**-21 000 000**
Closing balance as per 31 December 2020	**150 000**	**30 000**	**405 882**	**5 634 595**	**3 256 387**	**9 476 864**

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CASH FLOW STATEMENT

(KSEK)	Note	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Operating activities			
Operating profit		4 401 886	2 079 981
Adjustment for items not included in cash flow			
Depreciations		2 491 366	1 399 307
Interest received		8 594	8 863
Interest paid		-17 992	-6 689
Tax paid		-755 966	-365 107
Other financial items		128 943	-361 077
Cash flow from operating activities before changes in operating capital		**6 256 831**	**2 755 278**
Cash flow from changes in operating capital			
Decrease(+)/increase(-) of inventory		-106 812	-565
Decrease(+)/increase(-) of accounts receivable		317 067	195 660
Decrease(+)/increase(-) of other short-term receivables		5 855 207	209 227
Decrease(-)/increase(+) of accounts payable		-87 420	-103 682
Decrease(-)/increase(+) of other short-term liabilities		-1 045 480	-2 638 635
Cash flow from operating activities		**11 189 393**	**417 283**
Investing activities			
Acquisition and sale of shares in group companies		-30 471 510	3 902 609
Acquisition of intangible fixed assets		-1 062 297	-844 727
Acquisition of tangible fixed assets		-1 149 983	-386 782
Acquisition in other financial assets		-190 273	-
Cash flow from investing activities		**-32 874 063**	**2 671 100**
Financing activities			
Net changes in loans from Group companies		42 683 604	-3 089 961
Dividends paid		-21 000 000	-
Cash flow from financing activities		**21 683 604**	**-3 089 961**
This year’s cash flow		**-1 066**	**-1 578**
Cash and cash equivalents at beginning of year		**1 648**	**3 226**
Cash and cash equivalents at end of year	35	**582**	**1 648**

NOTES

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, TV 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.

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. IThe useful lives of intangible fixed assets are estimated at:

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Right-of-use assets and software	10-13 years
Licences and trademarks	10-13 years
Leaseholds and similar rights	10-25 years
Customer agreements	3 years

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. 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.

The Company has a number of licences that entitle it to operate a telecom business. The costs for these are capitalised and depreciated linearly over the term of the licence agreement. 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. The fund is reversed to unrestricted equity as the asset is depreciated.

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 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:

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Machinery and other technical facilities:

Sites, masts, towers and infrastructure in the mobile	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

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.

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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.

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 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 to 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.

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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.

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Note 4 Revenue per business segment

Revenue per business segment	2020	2019
Consumer		
End-user service revenue	12 260 260	6 171 766
Operator revenue	462 355	631 386
Equipment revenue	1 989 909	1 889 162
	14 712 524	**8 692 314**
Business		
End-user service revenue	3 888 637	3 837 937
Operator revenue	119 013	131 167
Equipment revenue	1 684 107	1 719 725
	5 691 757	**5 688 829**
Wholesale		
Operator revenue	947 141	665 848
Internal sales	70 025	105 610
	1 017 166	**771 458**
Other	**400 356**	**615 715**
Total	**21 821 803**	**15 768 316**

Note Information on purchases and sales within the Group

	2020	2019
Purchases	0,3%	0,6%
Sales	2,1%	5,1%

Note 6 Fees to the appointed auditor

	2020	2019
Deloitte AB		
Audit fees	5 046	2 766
Consultation, all other fees	20	-
Total	**5 066**	**2 766**

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.

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 1 111 649 KSEK (670 388) KSEK.

Future agreed leasing costs for operational leases maturing for payment	2020	2019
Within 1 year	357 454	259 200
Between 1-5 years	886 618	646 445
Later than 5 years	290 346	155 120
Total	**1 534 418**	**1 060 765**

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Note 8 Average number of employees and personnel costs

Average number of employees	2020 Number of employees	2020 Of whom men	2019 Number of employees	2019 Of whom men
	2 724	1 885	2 374	1 665
Total	**2 724**	**1 885**	**2 374**	**1 665**

The gender distribution of senior executives on the closing day	2020-12-31	2019-12-31
Women:		
board members	1	-
Men:		
board members	3	3
Total	**4**	**3**

Salaries, remunerations, etc.	2020 Salaries and remuneratio n	2020 Soc costs (of which pension costs)	2019 Salaries and remuneration	2019 Soc costs (of which pension costs)
Total	**1 713 192**	**895 632 (275 922)**	**1 587 754**	**912 751 (249 063)**

Salaries and remunerations, distributed between the board members and employees	2020 Board members and CEO (of which bonuses and equiv. compensation	2020 Other employees	2019 Board members and CEO (of which bonuses and equiv. compensatior	2019 Other employees
Total	**- (-)**	**1 713 192**	**- (-)**	**1 587 754**

Pensions

The cost for defined contribution pension plans is 12 163 (7 264) KSEK.

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Note 9 Depreciation/amortization and impairment

	2020	2019
Costs of services provided and equipment sold	-1 289 687	-636 287
Selling expenses	-241 241	-214 883
Administrative expenses	-960 438	-548 137
Total	**-2 491 366**	**-1 399 307**

Note 10 Profit/loss from shares in Group companies

	2020	2019
Dividends	60 032 502	1 578 479
Group contribution received	140 400	2 546 800
Group contributions paid	-1 390 000	-394 500
Write downs	-59 328 833	-1 289 430
Sale of shares	861 319	1 749 528
Other	119	5 287
Total	**315 507**	**4 196 164**

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

	2020	2019
Dividends from shares in associated companies	306	308
Other financial costs	-	-18 150
Total	**306**	**-17 842**

Note 12 Other interest income and similar items

	2020	2019
Interest income	8 594	8 863
Return on plan assets in the pension fund	3 256	-
Total	**11 850**	**8 863**

Note 13 Interest expenses and similar items

	2020	2019
Interest expenses	-17 992	-6 689
Interest expenses, Group	-139 648	-780 635
Currency differences	-8 410	38 002
Total	**-166 050**	**-749 322**

Note 14 Appropriations

	2020	2019
Changes of tax accrual fund	-800 000	-800 000
Change of accelerated depreciation	-134 560	-250 000
Total	**-934 560**	**-1 050 000**

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Note 15 Taxes

	2020	2019
Current tax	-574 374	-675 162
Deferred tax	201 822	-14 593
Total tax on profit for the year	**-372 552**	**-689 755**

Reconciliation of the tax cost

	2020	2019
Net profit before tax	3 628 939	4 467 844
Theoretic tax according to current tax rate 21.4 %	-776 593	-959 084
Tax effect from non-taxable dividends from Group companies	12 847 021	337 860
Tax effect from non-taxable income from sale of shares	184 255	4 184
Tax effect from other non-taxable revenue	8 851	510 596
Tax effect from non-deductable write down of shares in Group companies	-12 696 370	-275 938
Tax effect from other non-deductable items	-132 735	-266 819
Total	**-565 571**	**-649 201**
Adjustments of tax from previous years	193 019	-40 554
Tax expense for the year	**-372 552**	**-689 755**

Note 16 Right-of-use assets and software

	2020-12-31	2019-12-31
Opening acquisition value	4 824 681	3 990 508
Additions	6 903	9
Sales/disposals	-108 374	-80 301
Acquisitions through business combinations	817 933	-
Reclassifications	792 218	914 465
Closing accumulated acquisition value	**6 333 361**	**4 824 681**
Opening amortization value	-2 922 138	-2 375 803
Sales/disposals	87 913	36 535
Accumulated amortization through business combinations	-339 429	-
Amortization	-948 319	-582 870
Closing accumulated amortization value	**-4 121 973**	**-2 922 138**
Opening impairment value	-266 127	-266 127
Impairment	-5 033	-
Closing accumulated impairment value	**-271 160**	**-266 127**
Closing residual value according to plan	**1 940 228**	**1 636 416**

Note 17 Licences, Trademarks and Similar Rights

	2020-12-31	2019-12-31
Opening acquisition value	785 946	749 759
Additions	311	48 350
Acquisitions through business combinations	208 252	-
Sales/disposals	-444	-12 163
Reclassifications	72 298	-
Closing accumulated acquisition value	**1 066 363**	**785 946**
Opening amortization value	-635 713	-553 159
Sales/disposals	444	5 247
Accumulated amortization through business combinations	-67 463	-
Amortization	-110 188	-87 801
Closing accumulated amortization value	**-812 920**	**-635 713**
Closing residual value according to plan	**253 443**	**150 233**

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Note 18 Leaseholds and similar rights

	2020-12-31	2019-12-31
Opening acquisition value	109 158	88 487
Acquisitions through business combinations	31	-
Reclassifications	7 106	20 671
Closing accumulated acquisition value	**116 295**	**109 158**
Opening amortization value	-84 855	-79 781
Accumulated amortization through business combinations	-31	-
Amortization	-8 812	-5 074
Closing accumulated amortization value	**-93 698**	**-84 855**
Closing residual value according to plan	**22 597**	**24 303**

Note 19 Goodwill

	2020-12-31	2019-12-31
Opening acquisition value	1 797 987	1 797 987
Acquisitions through business combinations	578 389	-
Closing accumulated acquisition value	**2 376 376**	**1 797 987**
Opening amortization value	-574 587	-417 679
Accumulated amortization through business combinations	-227 321	-
Amortization	-214 748	-156 908
Closing accumulated amortization value	**-1 016 656**	**-574 587**
Closing residual value according to plan	**1 359 720**	**1 223 400**

Note 20 Ongoing development work

	2020-12-31	2019-12-31
Opening acquisition value	505 802	735 511
Additions	1 055 083	781 472
Acquisitions through business combinations	34 045	-
Reclassifications	-897 368	-983 486
Sales/disposals	-16 615	-27 695
Closing accumulated acquisition value	**680 947**	**505 802**
Closing residual value according to plan	**680 947**	**505 802**

Note 21 Customer agreements

	2020-12-31	2019-12-31
Opening acquisition value	1 052 517	1 052 517
Acquisitions through business combinations	1 439 933	-
Closing accumulated acquisition value	**2 492 450**	**1 052 517**
Opening amortization value	-518 709	-376 360
Accumulated amortization through business combinations	-476 438	-
Amortization	-285 089	-142 349
Closing accumulated amortization value	**-1 280 236**	**-518 709**
Closing residual value according to plan	**1 212 214**	**533 808**

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Note 22 Machinery and other technical facilities

	2020-12-31	2019-12-31
Opening acquisition value	7 767 923	7 530 090
Additions	369 010	126 469
Acquisitions through business combinations	1 860 288	-
Sales/disposals	-2 631 311	-10 498
Reclassifications	552 168	121 862
Closing accumulated acquisition value	**7 918 078**	**7 767 923**
Opening depreciation value	-6 597 681	-6 286 008
Sales/disposals	2 631 202	8 020
Accumulated depreciation through business combinations	-591 044	-
Depreciation	-804 754	-319 693
Closing accumulated depreciation value	**-5 362 277**	**-6 597 681**
Opening impairment value	-261 195	-261 195
Impairment	-8 862	-
Closing accumulated impairment value	**-270 057**	**-261 195**
Closing residual value according to plan	**2 285 744**	**909 047**

Note 23 Equipment, tools and installations

	2020-12-31	2019-12-31
Opening acquisition value	700 362	621 902
Additions	3 836	556
Acquisitions through business combinations	42 673	-
Sales/disposals	-6 597	-3 735
Reclassifications	47 677	81 639
Closing accumulated acquisition value	**787 951**	**700 362**
Opening depreciation value	-510 797	-408 706
Sales/disposals	6 302	2 521
Accumulated depreciation through business combinations	-2 114	-
Depreciation	-105 530	-104 612
Closing accumulated depreciation value	**-612 139**	**-510 797**
Closing residual value according to plan	**175 812**	**189 565**

Note 24 Construction in progress & adv payments for tangible assets

	2020-12-31	2019-12-31
Opening acquisition value	428 215	183 067
Additions	777 137	245 664
Acquisitions through business combinations	145 685	-
Sales/disposals	-18	-516
Reclassifications	-599 845	
Closing accumulated acquisition value	**751 174**	**428 215**
Opening depreciation value	-1 156	-1 156
Closing accumulated depreciation value	**-1 156**	**-1 156**
Closing residual value according to plan	**750 018**	**427 059**
	Diff -203501	*Diff -203501*

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Note 25 Shares in Group companies

	2020-12-31	2019-12-31
Opening acquisition value	104 947 257	121 796 192
Additions	31 897 738	478 373
Sales	-4 476 860	-17 374 808
Shareholder contributions	-	47 500
Mergers	-2 382 785	-
Liquidated companies	-3 544 563	-
Closing accumulated acquisition value	**126 440 787**	**104 947 257**
Opening impairment value	-69 179 326	-76 046 677
Reversal of impairment	7 517 789	8 014 851
Impairment	-59 363 344	-1 147 500
Closing accumulated impairment value	**-121 024 881**	**-69 179 326**
Closing residual value	**5 415 906**	**35 767 931**

Tele2 Sverige AB acquired 100% of the shares in Com Hem AB on January 1, 2020. Com Hem AB has since been dissolved through a merger with Tele2 Sverige AB as of April 30, 2020.

Tele2 Sweden AB acquired 100% of the shares in Tele2 Luxembourg from Tele2 Europe SA 30 April 2020. Tele2 has gradually reduced its operations in Luxembourg and in the fourth quarter of 2020 completed the closure of the operations of Tele2 Europe subsidiary in its entirety. The equity in Tele2 Europe has been repaid.

During the year,Tele2 Sverige AB sold 100 % of the shares in the company Tele2 d.o.o. Za telekomunikacihske usulge, Croatia, and also 100% of the shares in the company Tele2 Communication Services (GmbH), Germany.

The subsidiary Tele2 IoT AB has been dissolved through a merger with Tele2 Sverige AB as of October 30, 2020.

Total shares in subsidiaries

Company, Corporate reg. no., Registered Office	Holding (capital/votes)	Booked value 2020-12-31	Booked value 2019-12-31
Svenska UMTS-nät Holding AB, 556606-7988, Stockholm, Sweden	100%	127	127
Interloop AB, 556450-2606, Stockholm, Sweden	100%	1 318 870	1 318 870
Tele2 Eesti AS, 10069046, Tallin, Estonia	100%	33 053	33 053
UAB Tele2, 111471645, Vilnius, Lituania	100%	3 458 373	3 458 373
UAB Tele2 Fiksuotas Rysys, 111793742, Vilnius, Lituania	100%	1 869	1 869
SIA Tele2, 40003272854, Riga, Latvia	100%	527 308	527 308
SIA Tele2 Shared Service Center, 40003690571, Riga, Latvia	100%	0	14 551
Tele2 Europe SA, R.C.B56944, Luxembourg	100%	100	29 821 907
Tele2 Russia Two AB, 556041-1307, Sweden, dormant	100%	5 024	5 024
Tele2 Luxemburg AB, 556304-7025, Sweden, dormant	100%	242	-
Tele2 IoT Netherlands, 72180137, Amsterdam, The Netherlands	100%	11	-
iTUX Communication AB, 556699-4843, Stockholm, Sweden	100%	70 374	-
Kombridge AB, 556817-2059, Stockholm, Sweden	100%	555	-
Tele2 IoT Latvia SIA, 40003681691, Riga, Latvia	100%	0	-
Tele2 IoT AB, 559078-0597, Stockholm, Sweden	100%	-	50
Tele2 d.o.o. Za telekomunikacihske usulge, 1849018, Zagreb, Croatia	100%	-	108 426
Tele2 Communication Services (GmbH) Germany	100%	-	478 373
Total		**5 415 906**	**35 767 931**

Note 26 Shares in associated companies

	2020-12-31	2019-12-31
Opening acquisition values	6 906 428	2 372
Acquisitions	-	6 904 056
Closing residual value	**6 906 428**	**6 906 428**

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Total shares in associated companies

Company	Holding (capital/votes)	Booked value 2020-12-31	Booked value 2019-12-31
SNPAC Swedish Nr Portability Adm.Centre AB, Sweden	40%	2 040	2 040
Triangelbolaget D4 AB, Sweden	25%	32	32
Altlorenscheuerhof SA, Luxembourg	33,3%	300	300
T-Mobile Netherlands Holding BV, The Netherlands	25%	6 904 056	6 904 056
Total		**6 906 428**	**6 906 428**

Note 27 Deferred tax

	2020-12-31	2019-12-31
Staff related items	76 745	21 706
Total	**76 745**	**21 706**

Note 28 Other long-term receivables

	2020-12-31	2019-12-31
Claim for sold equipment	412 118	354 670
Pension capital	60 103	58 332
Receivable for sold shares in Group companies	123 461	-
Other long-term receivables	502 785	338 456
Total	**1 098 467**	**751 458**

Note 29 Prepaid costs and accrued revenue

	2020-12-31	2019-12-31
Fixed subscription fees	10 565	398
Rental costs	260 559	185 820
Prepaid insurance	15 873	16 858
Prepaid data and support	92 161	103 113
Other prepaid costs	45 914	18 342
Accrued telephone revenues, other operators	147 208	277 612
Accrued telephone revenue, customers	405 263	382 193
Accrued subscription revenue, customers	31 499	-
Accrued revenue for ongoing work	19 568	19 620
Other accrued income	158 722	211 789
Total	**1 187 332**	**1 215 745**

Note 30 Share capital

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

Note 31 Untaxed reserves

	2020-12-31	2019-12-31
Tax accrual fund 2016	517 908	517 908
Tax accrual fund 2017	458 729	458 729
Tax accrual fund 2018	696 054	496 054
Tax accrual fund 2019	800 000	800 000
Tax accrual fund 2020	800 000	-
Accumulated excess depreciation	680 000	440 440
Total	**3 952 691**	**2 713 131**

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Note 32 Other provisions

	2020-12-31	2019-12-31
Provisions for sold subsidiaries	205 711	379 037
Restructuring costs	56 512	-
Other provisions	108 772	23 725
Pension provisions	373 616	105 313
At year end	**744 611**	**508 075**

2020-12-31	Pension provisions	Restructur-ing costs	Other provisions	Total
Opening balance at the beginning of the year	105 313	-	402 762	**508 075**
Additional provisions from merged companies	320 598	-	-	**320 598**
Reclassifications	-	141 619	-	**141 619**
Additional provisions	-44 637	106 902	104 432	**166 697**
Amounts claimed	-7 658	-192 009	-13 667	**-213 334**
Recovery of unused amounts	-	-	-179 044	**-179 044**
At year end	**373 616**	**56 512**	**314 483**	**744 611**

2019-12-31	Pension provisions	Restructur-ing costs	Other provisions	Total
Opening balance at the beginning of the year	62 831	-	214 921	**277 752**
Additional provisions	42 581	-	235 252	**277 833**
Amounts claimed	-99	-	-10 436	**-10 535**
Recovery of unused amounts	-	-	-36 975	**-36 975**
At year end	**105 313**	**0**	**402 762**	**508 075**

Note 33 Long-term liabilities

	2020-12-31	2019-12-31
Long-term liabilities that fall due for payment later than five years after the closing day:		
Liabilities to Group companies	314 476	6 851 794
Other long-term liabilities	57 717	55 084
Total	**372 193**	**6 906 878**

Note 34 Accrued costs and pre-paid income

	2020-12-31	2019-12-31
Accrued telephone cost to other operators	108 236	204 967
Accrued costs for external services and projects	158 388	62 468
Accrued staff-related costs	340 566	480 467
Accrued leasing and rental costs	64 923	39 955
Prepaid revenue	1 323 916	546 847
Other items	339 645	182 369
Total	**2 335 674**	**1 517 073**

Note 35 Cash and cash equivalents in cash flow

	2020-12-31	2019-12-31
Cash and cash equivalents	582	1 648
Total	**582**	**1 648**

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Note 36 Pledged collateral and contingent liabilities

Contingent liabilities	2020-12-31	2019-12-31
Guarantee commitment	50 000	290 000
Guarantee for corporate bonds issued by Tele2 AB	21 037 500	20 233 600
Guarantee commitment PRI	4 341	-
Other commitments	114 212	125 185
Total	**21 206 053**	**20 648 785**

Note 37 Information on mergers

The following Group companies were merged with Tele2 Sverige AB during the financial year 2020:

Company	Org no	Merger date
Com Hem AB	556181-8724	2020-04-30
Tele2 IoT AB	559078-0598	2020-10-30

The accounts have been transferred as of 1 January 2020. Assets and liabilities have been included in the acquiring company at their book values.

Balance sheets for each company before the merger are presented below.

Com Hem AB

Intangible fixed assets	1 898 319	Restricted equity	60 000
Tangible fixed assets	1 455 486	Unrestricted equity	2 053 573
Financial tangible fixed assets	41 131	Untaxed reserves	305 000
Inventories, etc.	136 105	Provisions	318 882
Short-term receivables	3 091 271	Short-term liabilities	3 884 857
Total assets	**6 622 312**	**Total equity and liabilities**	**6 622 312**

Tele2 IoT AB

Intangible fixed assets	43 867	Restricted equity	4 334
Financial tangible fixed assets	1 336	Unrestricted equity	61 009
Short-term receivables	168 622	Provisions	1 716
		Short-term liabilities	146 766
Total assets	**213 825**	**Total equity and liabilities**	**213 825**

Note 38 Events after the end of the financial year

Tele2 has announced the following changes in the Group Leadership Team: Mikael Larsson, Executive Vice President Group CFO, and Samuel Skott, Executive Vice President Chief Commercial Officer, will both leave Tele2 on 1 September 2021.

The Swedish Tax Agency has for the years 2013-2018 denied Tele2 Sverige AB deductions for interest expenses on intercompany loans, resulting in a negative tax effect of SEK 283 million, and associated interest of SEK 15 million as of 31 December 2020. While Tele2 has appealed the decisions, a provision for the total amount of SEK 298 million has been made.

Following a ruling by the Supreme Administrative Court, the Swedish Tax Agency has now endorsed Tele2’s claims for interest deductions for the years 2015-2018, resulting in a positive tax effect for Tele2 of SEK 200 million in total. The remaining interest deduction claims for the years 2013-2014 with a tax effect of SEK 83 million are currently under review by the Administrative Court of Appeal in Stockholm.

Given the high likelihood of a ruling in favor of Tele2 on the remaining claims, Tele2 has decided to release the total provision, which will result in a positive result effect of SEK 295 million in the second quarter, 2021, results. Tele2 will also review how the Tax Agency´s revised position may impact Tele2´s taxes for 2019 and 2020, considering applicable legislation.

Note 39 Proposed appropriation of company profits

Available to the Annual General Meeting is total funds of SEK 8 890 981 861. The Board proposes that a dividend of SEK 6 725 000 000 should be paid out to the shareholders and SEK 2 165 981 861 should be carried forward.

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Stockholm according to the subsequent digital signature

Kjell Johnsen
Chairman of the Board and CEO

Mikael Larsson

Stefan Backman

Karin Svensson

Our auditor's report was submitted in accordance with subsequent digital signature

Deloitte AB

Didrik Roos
Authorized Public Accountant

Deloitte.

AUDITOR'S REPORT

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

Report on the annual accounts

Opinions

We have audited the annual accounts of Tele2 Sverige Aktiebolag for the financial year 2020-01-01 - 2020-12-31.

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 Aktiebolag as of 31 December 2020 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 Responsibilitie*s section. We are independent of Tele2 Sverige Aktiebolag 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 Aktiebolag for the financial year 2020-01-01 - 2020-12-31 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.

A separate list of loans and collateral has been prepared in accordance with the provisions of the Companies Act.

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 Aktiebolag 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 2021-06-29

Deloitte AB

Signature on Swedish original

Didrik Roos
Authorized Public Accountant