COM HEM

ANNUAL REPORT 2016

CONTENTS

COM HEM'S HISTORY

1983

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

1992

Svenska Kabel-TV
The television division established as a separate subsidiary of Telia Company.

1997

Digital TV
Svenska Kabel-TV AB launched digital TV.

1999

Com Hem
Broadband services launched. Renamed Com Hem in 1999.

2003

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

2004

Fixed-telephony
Fixed-telephony service launched.

2006

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

2011

BC Partners acquires Com Hem

2013

B2B services launched
Broadband and fixed-telephony services to Single office/Home office business customers are launched.

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

Broadband speed upgraded to 500 Mbit/s
Com Hem delivers 500 Mbit/s broadband services to customers within its fibrecoax network.

2014

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

Listing on Nasdaq Stockholm
Com Hem's shares are listed on Nasdaq Stockholm, Large Cap, in June.

2015

Com Hem Play launched
Com Hem's new app-based digital TV service Com Hem Play commercially launched.

2016

SDU expansion and Boxer acqusition
Com Hem expands beyond the MDU footprint into the SDU market. The SDU expansion programme is boosted by the acquisition of Boxer TV-Access AB.

The Annual Report for the Group and the Parent Company, Com Hem Holding AB, has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish original and the translation, the former will take precedence.

THE YEAR IN BRIEF

Q1

- The Bredbandskollen report showed that Com Hem fibrecoax infrastructure deliver the fastest download speed in 2015, beating all other infrastructures in Sweden
- Increased customer satisfaction and product development made it possible to implement price adjustments with limited effect on the consumer churn
- Following successful SDU trials, Com Hem made its first deliveries in the SDU market

Q2

- Rebranding campaign was launched to position the company as a premium brand
- Com Hem enters the SDU market, adding a new growth driver. To boost this expansion an agreement to acquire Boxer was signed
- The share repurchase programme was approved at the AGM and a dividend of SEK 1.50 per share was paid

Q3

- Best quarterly financial result in company history, following record high consumer ARPU of 371 SEK, and record low consumer churn of 12.7%
- The acquisition of Boxer was closed, adding 500,000 new customers within the SDU market
- The Board announced intention to propose an increase of the cash dividend from SEK 1.50 to SEK 4.00 per share

Q4

- The milestone of 700,000 broadband RGUs was passed
- Since launch of the SDU expansion almost 250,000 SDU households were added to the addressable footprint, leading to a total of almost 2.3 million households
- Integration of Boxer and Phonera are being executed in parallel to fully utilise synergies across the Group
- Refinancing of debt lowered the average blended interest rate of the Group's debt portfolio to approximately 2.5% in December at current market interest rates

KEY FINANCIAL HIGHLIGHTS

Revenue
SEK 5,665m (5,000), +13.3 percent

Underlying EBITDA
SEK 2,547m (2,346), +8.6 percent

Capital expenditure ("Capex")
SEK 893m (991), -9.9 percent

Operating free cash flow ("OFCF")
SEK 1,655m (1,355), +22.1 percent

Blended interest rate
2.9 percent (4.4 percent), -1.5 percentage points

Leverage
Net debt of 3.7x (3.8) Underlying EBITDA

Equity free cash flow
SEK 1,424m (948), +50.2 percent

Shareholder remuneration
SEK 1.2bn or 7.3 percent of market cap at year end

COM HEM

COM HEM IS NOW A TRUE NATIONAL OPERATOR

Increased profitability and pricing power on the back of improved customer satisfaction has allowed us to expand beyond the traditional footprint into the SDU market and successfully execute the acquisition of Boxer, turning Com Hem into a true national operator. The Boxer acquisition added almost half a million customers in the SDU market which helps us accelerate the expansion. In the Com Hem segment we delivered on our growth guidance for 2016 with mid-single digit growth in revenue and Underlying EBITDA, and capex well below the initial guidance.

The strong performance and stable growth of the MDU business has made it possible for us to not only deliver on our guidance in 2016 but also initiate expansion outside of Com Hem's traditional footprint and acquire Boxer; effectively adding two new growth drivers and extending our growth potential further into the future.

The Com Hem Group now has almost 1.5m unique customers in both the MDU and SDU markets through the Com Hem and Boxer brands and delivers services through four different infrastructures. The ability to sell our services across multiple infrastructures allows us to expand our reach and deliver the best possible experience to the customer while optimising profitability. Our two consumer brands, reported as separate segments of the Com Hem Group, provides us with a unique opportunity to be present in both the premium market, with the Com Hem brand, and the entry to mid-tier market with the Boxer brand.

Growing the MDU business more efficiently

Continued progress in customer satisfaction along with a successful rebranding campaign paved the way for strong operational performance in the Com Hem segment consumer business in 2016. During the year we increased the addressable footprint to over 2 million households, passed the milestone of 700,000 broadband RGUs, reached the lowest consumer churn in company history of 12.7% in Q3 and a record high ARPU of SEK 371 in both Q3 and Q4. In addition to increasing operational performance, we were also able to further improve operating free cash flow generation as we now run the MDU business in a more efficient way with capex guidance lowered by SEK 100m for 2017.

Getting traction in the SDU market

Com Hem entered the SDU market in 2016 with the goal of adding 800,000 households to the Com Hem segment's addressable footprint in coming years. The expansion got traction and we added close to 250,000 households by the end of the year. Given the good economics of the market and the positive momentum thus far, we have started trials to expand our own vertical network to SDUs at a small scale in addition to unbundling Skanova fibre and entering open networks. We are currently doing tests and hope to be able to launch phase II of the SDU programme and scale up new build during 2017.

The potential investment would be financed through debt. Given the high margins and initial connection fee revenue, this would not materially affect our leverage, making it a unique and timely opportunity to gain profitable growth with no change to shareholder remuneration.

The acquisition of Boxer

To boost the SDU expansion programme the Com Hem Group acquired Boxer in September, 2016. Boxer is the pay TV operator in the DTT network in Sweden with 495,000 subscribers predominantly in the SDU market. In addition to integrating Boxer into the Com Hem platform to utilise synergies and make the current business more profitable, we launched the Boxer fibre expansion in beginning of 2017.

Our goal is to connect as many Boxer customers as possible to available fibre networks in 2017. We see this as an excellent opportunity to increase profitability of the existing Boxer customer base as well as retaining customers that are being overbuilt by competitor fibre and potentially expand the customer base over time. Com Hem has first-hand experience of turning a well-known TV brand into a profitable broadband provider. With a strong brand and large customer base in the SDU market, we see great potential in Boxer to further capitalise on the SDU market outside of the Com Hem segment SDU expansion programme.

Dual brand strategy allows us to address two different market segments

To communicate the scale of the transformation that Com Hem has undergone over the past few years we repositioned Com Hem as a premium brand this year. We also continue to develop our products and improve the customer experience as part of our ongoing effort to improve customer satisfaction and gain further pricing power in the Com Hem segment. We have rolled out Com Hem Play as a core part of all of our DTV packages and added support for Chromecast. We introduced a new router that, according to independent testing, delivers up to four times higher WiFi speeds and is on average 57 percent faster than tested routers from our main competitors. We have also upgraded the minimum speed for most of our existing customer base to 100 mbit/s. Com Hem topped the Netflix Speed Index in every month in 2016, consistently led the Google video quality report and was recognised by Bredbandskollen as having Sweden's fastest average download speed in their annual survey, published in 2016.

For our Boxer brand, the well-received product strategy will remain the same with simple, flexible and competitively priced services aimed at a segment of the market that we have not been able to address through the Com Hem brand. In addition to the current DTT offering, Boxer will also sell broadband and IPTV as Boxer households get connected to fibre.

Strong cash flow generation increases scope for yield

Our strong cash flow allowed us to return SEK 1.2bn to shareholders through both buybacks and cash dividend during 2016 while remaining within our leverage target. Refinancing activities during the year resulted in an average blended interest rate for the Group's debt portfolio of 2.5% in December at current market rates, compared to an average of 4.4% in 2015. Combined with growth in Underlying EBITDA and lower capex, this results in strong cash flow generation and the potential to increase yield going forward. The Board of Directors are proposing an increase of the dividend from SEK 1.50 to SEK 4.00 per share at the AGM in March, to be paid out in two equal parts of SEK 2.00 on March 30 and September 29, 2017. Further, the Board has mandated buybacks of SEK 70m per month from first of February 2017 which, along with the proposed cash dividend of SEK 4.00 per share, would lead to total shareholder remuneration of over SEK 1.5bn, representing a total yield of 9.3% at January 30 close price.

Looking ahead

Thanks to the hard work and dedication of all Com Hem employees, we have made great progress toward our goals this year to further improve customer satisfaction by improving our products and services, the rebranding campaign, the SDU expansion programme and the acquisition of Boxer. 2017 will be a pivotal year for Com Hem as we fully enter the SDU market, launch another leg in the SDU growth story with the Boxer integration and fibre launch, and reorganise the B2B business. With the progress made in 2016 and the ambitions for 2017 we align the company to deliver steady growth and create return for our shareholders for many years to come.

Stockholm, February, 2017

Anders Nilsson, CEO

VALUE CREATION

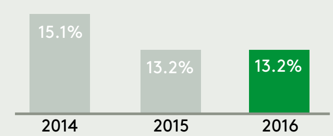
Our growth drivers explain how we create long-term value for our stakeholders. We do not expect all drivers to deliver substantial progression each quarter, but in the long run this is how we grow the company. During 2016 we have continued to execute on our plan and showed continued progress primarily within customer satisfaction, TV and broadband. During the year we launched the SDU expansion programme and acquired Boxer, adding our next two major growth drivers.

GROWTH DRIVERS

OUTCOME

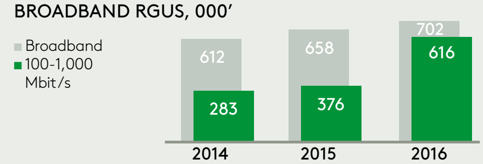
Customer satisfaction
Full year consumer churn remained flat Y-o-Y, with a record low churn of 12.7% in Q3.

CONSUMER CHURN, %



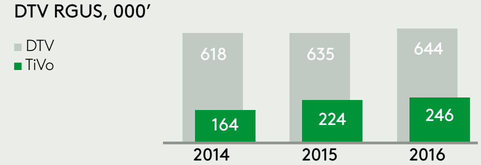
Leverage network and speed advantage
Broadband grew by another 44,000 net additions to a record high of 702,000 RGUs at year end.

BROADBAND RGUS, 000'



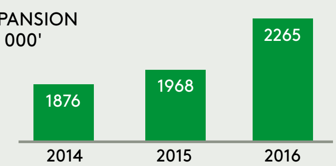
Drive DTV penetration with powerful DTV services
Digital TV grew to 644,000 RGUs, TiVo penetration reached 38.2% equivalent to 246,000 RGUs three years after launch.

DTV RGUS, 000'



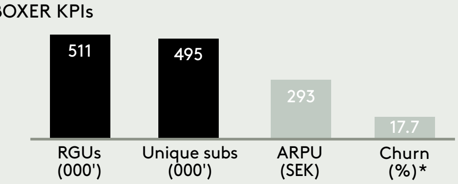
SDU expansion programme
Com Hem entered the SDU market in 2016 adding 250k SDU households to our footprint with the goal of adding a total of 800k addressable households in the next few years.

FOOTPRINT EXPANSION HOUSEHOLDS, 000'



Boxer
Boxer was acquired to further boost SDU expansion programme. Boxer will start offering broadband to existing customers, thereby reducing churn and increasing the number of RGUs and ARPU.

BOXER KPIs



* Boxer consumer churn as of Q4 2016

DRIVERS FOR SHAREHOLDER RETURN

FINANCIAL DRIVERS	OUTCOME 2016		UPDATED GUIDANCE FOR THE GROUP
Revenue growth	13.3% annual growth of which 4.4% was organic growth.	13.3%	We aim to deliver mid-single digit revenue growth for the Com Hem segment annually. Including Boxer for the full year, the Group expects a growth rate of 25-30% for 2017.
Stable Underlying EBITDA growth	8.6% annual Underlying EBITDA growth of which 5.3% was organic growth.	8.6%	We aim to deliver mid-single digit Underlying EBITDA growth for the Com Hem segment annually. In full year 2017, Boxer is expected to add ~SEK 300m of Underlying EBITDA to the Group. Thereafter we aim to deliver mid-single digit Underlying EBITDA growth for the entire Group annually.
Stable CAPEX levels	SEK 893m, 15.8% of revenue compared to SEK 991m, 19.8%, 2015.	15.8%	We expect Capex to be in the range of SEK 1-1.1bn annually including Boxer, i.e. for the Com Hem segment some SEK 100m lower than previous guidance. For 2017, we will also incur some SEK 50m in Capex for integration of Boxer.
Leverage target	3.7x Underlying EBITDA LTM at 31 December.	3.7x	We aim to maintain our leverage within the interval of 3.5-4.0x Underlying EBITDA LTM.

Improved scope for shareholder remuneration

During the year, Com Hem remunerated shareholders through a cash dividend and share repurchases totalling SEK 1.2bn, representing 7.3 percent of market capitalisation at December 31. The Board of Directors proposes to the AGM in March an increase of the cash dividend to SEK 4.00 per share (SEK 1.50 in 2016), and a renewed mandate to repurchase a maximum of 10% of the number of outstanding shares in the company.

BUSINESS OVERVIEW

We sell digital entertainment and communication services to about 1.5 million customers connected to our network through contracts with landlords, communication operators and home owners. During 2016 we entered the SDU market where we now expanded the addressable footprint by approximately 250,000 addressable households in the Com Hem segment. Combined with Boxer we effectively cover the entire SDU market via the digital terrestrial TV network.

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

COM HEM SEGMENT

CONSUMER

We sell broadband, TV & Play and fixed telephony to households within our footprint. By the end of 2016, we delivered 1.6 million RGUs to 945,000 customers.

59% Share of Group revenue*

BUSINESS TO BUSINESS

We have 58,000 business customers. 20,000 of these customers subscribe to our services via Com Hem's network.

4% Share of Group revenue*

NETWORK OPERATOR

Our consumer services require that we also have a contract with a landlord, home owner or a communication operator. We have contracts with over 20,000 separate landlords and 13 communication operators. Our own communication operator iTUX serves approximately 140,000 households.

11% Share of Group revenue*

BOXER SEGMENT

CONSUMER

We sell broadband, TV & Play and fixed telephony to households within our footprint. By the end of 2016, Boxer delivered 511,000 RGUs to 495,000 customers.

25% Share of Group revenue*

GOAL:

Our goal is to convert as many as possible – whether via the vertical or the open infrastructures – into subscribers of our digital services. At the end of 2016, we had ~1.5 million unique subscribers.

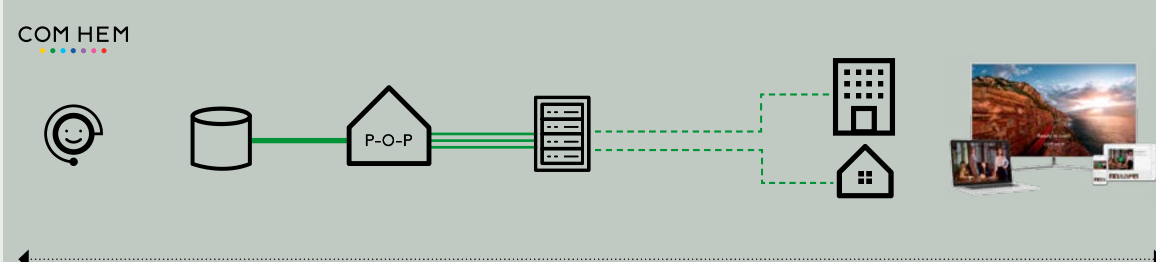
*Share of group revenue based on Q4 results when Boxer was consolidated into the Group.

OUR BUSINESS MODEL (1/2)

Once we have established a distribution and service relationship with the landlord, communication operator or home owner, individual subscribers (consumers or businesses) connected to our network have the ability to subscribe to our full range of digital-services. We deliver our services via four different distribution models; (I) Vertical Network, (II) Unbundle Fibre, (III) Open Networks and (IV) Digital Terrestrial TV Network (DTT Network).

SERVICE DELIVERY	CUSTOMER RELATIONS	SERVICE PLATFORMS & POSITIONING	BACKBONE TO CO-LOCATION	ACCESS NETWORK	IN-HOUSE NETWORK	END-CUSTOMER SERVICES

VERTICAL (COAX, FIBRE & LAN)

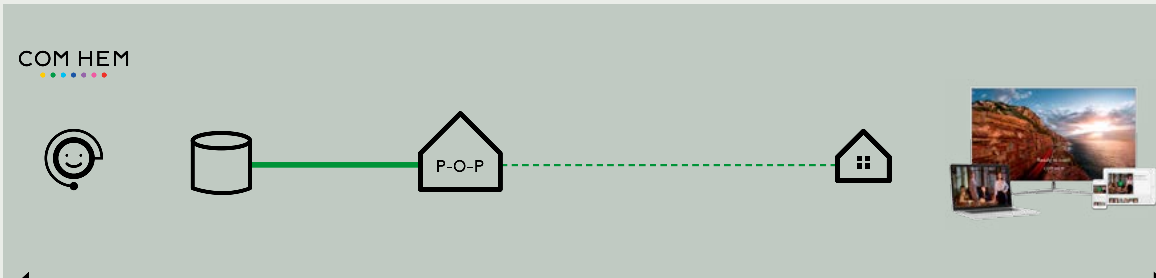


Com Hem acts as both service provider and operator – from delivering a wide range of services on a reliable end-to-end network to a fully integrated in-house customer service.

In a vertical infrastructure – whether coax, fibre or LAN – Com Hem takes full responsibility for the delivery of services and customer experience. The contracts with landlords enables us to offer customers and landlords a hassle free service, from service and installation to support. This typically includes a basic TV service bought by the landlord and included in the rent, and access to our Digital TV, broadband and telephony services. Our vertical agreements are exclusive for Com Hem to provide services over the chosen infrastructure and have an average contract length of 3 to 4 years.

SERVICE DELIVERY	CUSTOMER RELATIONS	SERVICE PLATFORMS & POSITIONING	BACKBONE TO POINT OF PRESENCE	ACCESS NETWORK (UNBUNDLED)	IN-HOUSE NETWORK	END-CUSTOMER SERVICES

UNBUNDLE FIBRE



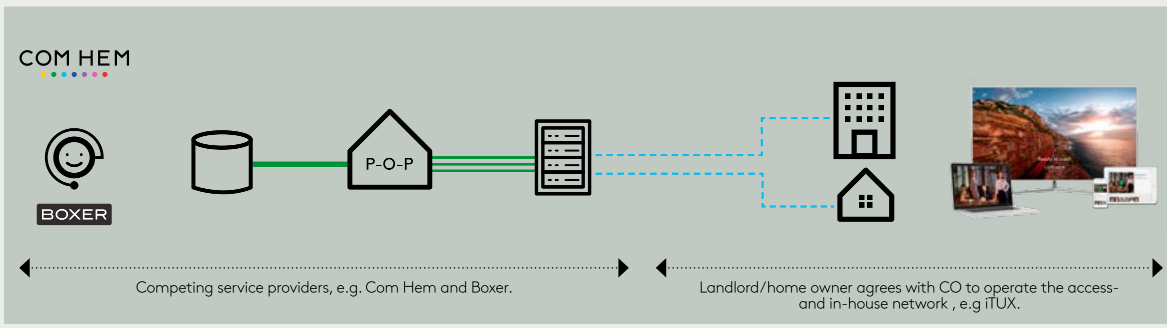
Com Hem controls the electronics and the end-to-end customer experience based on a regulated ratecard with Telia/Skanova

In a unbundle fibre infrastructure – Com Hem controls the electronics and the end-to-end customer experience, including delivery of end services. The access fibre from the local exchange is rented from Telia/Skanova. No basic TV service is included.

OUR BUSINESS MODEL (2/2)

SERVICE DELIVERY	CUSTOMER RELATIONS	SERVICE PLAT-FORMS & POSITIONING	BACKBONE TO CO-LOCATION	ACCESS NETWORK	IN-HOUSE NETWORK	END-CUSTOMER SERVICES

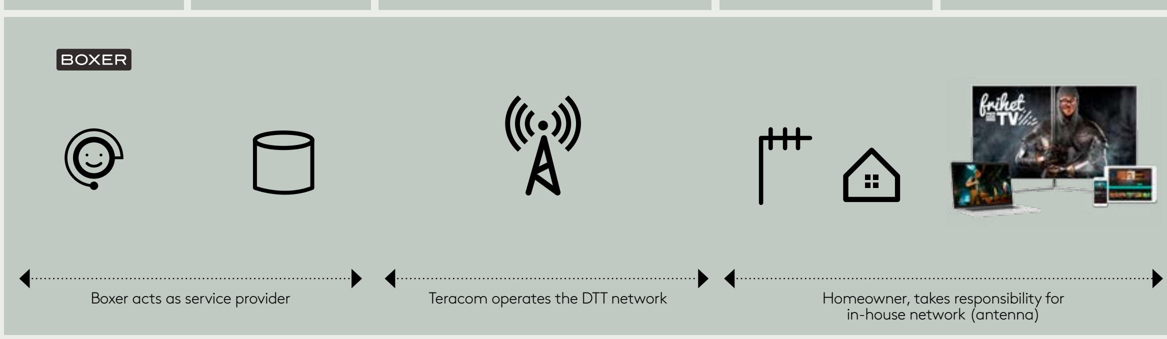
OPEN NETWORKS



In an Open LAN, a landlord or city network owns and builds the network. Typically, the network is operated by a separate Communication Operator ("CO") on behalf of the owner. Com Hem is through iTUX one of a number of Communication Operators in the market. The Communication Operator in turn enters into agreements with various service providers (including Com Hem, Boxer and other service providers) who can offer customers their services on a non-exclusive basis via the network. In an Open LAN, the responsibility for end-to-end services is divided between multiple parties.

SERVICE DELIVERY	CUSTOMER RELATIONS	SERVICE PLAT-FORMS & POSITIONING	ACCESS NETWORK (DIGITAL TERRESTIAL TV NETWORK)	IN-HOUSE NETWORK	END-CUSTOMER SERVICES

DTT NETWORK



In the Digital Terrestrial network Teracom operates and manages the network whereas Boxer is the pay-TV service provider. The TV-signals from the terrestrial network cover 99.8% of the Swedish households with a high reliability.

CONSUMER BUSINESS

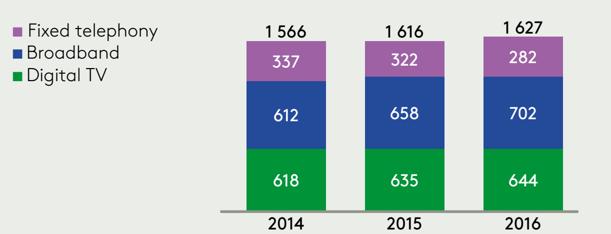
> Com Hem is in a great position with an established premium brand in the MDU market and a great opportunity to expand into the SDU market"

Consumer	2014	2015	2016
Unique subscribers end of period ("EoP") (000')	876	911	945
Net adds for the year (000')	*46.1*	*35.0*	*33.9*
Revenue (SEKm)	3,647	3,863	4,093
Average revenue per unit (SEK)	360	361	369

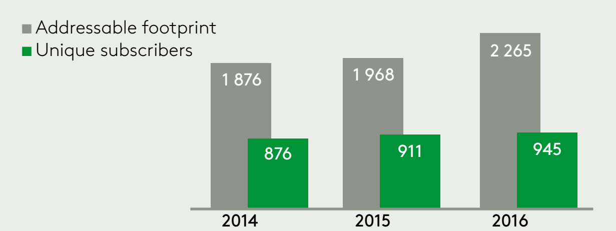
We have a strong and efficient MDU business
During 2016 our focus on having Sweden's most satisfied customers really started to pay off. We managed our multiple dwelling unit ("MDU") business to run at a sustainably lower spending level while delivering consistent growth in revenue, subscribers and average revenue per unit ("ARPU"), supported by a record low churn level in Q3.

We will continue to develop and deliver a powerful digital TV and broadband proposition and maintain our strategy to deliver growth by upselling digital TV and broadband customers, bundling digital TV and broadband to our single play base and upselling our Basic TV base.

RGU DEVELOPMENT 000'



FOOTPRINT DEVELOPMENT 000'



Now expanding into the SDU market
In addition to maintaining the performance of our existing business, we will now focus on expanding in the single dwelling unit ("SDU") market which is our next growth pillar. We expect to be able to reach additional 800,000 SDUs via fibre over the coming years. As of December 31, 2016, we added some 250,000 households in the SDU market since the launch of the expansion programme, making us confident that we can reach our goal.

OUR KEY GROWTH POTENTIAL

COM HEM

REMARKABLE CUSTOMER SATISFACTION JOURNEY

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

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

Today, all our employees are measured and incentivised against their NPS performance. The internal monitoring of NPS is showing great progress on all customer satisfaction measures.

Most significantly, there have been major reduction in consumer churn, primarily a reflection of our improved customer satisfaction – despite pricing activities conducted in 2014, 2015, and 2016.

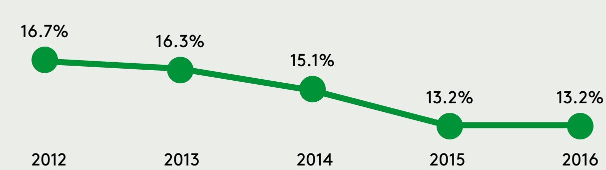
The key investment areas for the customer experience activities include;

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

WHAT IS NPS?

NPS or Net Promoter Score is a customer loyalty metric that Com Hem has used since 2013. It is based on responses to a single question: How likely is it that you would recommend our company/services to a friend or colleague?
Thereafter further questions are asked to get more insights around why and what needs to be improved to achieve higher scores.

CONSUMER CHURN
(%)



SUCCESSFUL REBRANDING

To better reflect the strengthened and rejuvenated Com Hem a new brand platform, logotype and marketing concept were launched in April, 2016. As a result we see our public image moving in a positive direction: onward toward a more modern company and upward toward higher quality. Our new look has helped us to communicate the scale of the transformation that Com Hem has undergone over the past few years to become a premium brand with leading products within DTV and broadband and excellent customer service.

COM HEM

HIGH QUALITY BROADBAND NETWORK

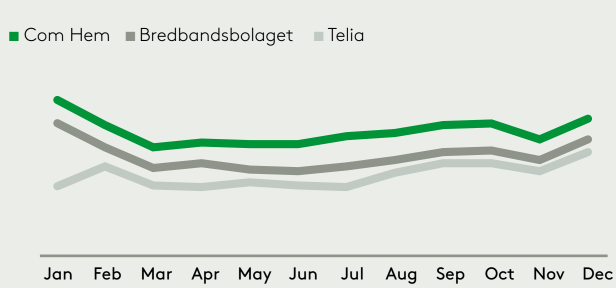
> To establish broadband leadership in the Swedish market has been a central pillar of the transformation of Com Hem"

Broadband	2014	2015	2016
RGUs EoP(000')	612	658	702
Net adds (000')	*53.5*	*46.7*	*43.9*
Revenue (SEKm)	1,461	1,666	1,862
Average revenue per unit (SEK)	210	219	229

We have invested heavily in our network capacity as we strive to deliver a market-leading performance in our customers' fixed and wireless broadband experience. As a result of these investments, 2016 has seen Com Hem deliver great results in several independent measures of performance. Com Hem topped the Netflix Speed Index in every month in 2016, consistently led the Google video quality report and was recognised by Bredbandskollen as having Sweden's fastest average download speed in their annual survey, published in 2016.

We have successfully grown our broadband subscriber base by 7 percent during 2016, while simultaneously driving up the speed and tier mix of our broadband customer base by 18 percent to an average of 136 Mbit/s in Q4 2016. Com Hem ended the year by launching its latest router which enables us to offer customers the fastest WiFi speeds and the best WiFi range in Sweden, compared to our main competitors, as confirmed by Excentis, who are a leading independent European test company.

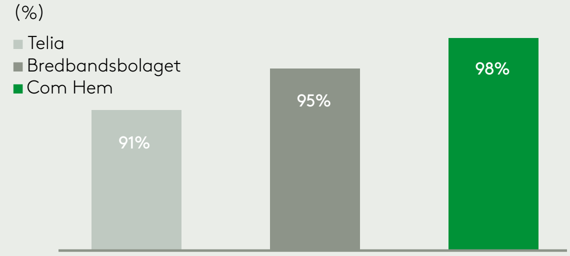
NETFLIX ISP SPEED INDEX



Com Hem has led the Netflix ISP Speed Index against key competitors since 2014 and against all competitors for 20 consecutive months.

GOOGLE VIDEO QUALITY REPORT (DECEMBER 2016)

(%)



Google's video report on Sweden gave Com Hem the highest performance rating with 98% of streams delivered in HD between 8-9 pm.

Our success in broadband delivery comes from a major capacity upgrade program, quality improvements and a major underlying technology transformation. During 2016 we have upgraded capacity for almost 0.5 million households. We are equally focused on the quality of in-home connectivity, primarily WiFi, as on the quality of the access network. During 2016 we have focused on product development and innovation, enabling continuous improvements to the quality and reach of the wireless connectivity that will provide our customers with a market leading broadband experience.

OUR BROADBAND UPGRADE PROGRAM

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

COM HEM

SWEDEN'S WIDEST RANGE OF TV & PLAY

> Com Hem Play is now included in all subscriptions!"

Throughout the year Com Hem has invested in its TV platform to further improve the TV experience, both in and out of the home, enabling us to bring customers the widest range of TV channels and Play services wherever they are in Sweden.

In Q4, Com Hem Play was extended from a TiVo-exclusive feature to being included in all frontbook TV packages and the majority of legacy TV packages, giving access to our on demand services to non-TiVo customers for the first time. In total we have given 0.3 million more DTV customers access to the service by the end of the year.

Com Hem Play is now also compatible with AirPlay and Chromecast making it even easier to unleash the power of our content on screens anywhere.

Our flagship TiVo PVR continues to attract new subscribers with penetration now 38% of the DTV customer base. Not only is it a driver of DTV subscriber growth but it is also a key driver of satisfaction as TiVo customers have a higher NPS score and lower churn than other customers. We have continued investing in new content with new additions including on-demand content from National Geographic and Turner as well as additional sport channels.

Digital TV	2014	2015	2016
RGUs EoP(000')	618	635	644
Net adds (000')	*21.1*	*17.7*	*8.2*
Revenue (SEKm)	1,737	1,785	1,855
Average revenue per unit (SEK)	242	238	243

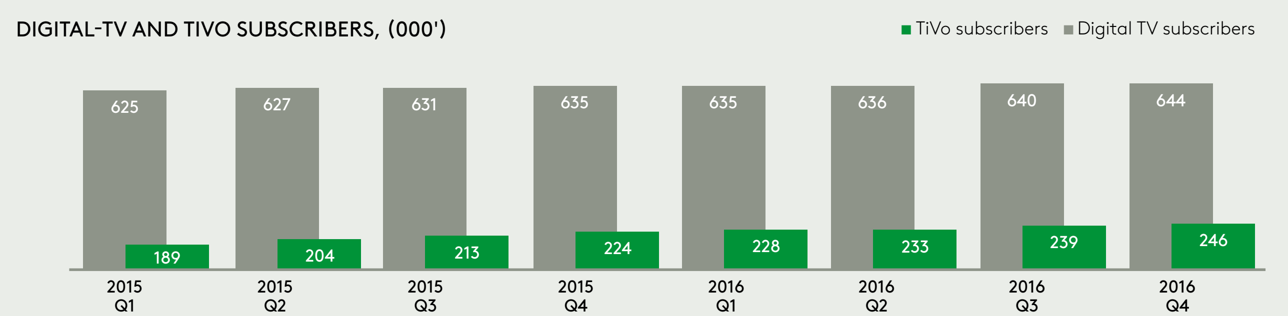
With Com Hem Play customers can;

- View the widest range of TV channels and Play services, anytime, anywhere
- Watch on the go on Android and iOS devices
- Stream to their TV with Chromecast or AirPlay
- Remotely access the TiVo box

38%

Since launch in October 2013, TiVo has grown to reach 38 percent of the DTV subscriber base

DIGITAL-TV AND TIVO SUBSCRIBERS, (000')



COM HEM

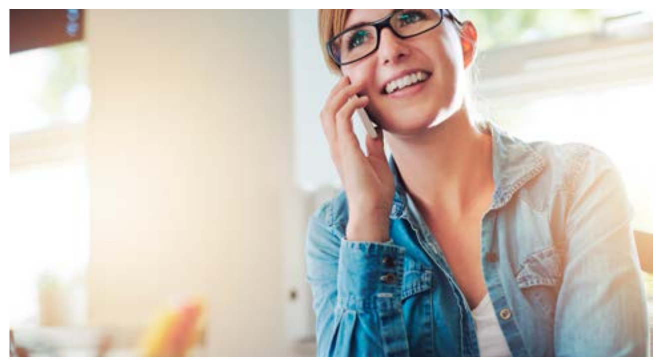
POTENTIAL TO GROW ONNET WITH A STRONG OFFERING

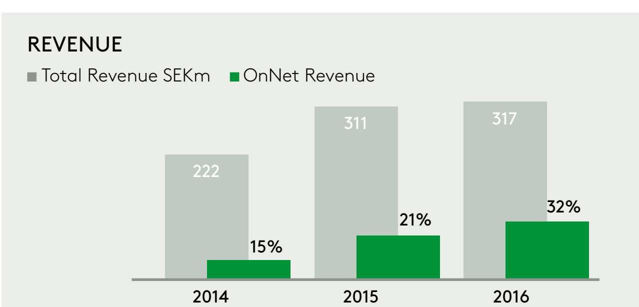
"Within B2B the focus continues to be on the transformation from an OffNet legacy fixed telco business to a high margin OnNet business"

B2B	2014	2015	2016
Unique subsrcribers EoP (000')	60	62	58
– of OnNet EoP (000')	*8*	*16*	*20*
Revenue (SEKm)	222	311	317
– of OnNet EoP (SEKm)	*24*	*66*	*102*
Average revenue per unit (SEK)	428	426	439

B2B

At the end of 2016, we delivered our B2B broadband and telephony services to roughly 58,000 unique business customers. Over a third or 20,000 of these are buying our OnNet services, which are services delivered over our own network. The remaining customers purchase our OffNet services primarily purchased from other network operators and sold under the trademark of Phonera. Phonera is a B2B company that Com Hem acquired in 2014 and has used as base for expanding our full service B2B offering to small and medium size enterprises.





Integration of the B2B business

- Increased focus on the high-margin OnNet business and reduced cost of servicing the legacy OffNet business
- Most functions are moved to shared functions in order to fully utilise synergies across the Group
- The process will run through the first half of 2017 and increase Underlying EBITDA and operating free cash flow due to lower operational costs and less investment needs going forward

ONNET

These are customers which are connected to our network. This group of companies represents an important potential for us as only marginal additional investments are required to connect these customers.

OFFNET

These are customers outside our network, where we act as a virtual operator reselling broadband and telephony services.

COM HEM

NETWORK OPERATOR

> During 2016 we expanded our footprint by 15% and successfully entered the SDU market where we added 250,000 addressable households"

Network Operator	2014	2015	2016
Addressable footprint (000')	1,876	1,968	2,265
-Of which vertical (millions)	*1.7*	*1.7*	*1.8*
Revenue (SEKm)	849	786	777

Our MDU footprint

In our vertical footprint we have contracts with the landlords to provide a basic TV service to all households in a MDU which then allows us to sell additional services directly to the consumer. In the Open LAN footprint we access the households through an agreement with the Communication Operator (in some cases iTUX) who runs the network and has a contract with the landlord and network owner.

We currently have contracts with more than 20,000 landlords in Sweden. Com Hem has a leading position in the MDU segment across all major cities in Sweden. As a full service provider, we offer landlords and tenants hassle-free services, including installation, service and support, and for the fibrecoax households, we typically offer the tenants a basic TV service of 8-17 channels. The fee for the basic TV packages is generally included in the rent and therefore often perceived as free by the tenants.

There are three main categories of landlords;

1. **Tenant associations:** Tenants owning a share in the tenant associations making decisions by votes (~50% of landlords)
2. **Public:** Municipalities and social housing with politically appointed boards (~25%)
3. **Private:** Large commercial and small private landlords (~25%)

Our SDU footprint

Households in our single-dwelling unit ("SDU") footprint are split between unbundled fibre (Skanova) and Open LANs. In households connected through Skanova's network we have a contract with the consumer and rent the access from Skanova. In the Open LAN footprint we access the households through an agreement with the Communication Operator, similar to the MDU business. In addition, we have started trials to expand our own vertical network into the SDU market, by building fibre access to SDUs.

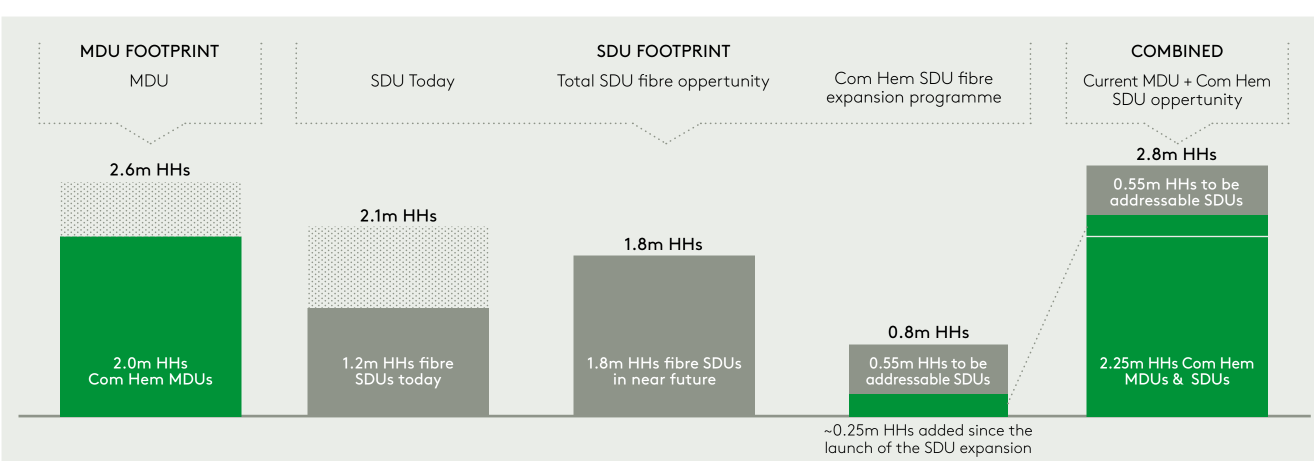
iTUX our communication operator

iTUX is the Group's communication operator, and services some 140,000 households. Customers connected to the networks operated by iTUX can choose from several different service providers, including Com Hem and Boxer. iTUX operates in both the MDU and SDU markets.

RECLASSIFICATION OF REVENUE

From Q1 2016, revenue reported as "Network operator revenue" includes "Landlord revenue", income from the Group's communication operator business (iTUX), and revenue associated with connection fees from SDU households.

TOTAL SWEDISH MARKET - ADDRESSABLE FOOTPRINT



BOXER

> Focus now is to transform Boxer from TV-centric to Broadband-led”

Boxer	2016*
Unique subscribers EoP(000')	495
Net adds for the year (000')	*n/a*
Revenue (SEKm)	446
Average revenue per unit (SEK)	293

Boxer is the pay TV operator in the DTT network in Sweden with 495,000 subscribers in the SDU market. Boxer was a pioneer within digital TV in Sweden and is today a well-known consumer brand with focus on freedom: the most popular basic linear TV-channels in an easy way, everywhere.

During January 2017 Boxer launched its own fibre products in order to respond to the market demand for fibre, both from existing Boxer customers and from non-Boxer customers. The initiative, which is expected to increase ARPU as well as the number of RGUs while reducing churn, is the first step in moving Boxer from a TV-centric to Broadband led brand.

Boxer acquired to boost the Com Hem SDU expansion
The Com Hem SDU expansion programme will enable Boxer to sell market leading bundled broadband- and digital TV-services to its customer base. The acquisition of Boxer represents a highly attractive opportunity for the Com Hem Group to accelerate its reach in the SDU market.

The Boxer business has two main cost items; content costs that are variable and depending on the number of subscribers and mix, similar to the Com Hem business, and DTT distribution cost. As part of the negotiation at the acquisition in September 2016, the distribution costs will be reduced over the coming ten years.

CURRENT BOXER – FREEDOM WITH TV

- Flexibility: choose your favorite channels with the Flex-packages
- Any screen: Boxer Play included at no extra cost
- Anywhere: get Boxer TV via DTT, via fibre and online
- Easy to buy: no start fees and optional binding periods

FUTURE BOXER – FREEDOM WITH FIBRE

- The primary focus is to address existing Boxer households with a broadband offering, thereby reducing churn, increasing number of RGUs per customer and increasing ARPU
- Boxer’s fiber offering will also be available to non-Boxer customers
- The communication concept, which includes a new look and feel, leverages on Boxers existing position and heritage with the animated figure Robert as a spokes person whilst also modernising the company
- As part of the launch, Boxer is pursuing an accelerated net expansion via the open networks in order to increase the addressable footprint

*Numbers for Boxer from Q4 2016 when Boxer was consolidated into the Group

MARKET WITH ROOM FOR CONTINUED GROWTH

Com Hem operates in Sweden, which as of June 2016 had approximately 4.7 million dwellings according to Swedish Post and Telecom Authority ("PTS").

Out of the 4.7 million dwellings, 2.6 million are multiple dwelling units ("MDU") and 2.1 million are single dwelling units ("SDU"). Com Hem has about 2 million addressable households in the MDU market and aims to add 800,000 addressable SDU households over the coming years as many of them will get upgraded from DSL to fibre. In addition, the Group will connect SDU households to fibre via Boxer.

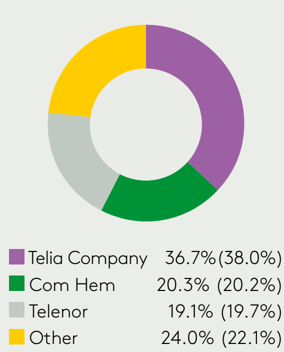
Our markets consist of broadband, TV, and fixed telephony services for consumers as well as broadband and telephony services for small and medium sized companies. The Swedish market for the services we provide can be split into fixed accesses via coax, fibre and copper, satellite & terrestrial as well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

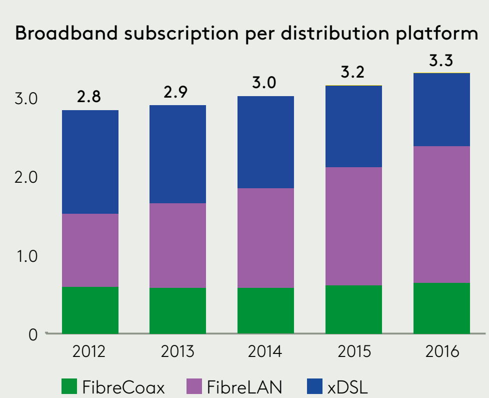
TECHNICAL PLATFORMS IN THE MARKET

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

THE BROADBAND MARKET

The fixed broadband market has grown steadily over the past couple of years. In June 2016 there were 3.3 million fixed broadband subscribers in the Swedish market, corresponding to an annual growth of 4.9 percent. Com Hem's market share was 20.3 percent by the end of June 2016 which was an increase of 0.1 percentage points since June 2015.

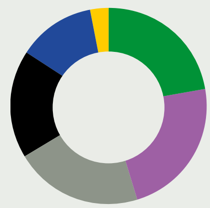




COM HEM

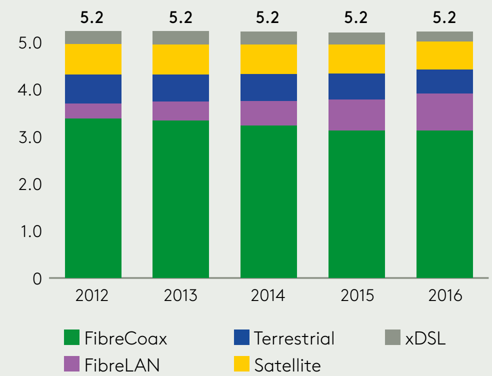
THE TV MARKET

In June 2016 there were 5.2 million TV subscriptions in Sweden (digital and analogue). The market for digital TV has been stable in recent years, but did in H1 2016 resume growth of approximately 1.5 percent year-on-year. The growth comes from an increased demand for IPTV. In June 2016, Com Hem had a market share of 22.4 percent, which was unchanged from the previous year, while Boxer's market share declined to 17.8% from 19.5%.



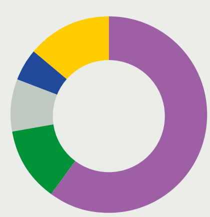
Telia Company	23.0% (22.1%)
Com Hem	22.4% (22.4%)
Telenor/Canal Digital	21.1% (20.8%)
Boxer	17.8% (19.5%)
Viasat	12.6% (12.5%)
Other	3.1% (2.7%)

Television subscription per distribution platform



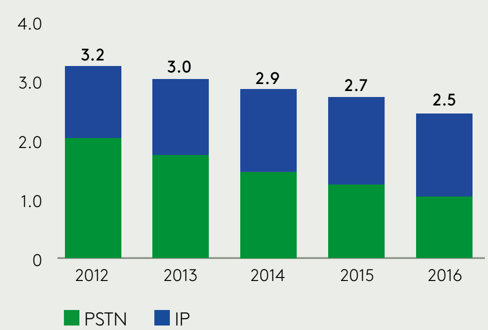
THE TELEPHONY MARKET

The market for fixed telephony has declined over the past years. In June 2016, there were 2.5 million fixed telephony subscriptions in Swedish households, a decline of 255,000 subscriptions or 9.4 percent compared to the previous year. The decrease was mainly due to a decline of 204,000 (16.4 percent) PSTN subscriptions, but also a decline in the previously growing IP telephony. The latter declined by 51,000 subscriptions or 3.5 percent from June 2015. Com Hem's market share remained stable at 12.3 percent as of June 2016.



Telia Company	60.2% (59.2%)
Com Hem	12.3% (12.3%)
Telenor	8.6% (9.1%)
Tele2	5.2% (5.8%)
Other	13.8% (13.6%)

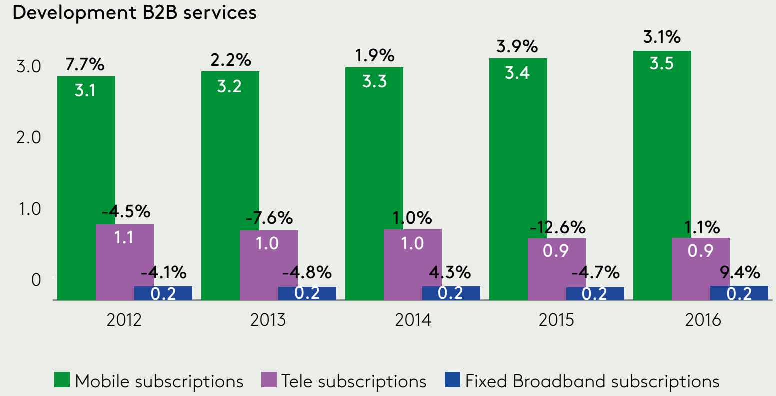
Telephony subscription per distribution platform



THE B2B MARKET

The demand for mobile services has continued to increase in the Swedish B2B market. The unique number of mobile subscriptions grew by 3.1 percent in 2016 to a total of 3.5 million subscriptions.
The market for fixed telephony has seen a declining trend over the past years. In June 2016, the total number of subscriptions was 877,000, which is an increase of 1.1 percent year-over-year. Demand for fixed broadband increased by 9.4 percent in 2016. In June 2016 the number of subscriptions amounted to 199,000.

Development B2B services



COM HEM

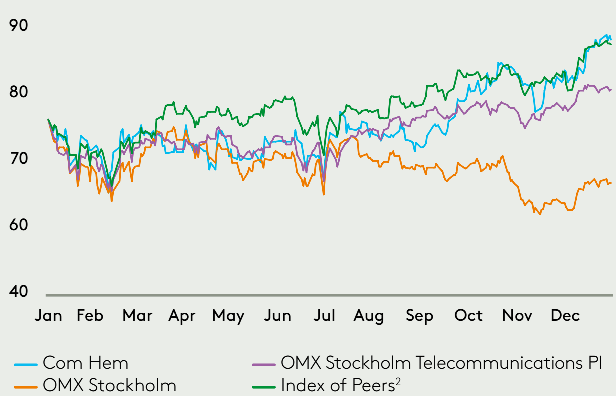
SHAREHOLDER INFORMATION

The Com Hem share is since June 17, 2014 listed on Nasdaq Stockholm, Large Cap. In 2016, the Com Hem share rose by 13.2 percent and thereby outperformed the OMX Stockholm Telecommunications PI as well as the OMX Stockholm PI.

Share Performance

The Com Hem share rose by 13.2 percent during 2016, from SEK 76.80 to SEK 86.90, and thereby outperformed the OMX Stockholm PI (positive 5.8 percent), the OMX Stockholm Telecommunications PI (negative 12.3 percent) as well as Com Hem's peer group[2)] which showed an average increase of 12.7 percent. The highest price paid in 2016 was SEK 88.85 on December 30, and the lowest price paid was SEK 60.00 on February 9. The average share price was SEK 75.16. Total shareholder return ("TSR", measured as change in share price adjusted for dividends) has been 54.1 percent since the IPO on June 17, 2014 (introduction price of SEK 58). For 2016, the Com Hem share delivered a TSR of 15.1 percent.

SHARE PRICE, SECTOR INDEX AND OMX (SEK)



Turnover and trading[1)]

In 2016, a total of 66.7 million Com Hem shares were traded on Nasdaq Stockholm for a value of approximately SEK 5bn and the share turnover was 35 percent. An average of 263,780 Com Hem shares were traded per trading day, representing a value of approximately SEK 19.8m.

[1)] Source: Nasdaq Stockholm
[2)] Telia Company, Tele2, MTG, TDC, Telenet, Altice, Charter Communications, Liberty Global and Comcast

Share capital

In accordance with the resolution at the Annual General Meeting held on May 19, 2016, Com Hem has on two occasions in 2016 reduced the share capital by way of cancelling a total of 17,692,736 treasury shares. After the cancellations the number of registered shares and votes in Com Hem amounted to 188,950,640, the same as at year end. Each share had a quota value of approximately SEK 1.11 and the share capital amounted to SEK 208,998,231. Com Hem's share capital comprises of one single class of shares where each share has the same voting power and grants the same entitlement to dividends. For further information regarding the share capital see note 19.

Share repurchases

In accordance with the mandate given at the Annual General Meeting held on May 19, 2016, the Board of Directors has on several occasions during the year resolved to repurchase shares in accordance with the Market Abuse Regulation (EU) No 596/2014 ("MAR") and the Commission Delegated Regulation (EU) 2016/1052 (the "Safe Harbour Regulation"). The share repurchases were carried out by credit institutions that made its trading decisions regarding Com Hem's shares independently and without the influence of Com Hem with regard to the timing of the repurchase. The Board of Directors has also resolved on the possibility, up until the next Annual General Meeting, to make repurchases through block trades that will not be made in accordance with MAR or the Safe Harbour Regulation. During 2016, 11,788,068 shares were repurchased representing 6.2 percent of the number of registered shares at year end 2016 for a total of SEK 888m, of which block trades comprised SEK 14m corresponding to 200,000 shares.

Change in number of shares in 2016	No. of shares	Average price per share SEK	SEKm	No. of registered shares
Total number of shares held by Com Hem, December 31, 2015	9 645 123	-	-	206 643 376
Cancellation of shares, June 9	-13 769 357	-	-	192 874 019
Cancellation of shares, November 30	-3 923 379	-	-	188 950 640
Share repurchases Q1	3 493 774	73,16	256	188 950 640
Share repurchases Q2	1 347 273	71,11	96	188 950 640
Share repurchases Q3	3 880 079	73,98	287	188 950 640
Share repurchases Q4	3 066 942	81,51	250	188 950 640
Total number of shares held by Com Hem, December 31, 2016	**-3 740 455**			**188 950 640**
Total number of outstanding shares, December 31, 2016	**185 210 185**			

COM HEM

THE SHARE IN BRIEF

Market place: Nasdaq Stockholm
Ticker symbol: COMH
ISIN code: SE0005999778
Sector: Telecommunications
ICB code: 6500
Number of shares: 185,210,185 (excluding 3,740,455 shares held in treasury)
Market capitalisation December 31: SEK 16.1bn

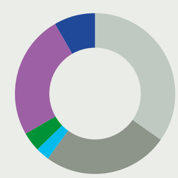
BROKERS COVERING COM HEM

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

Shareholders[3]

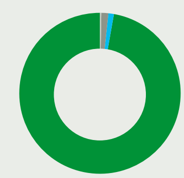
At December 31, 2016, Com Hem had 1,407 shareholders. The largest shareholder NorCell S.à.r.l., indirectly controlled by funds advised by BC Partners LLP, controlled 31.8 percent of the outstanding shares and votes (excluding Com Hem's holding of treasury shares). The 10 largest single shareholders represented 59.6 percent of the share capital. Foreign investors held 97.3 percent of the shares (adjusted for Com Hem´s holding of treasury shares). Please refer to note 31 for details of changes related to the sell down by NorCell S.à.r.l. in February 2017.

OWNERSHIP BY COUNTRY[4]



Luxembourg	34.8%
United States	25.3%
Sweden	2.7%
France	4.0%
United Kingdom	25.0%
Others	8.2%

OWNERSHIP BY CATEGORY[4]



Swedish private persons	0.3%
Swedish institutions	1.6%
Swedish mutual funds	0.9%
Foreign shareholders	97.3%

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

At December 31, 2016	Share capital/votes, %
NorCell S.à.r.l.	31.8
MFS Investment Management	10.4
Adelphi Capital LLP	5.7
DJE Investment	2.2
Putnam	2.2
Henderson Global Investors	1.6
Vanguard	1.6
La Financière de l'Echiquier	1.5
T. Rowe Price	1.5
Norges Bank	1.1
Total	**59.6**

DISTRIBUTION OF COM HEM SHARES[4]

At December 31, 2016	Holders, %	Number of shares	Holding/votes
1–500	70.4	128,575	0.1
501–1,000	6.2	74,388	0.0
1,001–5,000	7.0	225,901	0.1
5,001–50,000	6.6	1,815,923	1.0
50,001–100,000	2.1	2,167,370	1.2
100,001–500,000	3.7	13,589,523	7.3
500,001–1,000,000	1.6	15,201,754	8.2
1,000,001–5,000,000	2.0	56,176,529	30.3
5,000,001–	0.4	95,830,222	51.7
Total	**100.0**	**185,210,185**	**100.0**

Shareholder remuneration in 2016

During the period, shareholders were remunerated by a total of SEK 1,178m in the form of ordinary cash dividend (SEK 289m) and share repurchases (SEK 888m), representing 7.3 percent of the market capitalisation at year-end.

Proposal to the 2017 AGM

The Board of Directors proposes to the AGM in March 2017 a cash dividend of SEK 4.00 per share to be paid out to shareholders on two occations in 2017, and a renewed mandate to repurchase up to 10 percent of the number of outstanding shares.

[3] Source: Holdings/Euroclear as per December 31, 2016
[4] Com Hem's holding of treasury shares have been excluded
[5] Holdings with depositories are excluded from the list

COM HEM

UNLEASH THE POWER! COM HEM'S EFFORT TO STRENGTHEN THE DIGITAL WELLBEING

The wave of digitalisation that is now sweeping over all of us will gradually cause fundamental change to society – everything from consumption and travel to how we shape our political opinions and relate to the world around us. About half of all Swedish households are now able to connect to Com Hem's network, making us a significant driver of digital Sweden.

We exist in order to unleash the power of our infrastructure, products and services to improve everyday life and give more people and small businesses access to powerful digital services. This comes with a great responsibility to ensure that digitalisation in Sweden is done in a sustainable way from a social, political, and environmental perspective. Sweden's continued position on the cutting edge of technology is important for economic growth as well as the environment.

Com Hem's sustainability efforts are based on two focus areas – **democracy** and **safety**. It is in these areas that we see the biggest challenges. When it comes to democracy, the focus is on avoiding digital class divides in society. It is important that as many people as possible get access to new tools under the right conditions while obtaining the knowledge needed to be able to use these tools in a proper way. As for safety, a major hurdle toward positive digital development is the issue that people often do not feel safe online. This relates to everything from identity theft to internet bullying. Com Hem has a responsibility to ensure that people can feel safe in a digital environment and we strive to strengthen the digital quality of life in all of Sweden. Part of this work is about increasing knowledge and proper usage of digital services so that we, our customers, and other affected parties can better face challenges related to digitalisation, such as integrity, information security, and other forms of exposure on the internet.

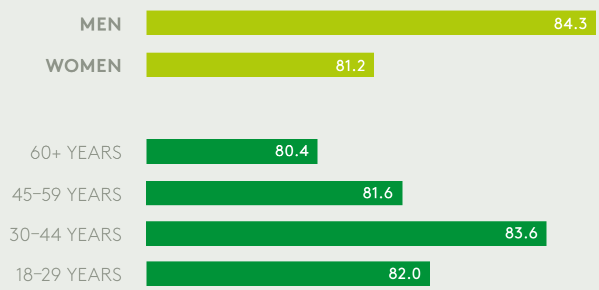
Com Hem's index for digital wellbeing

Com Hem has together with TNS Sifo developed an index for digital wellbeing (scale 0-100) based on three pillars; access to internet, knowledge about and safety on internet and attitude towards internet's role in development of society.

COM HEM'S INDEX FOR DIGITAL WELLBEING IS BASED ON THREE ASPECTS

Through increased understanding of the digital wellbeing of Sweden, we and other interested parties in society can better deal with the pit falls that prevent Sweden as a society from fully utilising the opportunities that come with digitalisation. Thanks to our large customer base and number of connected households all over the country, we have unique insights into Sweden's digital wellbeing. It is important that we share these insights. That is why we launched Com Hem-kollen, a report that measures and describes the digital wellbeing in Sweden. The insights are presented in Com Hem's index for digital wellbeing which tracks access, knowledge, and attitude toward the internet. With Com Hem-kollen we aim

RESULTS COM HEM'S INDEX FOR DIGITAL WELLBEING



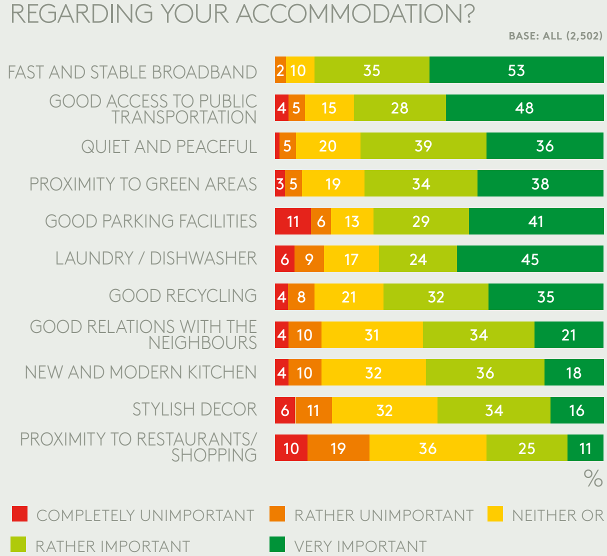
82.3 Sweden is one of the most digitally developed countries in the world.

to initiate a discussion with the telecom industry, politicians, and interest groups so that together we can contribute to the best digital development possible.

The result of the 2016 index was 82.3 out of 100. This is a high score, which is positive and in-line with Sweden being one of the most digitally developed countries in the world. Since this is the first year of the index, we cannot compare the result to previous years. We intend to track this index annually going forward.

One interesting conclusion from Com Hem-kollen is that a fast and reliable broadband is the most important factor when choosing a new home – even more important than proximity to parks and transportation. The results are relatively similar across demographics, but we notice that women and people over the age of 60 have a slightly lower score than others. In regard to security and safety, we see that parents of teenagers score lower, indicating they feel less safe on the internet compared to other demographics.

HOW IMPORTANT ARE THE FOLLOWING THINGS REGARDING YOUR ACCOMMODATION?



The fight against digital class divides

Digitalisation affects basically every aspect of society. It creates economic growth and opens up new opportunities for individuals and society as a whole. As an increasing number of services in society become digital and replace services that used to be physically accessible, everyone needs to be given the opportunity to get connected. Otherwise, parts of the population are at risk of becoming digital outsiders. However, securing access to the internet is not the only important factor. We also need to make sure that people have the right knowledge and awareness to be able to use the Internet and digital services in a proper way. Unfortunately, we also see that in some groups there is a widespread lack of knowledge and concern about increasing digitalisation and Internet use. That is why we engage in efforts to combat digital class divides by providing large parts of Sweden with a fast and stable broadband and actively collaborating with organisations that seek to increasing digital literacy. Active participation in the debate on digitalisation in Sweden is also an important part of our work.

Of course, our biggest impact on the digital society is our ability to give people access to the best digital services in the market by investing in infrastructure and services. In recent years we have invested billions in our infrastructure to increase access, speed, and stability. Through Bredbandsskolan at comhem.se we help our customers use our services as efficiently as possible.

The pursuit of a safe and secure Internet

Internet access among Swedes in recent years has been stable at just over 90 percent, and 82 percent use the Internet daily. A high degree of Internet usage comes with challenges. In particular, children and young people's vulnerability on the Internet is a problem that is likely to increase with further digitalisation. Com Hem realises that we cannot solve these problems on our own. That is why Com Hem has partnered with Surfa Lugnt where we work with other companies in our sector, NGOs, and government bodies. Com Hem shares Surfa Lugnt's vision to make the most of all of the positive aspects of young people's internet usage while providing adults with the knowledge and inspiration needed to be able to talk to their children about their lives on the Internet. As part of this partnership, during 2016, Com Hem has started volunteer classes for personnel, and will in 2017 go into schools to inform students as well as parents and teachers about how young people can stay safe on the Internet.

The product Trygg Surf offers our customers comprehensive protection for all devices used in a family, including computers, mobile phones, and tablets.

Information security is central to our operations, and beyond the laws, we also adhere to the ethical standards of our industry. During 2016 we experienced five minor incidents concerning breaches of customer privacy. All incidents have been handled and are closed. Our privacy and customer policies describe how we process customer data with the goal of being as informative and intuitive as possible. A natural part of our ongoing efforts to ensure compliance with information security requirements is our risk management work. This work proceeds from our Information Security Management System (ISMS), based on the ISO 27001 standard. The system is a framework of policies, procedures, and activities for systematically analysing, designing, and improving information security practices in our operations over time. Com Hem also has a personal data representative who reviews and ensures that we abide by all laws, regulations, and internal policies in this area. Com Hem is a member of IT&Telekomföretagen, SIG Security and MSB – Swedish Civil Contingencies Agency, and is actively driving various integrity and information security issues in order to strengthen trust in the market.

Joint initiatives and collaborations

In spite of the numerous career options and good salaries in the IT industry, it is challenging to attract young people toward IT-related university programmes. The largest challenge is to get young women interested and our goal is to increase gender equality within the IT sector. That is why Com Hem sponsors IT&Telekomföretagen's Next up project with the goal of educating and inspiring people to work within the IT and telecom sector. Com Hem also cooperates with Tekniksprånget, whose goal is to inspire young people to seek higher technical education by providing a clearer vision of what awaits after graduation.

In 2016, iTux (Com Hem's communications operator) started a partnership with a programme called Relationsförvaltning, through Stena Fastigheter, which aims to provide employment and education for unemployed people between 18-25 years of age with an interest in IT and communication.

EXAMPLES OF COM HEM'S PARTNERSHIPS

- El-Kretsen
- IT&Telekomföretagen
- Kontakta
- Kuusakoski
- MSB – Swedish Civil Contingencies Agency
- Next Up
- Relationsförvaltningen
- SIG Security
- Surfa Lugnt
- Tekniksprånget
- The Swedish Broadband Forum
- The Swedish Telecom Advisors
- Womentor

Com Hem is playing an active role in the Yalla Rinkeby project, which was started by Byggvesta, a property-owning customer of Com Hem. The project is run by the Blå Vägen organisation, which works supporting and helping the unemployed, newly arrived migrants and people on long-term sick leave to find employment. A meeting place will open in 2017 for women that will offer training courses, including cooking and entrepreneurship, in premises leased from the municipal housing company Familjebostäder. Com Hem's role in the project will initially be to provide internet access and television services to the premises. In 2017, our ambition is to deepen the cooperation by offering courses in, for example, internet literacy together with Surfa Lugnt. There are also plans to expand activities to other groups.

Efforts to raise awareness

In the future, a large part of the services within Com Hem's network will be related to different social needs and communication between citizens and the public sector. This places greater demands on the interaction between the market and the public sector. Com Hem is active in public debate and engages in various political forums in order to highlight issues that we think are important to create a roadmap for sustainable digitalisation in Sweden. Among other things, Com Hem is part of the government's forum on Broadband which is led by the minister of digitalisation.

As part of our efforts to raise awareness, Com Hem publishes the newsletter Insikt which is primarily aimed toward politicians and decision makers and aims to provide knowledge about broadband issues, the development of cable networks, and the importance of infrastructure competition. Com Hem has also developed the report *Vägval för bredband* which is meant to increase knowledge about these issues among parties involved in broadband development. *Vägval för bredband* and the newsletter *Insikt* also constitute the base for the website bredbandsfakta.se which was launched in 2016 and will continue to be developed by Com Hem during 2017.

In December, 2016, the Swedish government presented its new broadband strategy with the goal of giving all of Sweden access to a fast broadband connection by 2025. Com Hem welcomes this ambitious goal and sees it as particularly positive that the government specifically emphasises cable and fiber networks as the technologies that can deliver fast and future-proof broadband. In the broadband strategy, the government clearly confirms that competition in the broadband market and the goal of the new strategy could be negatively affected if landlords prevent the use of parallel broadband networks. This is an issue that Com Hem has pushed for in the last few years. The strategy recommends that public landlords should avoid pushing away parallel infrastructures such as networks for cable-TV. In light of this new strategy, it is a positive development that the public real estate companies in Stockholm have chosen to continue allowing full competition between both cable networks and open fibre networks. The big winners in all of this are the households who will continue to be able to choose which infrastructure and operator to buy their broadband and TV services from.

EMPLOYEES

Being able to attract and keep the best and most engaged employees is key to Com Hem's future. We strive to retain and recruit the right employees, who share our values of being reliable, personal and proactive. We want all employees to understand and feel that they have an important and clear role to play in the company in order to create a positive customer experience. Every employee at Com Hem is offered the opportunity to make a difference in shaping the digital future of Sweden. During 2016, Com Hem developed a new model for our annual employee dialogue. The new survey measures four main aspects: Work Environment; Organization; Leadership; Vision & Goals. The results of these four areas are recorded in an employee index. The results of the 2016 survey were very positive and marked a dramatic increase compared to 2015 in all areas and particularly leadership and engagement and scores in all dimensions were well over the industry benchmark. Based on the 2016 results, Com Hem will focus on the following development areas:

- We will build bridges within the organisation to strengthen the ties between employees and across departments. A work group has been created in order to explore activities that will reinforce and support this initiative.
- A group on-boarding process will be created in 2017 to further support our corporate values, vision and mission.

Professional development
Our efforts to offer employees individual development plans continues through regular performance reviews. A new web-based platform for the annual performance reviews was introduced in the spring of 2016 and has been well received. This new platform is built on our values, corporate purpose & mission as well as competences we have identified crucial for Com Hem to meet our business goals. During 2016 all of our employees participated in a performance review. One of the objectives of the individual development plans is to offer our employees concrete support and clear goals in order to grow within their existing roles as well as other attractive roles within the company.

We have further developed and extended our internal leadership programmes in 2016 to encompass modules for talents; specialists; junior leaders as well as senior leaders. The programmes are based on our values, corporate purpose and mission as well as the company's business goals. These programmes run from a few months up to a year, and are designed to develop and strengthen leadership skills at Com Hem.

> In 2016, Com Hem received an award from Universum Awards as the newcomer of the year within employer branding.

Talent program
In 2015, Com Hem initiated an IT talent programme with an external partner in order to identify and recruit young talents within the IT sector. The talent program has during 2016 continued to help recruiting young developers at Com Hem. The programme participants work in a development team and have the opportunity to gain exposure to other departments as well. The participants are also enrolled in special courses and are coached by experienced employees in order to gain the best possible introduction to their new career. The programme has been highly successful and will be introduced in other departments in coming years.

TOTAL WORKFORCE, END OF YEAR

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

> Karriärföretagen named Com Hem one of Sweden's top 100 most exciting employers in 2016.

EMPLOYEE MOVEMENT

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

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

Future employees

Com Hem is involved in the Next up-project with the goal of educating and inspiring people to work within the IT and telecom sector. Com Hem also cooperates with Tekniksprånget, whose goal is to inspire young people to seek higher technical education by providing a clearer vision of what awaits after graduation. In 2016, Com Hem received an award from Universum Awards as the newcomer of the year within employer branding. Universum is a global employee branding organisation that ranks companies based on students and young people's view of a company as an attractive employer. Karriärföretagen named Com Hem one of Sweden's top 100 most exciting employers in 2016. The award is given out annually to companies that actively focus on employee development, increased commitment and workplace improvement.

Health & balance

We put great emphasis on all aspects of health and safety within our work environment. Com Hem has been committed to employee wellbeing for many years and encourages employees to take part in healthy activities. By providing occupational health services we ensure that our employees receive prompt and qualified care and rehabilitation when required. During 2016 we started a project to analyse all aspects of the work environment which will continue in 2017.

Diversity

Com Hem values a diverse workplace, and our recruitment base extends far beyond Swedish borders. We believe that Com Hem has become a more innovative and dynamic company by employing people of all ages, with various backgrounds and experiences. Com Hem always strive to offer the same opportunities, rights and responsibilities to all employees.

Com Hem strongly supports equal pay for equal work with no wage-setting discrimination. In April 2016, a salary survey was finalised at Com Hem in order to determine whether any structural salary disparities existed between men and women. The result of this salary survey showed that there are no such disparities and the result was included in the company's 2016 gender equality plan.

Com Hem participates in Womentor which is a mentor programme to promote gender equality. Womentor is a tool to support companies in the IT and telecom sector to systematically work to increase the portion of female managers. As part of this programme, Com Hem has appointed a female manager to become an adept, and identified two candidates for the mentor programme who will participate during one year. Com Hem has a goal for 2017 to increase the portion of female managers from 27% to at least 30%. We also want to increase the portion of female candidates in our recruiting process for positions that are traditionally male dominated, such as IT. The goal is to have at least one woman in the interview process for these positions and that half of the list of final candidates should be female.

RESPONSIBLE BUSINESS

Com Hem has clear ethical standards and policies for all aspects of our operations. In our Code of Conduct there is a set of rules that guide our conduct.

Responsible marketing

To ensure a positive customer experience and correct marketing, Com Hem complies with the regulations and recommendations of the Swedish Consumer Agency, the EU, the PTS, the Swedish Telecom Advisors and the National Board for Consumer Disputes (ARN). We support and are actively involved in various organizations, such as the Swedish Telecom Advisors, the Swedish Advertising Ombudsman and Kontakta. The Swedish Telecom Advisors provides free and impartial assistance to consumers, while Kontakta strives to create a healthy climate between customers, the community and businesses that engage with customers. This is among other things is secured with principles and guidelines to be followed by the members of the Swedish Telecom Advisors and Kontakta.

During 2016 Com Hem had no incidents of non-compliance with marketing regulations that led to fines or warnings. In 2016, the number of cases of non-compliance with voluntary codes was four, compared with seven in the preceding year. These cases usually relate to situations in which the reporting party has mistakenly been called, despite being registered with NIX (a no-call list to stop unsolicited calls for marketing, sales and fundraising purposes). To further reduce the number of these incidents, Com Hem has established internal systems whereby phone numbers are cross checked against the registry.

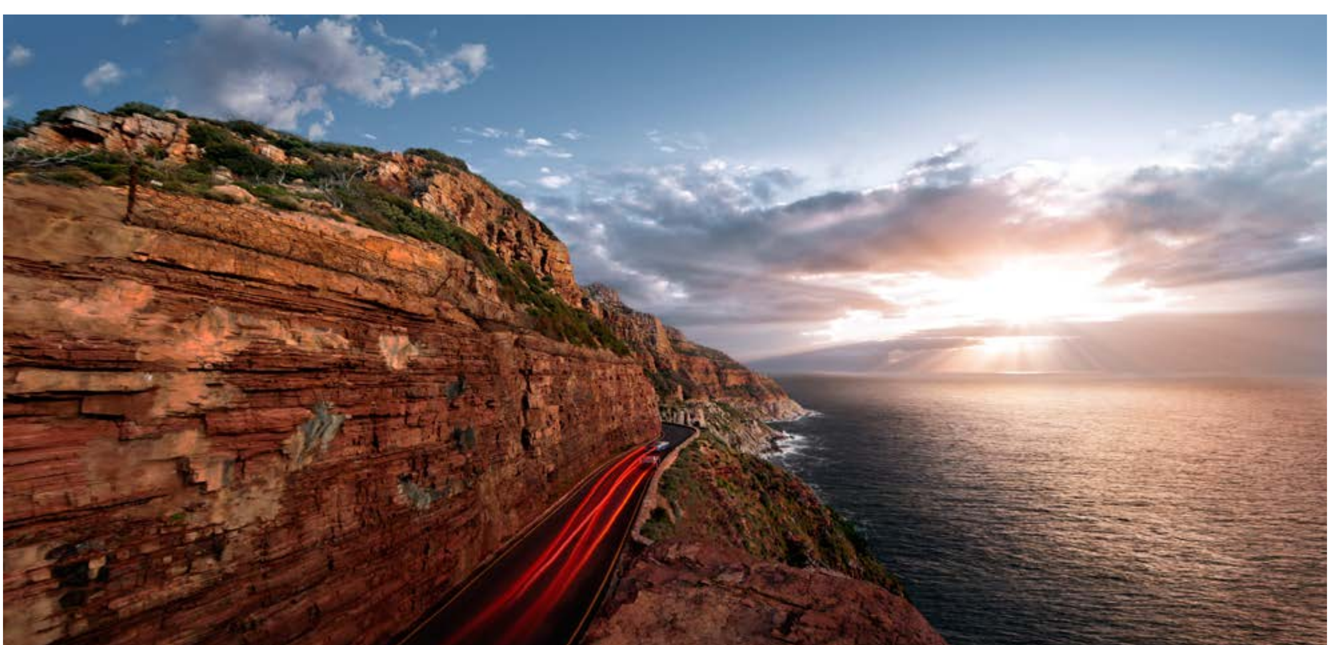
Anti-corruption

Our Anti-corruption Policy, which was introduced in May 2015, sets out the principles that are applied in Com Hem to prevent corruption in our business operations. All employees at Com Hem have been informed about the company's Code of Conduct and our efforts to combat corruption. Our managers in the extended group management have received ethics and anti-bribery training during 2016. We provide continuous training to reduce the risk of unintentional mistakes. During 2016 Com Hem have had no confirmed incidents of corruption.

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

Marketing communication (number of incidents)	2016	2015	2014
Incidents of non-compliance with voluntary codes concering marketing communications	4	7	9

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



Whistle-blower system

Com Hem launched a new system to encourage employees to report suspicion of serious misconduct committed, sanctioned or deliberately ignored by an employee in a management or key position. The system allows for anonymous reporting, and the information received is kept completely confidential to safeguard the integrity of the whistle-blower. The whistle-blower system is considered a complement to Com Hem's normal communication channels. According to the policy serious misconduct can be reported via email to an email account that can only be accessed by company's Group General Counsel. Alternatively reports can be filed through ordinary mail to the chairman of the Audit Committee who is one of the company's independent board members in Com Hem Holding AB. The report is handled by the company's Group General Counsel, management (CEO) or the Audit Committee depending on the severity of the issue, toward whom suspicions are raised, and to avoid conflicts of interest. If needed, the investigation could also be handed over to an external, independent legal firm.

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

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

Purchasing procedures

Com Hem's suppliers are evaluated and selected based on the ability to deliver on business terms and the ability to live up to Com Hem's Code of Conduct. We treat our suppliers in a fair and balanced manner and strive to have long-term conditions and relationships with our suppliers.

Most of our suppliers are local. These include contractors, consultants, logistics partners, etc. The hardware that we buy for our network and also our customer equipment however, will typically come from international suppliers.

In Com Hem's purchasing policy we require all major suppliers to adhere to the ten principles of the UN Global Compact. Given the profile of our major international suppliers, we have assessed the risk of non-compliance with these requirements as low, but we have still decided to further examine both new suppliers and a selection of our largest existing suppliers.

During the year we evaluated all vendors who have undergone our sourcing process, related to the environment and working conditions through a questionnaire submitted in connection with procurement. We also examined a sample of our existing suppliers related to the environment and working conditions through a similar survey. The existing suppliers selected for examination are those that we believe have the greatest potential risks related to the environment and working conditions. For existing suppliers we conducted a workshop with the goal of identifying potential risks and discern how to work with suppliers where we could potentially identify risks. No significant risks relating to the environment and working conditions were found. During 2017, we will also review new and existing suppliers related to human rights. We will also initiate a detailed dialogue with our suppliers regarding the environment, labor conditions and human rights in 2017.

ENVIRONMENT

The ongoing digitalisation of our society represents a great opportunity to reduce impact on the climate and the environment and Com Hem strives to support this transformation.

Energy efficiency in focus

A part of our ongoing business is to actively work with reduction of environmental impact regarding energy consumption. The energy consumption was 16 200 MWh during 2016 and the usage mainly consists of operation of our headends, data centers, hubs and server centers around the country and our office premises.

100% Green electricity

The goal for Com Hem is to source 100 percent of our electricity needs from renewable sources. During the year, 90 percent of all energy purchased by Com Hem was renewable. Com Hem will through agreements with Telge Energi have 100 percent renewable electricity in 2017.

ENERGY CONSUMPTION (MWh)	2016	2015
Electricity inside the organization	7,810	7,500
District heating	810	840
District cooling	2,820	2,740
Electricity for outsourced data centers	630	550
Electricity for IT infrastructure	4,130	3,750
Total	**16,200**	**15,380**
Share renewables	90%	66%

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

The opportunities of digitalisation

During the year, the number of customers with access to Com Hem Play have increased. This transformation from hardware-based TV distribution to application-based TV services stimulates dematerialisation of society with a long term positive environmental effect as a result.

Large staff meetings that were traditionally arranged in separate locations are now held as one coordinated event, broadcasted live on web TV. This reduces the need for speakers to travel between offices and also contributes to an increased sense of community. Internal work meetings with staff at different offices are conducted through phone and video solutions to a larger extent than before, which also reduces needs for business travel.

Recycling and e-waste

Com Hem is committed to ensure that used network materials, routers and set-top boxes are collected and recycled in a proper manner. For this purpose, we have established a partnership with Kuusakoski for the recycling of e-waste and are affiliated with El-Kretsen for the recycling of obsolete consumer electronics.

90% Of Com Hem's energy consumption is from renewable sources.

COM HEM

BOARD OF DIRECTORS' REPORT

The Board of Directors and the Chief Executive Officer of Com Hem Holding AB, corp. reg. no. 556858-6613, hereby submit the annual accounts for the Group and the Parent Company for 2016.

Com Hem Group offers broadband, TV, play and telephony services to Swedish households and companies. Our powerful and future-proofed broadband network with speeds up to 1 Gbit/s, covers half of the country's households, making the Com Hem Group an important driver of creating a digital Sweden. We bring our 1.5 million customers the widest range of digital tv channels and play services via set-up boxes as well as on-the-go for tablets and smartphones. The business was established in 1983 and operations are today conducted by the four subsidiaries Com Hem AB, Boxer TV-Access AB, Phonera Företag AB and iTUX Communication AB.

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

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

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

Significant events during the year

- Rebranding of Com Hem to a premium brand launched in April.
- In June the expansion into the SDU market was communicated as the next large growth driver expected to expand footprint by 40% or 800 000 households in coming years (addressable footprint).
- The acquisition of Boxer TV-Access AB was communicated in June and Boxer is consolidated as per September 30, 2016. The acquisition added approximately 500,000 new customers situated in the SDU market. The acquisition closed with an Enterprise Value of SEK 1,330m, representing an estimated LTM Underlying EBITDA[1] multiple of 4.3x. For further information see note 4 Business combinations.
- Part of the Group's debt portfolio has been refinanced during the year and the average blended interest rate decreased from approximately 3% in the first nine months of 2016 to 2.5% in December. In June new notes of SEK 1,750m were issued with a fixed rate coupon of 3.625% with due date June 23, 2021. The new notes were utilised for amortisation of borrowings. In June a new credit facility of SEK 800m was obtained in order to finance the acquisition of Boxer TV-Access AB. In November new notes to a total amount of SEK 2,250m were issued to a fixed rate coupon of 3.5% with due date February 25, 2022. The proceeds from the new notes were, together with existing unutilised credit facilities, used to redeem the SEK 2,500m 2014/2019 Notes in full, which was completed on November 25, 2016. In connection with the redemption a premium of SEK 66m was paid.
- The Group's strong operating free cash flow in combination with significant lower financing costs have resulted in an equity free cash flow of SEK 1,424m (948) for 2016, an increase of SEK 476m compared to 2015. The strong cash flow allowed us to remunerate our shareholders by a total of approximately SEK 1,2bn during 2016 in the form of a ordinary dividend of SEK 289m and share repurchases of SEK 888m, representing 7.3% of the market capitalisation at year-end.

[1] The Company applies Alternative Performance Measures in the Board of Director's report and in other parts of the annual report in order to describe the business of the Group. The company applies guidelines for Alterantive Performance Measures issued by ESMA (European Securities and Markets Authority). See page 88 for definitions of financial key metrics and Alternative Performance Measures.

Group financial overview

Financial summary, SEKm	2016	2015	Change
Revenue	5,655	5,000	13.3%
Operating expenses	-4,813	4,276	12.6%
Operating profit (EBIT)	**851**	**724**	**17.6%**
Net financial income and expenses	-440	-605	-27.3%
Income taxes	-94	-27	n/m
Net result for the period	**317**	**92**	**n/m**

Total revenue

Total revenue rose by 13.3% compared to previous year (4.4% excluding Boxer in the fourth quarter) to SEK 5,665m. Organic revenue growth is explained by continued growth in Com Hem's consumer business which grew by 5.9% driven by volume as well as price growth.

Operating expenses

Operating expenses increased by 12.6% compared to 2015 and amounted to SEK 4,813m. The increase is explained by Boxer being consolidated into the Group from the fourth quarter, and by higher variable costs within the Com Hem segment as a result of volume driven revenue growth, partly offset against savings in fixed costs.

Operating profit (EBIT)

Operating profit increased by 17.6% resulting in an operating profit of SEK 851m.

Net financial income and expenses

Net financial income and expenses were improved by 27.3% compared to last year. The positive change is a result of a reduced blended interest rate on the Group's debt portfolio following a number of refinancing activities, as well as lower market interest rates. Average blended interest rates was 2.9% for the full year 2016 compared with 4.4% in 2015. This resulted in lower interest expenses in 2016 despite an increase in net debt of approximately SEK 1.3bn during the year which is explained by the Boxer acquisition.

Income taxes

The Group recognised a tax expense of SEK 94m for the full year, of which 98m refers to a deferred tax expense. Current taxes amounted to a tax income of SEK 3m referring to Boxer in the fourth quarter.

The taxable profit within the Com Hem segment will be offset against previously recognised tax losses carry forwards, which had a remaining balance of approximately SEK 1.5bn at the end of the year.

Net result for the period

Net result more than tripled compared to 2015 and reached SEK 317m.

Reconciliation between operating profit and Underlying EBITDA, SEKm	2016	2015	Change
Operating profit (EBIT)	**851**	**724**	**17.6%**
Depreciation/amortisation per function			
- Cost of services sold	867	778	11.4%
- Selling expenses	779	742	4.9%
- Administrative expenses	22	25	-13.9%
Total depreciation/amortisation	**1,667**	**1,545**	**7.4%**
EBITDA	**2,518**	**2,269**	**11.0%**
EBITDA margin, %	44.5	45.4	-0.9 p.p.
Disposals	4	9	-54.6%
Operating currency gains/losses	7	9	-16.6%
Non-recurring items	18	58	-69.7%
Underlying EBITDA	**2,547**	**2,346**	**8.6%**
Underlying EBITDA margin, %	45.0	46.9	-1.9 p.p.

Underlying EBITDA

Underlying EBITDA rose by 8.6% to SEK 2,547m and the Underlying EBITDA margin was 45.0%. Excluding Boxer, the organic increase in Underlying EBITDA was 5.3%. The increase in Underlying EBITDA is explained by Boxer being consolidated per the fourth quarter combined with revenue growth within the Com Hem segment, which is offset against somewhat higher operating costs compared to 2015 due to the on-going expansion into the SDU market.

EBITDA
EBITDA rose by 11.0% reaching SEK 2,518m. The increase in EBITDA is explained by higher Underlying EBITDA in combination with lower items affecting comparability in 2016 (for the fourth quarter items affecting comparability were positive as a result of insurance compensation related to previous years).

Depreciation and amortisation
Depreciation and amortisation rose by SEK 122m to a total of SEK 1,667m. The increase is explained by Boxer being included in the Group from October 1, 2016 as well as higher depreciation and amortisation on IT development projects (cost of services sold) and CPEs (cost of services sold), partly offset by lower amortisation of capitalised sales commissions (selling expenses) within the Com Hem segment.

Operating free cash flow, SEKm	2016	2015	Change
Underlying EBITDA	**2,547**	**2,346**	**8.6%**
Capital expenditure (capex)			
Network related	-323	-332	-2.5%
CPEs and capitalised sales commissions	-388	-486	-20.2%
IT investments	-134	-128	4.2%
Other capex	-48	-45	6.5%
Total capital expenditure	**-893**	**-991**	**-9.9%**
Operating free cash flow	**1,655**	**1,355**	**22.1%**
Interest payments	-278	-507	-45.0%
Change in working capital	48	100	-52.0%
Equity free cash flow	**1,424**	**948**	**50.2%**

Capital expenditure (capex)
Capital expenditure amounted to SEK 893m, corresponding to 15.8% of revenue. The decline compared to 2015 is mainly a result of lower network related investments and CPEs within the Com Hem segment. Boxer is included with capex of SEK 42m in the fourth quarter 2016.

Operating free cash flow
Operating free cash flow increased by 22.1% reaching a total of SEK 1,655m. The increase was a result of higher Underlying EBITDA contribution as well as lower capex compared with the full year 2015.

Equity free cash flow
Equity free cash flow increased by 50.2% reaching a total of SEK 1,424m. The increase is explained by higher operating free cash flow combined with lower interest payments following refinancing activities.

Consolidated financial position and liquidity
Consolidated total assets amounted to SEK 19,256m (18,078). Intangible assets amounted to SEK 16,765m (15,451), of which goodwill accounted for SEK 11,321 (10,899). The increase is related to the acquisition of Boxer, see note 4 Business combinations.

Consolidated working capital after adjustment for non-operating items amounted to a negative of SEK 1,216m (1,168). The change in working capital was positive SEK 48m (100).

Total available cash and cash equivalents, including unutilised credit facilities, amounted to SEK 1,870m (1,393), of which cash and bank balances comprised of SEK 470m (743) and unutilised credit facilities SEK 1,400m (650).

Equity amounted to SEK 5,501m (6,403). The decrease in equity was attributable to remuneration to shareholders of a total of approximately SEK 1.2bn in the form of ordinary dividend and share repurchases.

Equity per share amounted to SEK 30 (33)and equity amounted to 29% (37) of total assets.

Interest-bearing liabilities increased to SEK 10,697m (9,679) explained by the acquisition of Boxer TV-Access AB. Current interest-bearing liabilities amounted to SEK 517m (528). The Group's total credit facilities, including outstanding SEK notes amounted to SEK 12,175m, with an average remaining term of 3.4 years. For more information about outstanding credit facilities see note 26.

Refinancing in 2016
On June 10 the Group announced the issuance of new notes of SEK 1,750m by it's subsidiary NorCell Sweden Holding 3 AB (publ). The new notes have a fixed rate coupon of 3.625% and an original maturity as per June 23, 2021. The proceeds from the notes were used to make an early redemption of Incremental Facility 3 (SEK 500m), with an original maturity date in March 2017, and to amortise part of the Revolving Credit Facility. Incremental Facility 7 (SEK 800m) was issued on June 2016 and was fully utilised together with the Revolving Credit Facility and cash to finance the acqusition of Boxer TV-Access AB when the acqusition was finalized at September 30, 2016. On November 11, 2016 the Group announced the issuance of new notes of SEK 2,250m with a fixed rate coupon of 3.5% and due date February 25, 2022. The proceeds from the new notes were, together with existing unutilised credit facilities, used to redeem the SEK 2,500m 2014/2019 Notes in full, which was completed on November 25, 2016. In connection with the redemption a premium of SEK 66m was paid. Following the refinancing the average blended interest rate of the Group's debt portfolio decreased from approximately 3% in the first nine months of 2016 to 2.5% in December. On November 18, 2016 Com Hem announced that NorCell Sweden Holding 3 AB (publ) had given notice to initiate a written procedure under its SEK 1,750m 2016/2021 Notes requesting that certain terms should be harmonised with those of the SEK 2,250m 2016/2022 Notes. The written procedure was closed on December 12, 2016 after a sufficient majority of the notehold-

ers had approved the request. Following the amendments of certain terms, which had previously been approved in relation to the loan facilities by the credit institutions, the Group was able to terminate an Intercreditor agreement and release certain securities.

Shares and ownership structure

Com Hem Holding AB's shares are listed on Nasdaq Stockholm, Large Cap. At the beginning of 2016, Com Hem Holding AB had 206,643,376 registered shares. In accordance with the resolution by the Annual General Meeting on May 19, 2016 the company has completed a reduction of share capital at two different times by cancellation of 17,692,736 registered shares. In June 2016 13,769,357 own shares were cancelled, corresponding to a reduction of the share capital of SEK 14m. In connection to the reduction of the share capital a bonus issue of SEK 14m was completed After cancellation the number of registered shares was 188,950,640 as per December 31, 2016 and the share capital amounted to SEK 208,998,231 resulting in a quota value per share of SEK 1,11. All shares entitle holders to the same voting rights and an equal share in the company's assets. The Articles of Association contain no restrictions on the shares' transferability and there are no other circumstances to disclose in accordance with the Annual Accounts Act chapter 6 2 a § 3-11. For more information of the share capital see note 19.

At December 31, 2016, Com Hem Holding AB had a total of 1,407 shareholders and the largest individual shareholder was NorCell S.à.r.l. (indirectly controlled by funds managed by BC Partners LLP), which controlled 31.8% of the shares outstanding and voting rights (excluding Com Hem's own shareholding). On February 7, 2017 NorCell S.à.r.l. sold a large part of its shares. Please see note 31 for additional details.

In accordance with the mandate given at the annual general meeting on May 19, 2016 the Board of Directors resolved to repurchase shares in accordance with the EU Market Abuse Regulation (MAR) No 596/2014 and the Commissions delegated regulation (EU) No 2016/1052 (Safe Harbour regulation). The share repurchases are carried out by a credit institution that makes its trading decisions regarding Com Hem's shares independently and without the influence of Com Hem with regard to the timing of the repurchase. In May 2016, the Board also resolved on the possibility, up until the following AGM, to make repurchases through block trades, that will not be made in accordance with MAR and the Safe Harbour regulation. In 2016, a total of 11,788,068 shares were repurchased, corresponding to 6.2% of the number of registered shares at the end of 2016, for a total amount of SEK 888m, of which block trades comprised SEK 14m, corresponding to 200,000 shares.

Capital structure and financial governance

The company defines capital as interest-bearing liabilities and equity. The company's objective is to have an effective capital structure that takes account of its operational and financial risks, helps maintain the confidence of investors, creditors and the market, and provides a stable basis for the sustainable development of the company's operations, while also ensuring shareholders receive satisfactory returns. The key ratio which the management and external stakeholders judge capital structure by is net debt in relation to Underlying EBITDA (EBITDA before disposals excluding items affecting comparability and operating currency gains/losses). At the end of the period, the Group's net debt totalled SEK 10,326m (9,030), and the net debt/Underlying EBITDA LTM was a multiple of 3.7x (3.8). The company's objective is to maintain leverage within the interval of a multiple of 3.5-4.0x Underlying EBITDA LTM. The Board and management regularly monitor and analyse the key ratios, which ultimately set the framework for the Group's capital structure.

	31 DEC	
Net debt, SEKm	**2016**	**2015**
Non-current interest-bearing liabilities	**10,180**	**9,151**
Add back of capitalised bowworing costs	98	95
Non-current interest-bearing liabilities , nominal value	**10,278**	**9,246**
Current interest-bearing liabilities	517	528
Cash and cash equivalents	-470	-743
Net debt	**10,326**	**9,030**

Employees

At year-end, the Group had a total of 1,179 (1,178) employees. The average number of employees was 1,047 (1,084), out of which 280 (302)women and 767 (782) men. A large proportion of the company's employees work at the Group's customer service offices in Sundsvall, Härnösand and Örnsköldsvik. More information about Com Hem's employee responsibility to be find in the sustainability report.

Remuneration to the CEO and other Executive Management

Remuneration to the CEO and other Executive Management consists of fixed salary, pension, variable remuneration and other customary benefits, as defined in Note 7. The guidelines for remuneration to Executive Management to be proposed to the 2017 AGM are presented in the Corporate Governance Report.

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

Updated guidance for the Group

Revenue
We aim to deliver mid-single digit revenue growth for the Com Hem segment annually. Including Boxer for the full year, the Group expects a growth rate of 25-30% for 2017.

Underlying EBITDA
We aim to deliver mid-single digit Underlying EBITDA growth for the Com Hem segment annually.

In full year 2017, Boxer is expected to add about SEK 300m of Underlying EBITDA to the Group. Thereafter we aim to deliver mid-single digit Underlying EBITDA growth for the entire Group annually.

Capital expenditure (capex)
We expect Capex to be in the range of SEK 1-1.1bn annually including Boxer, i.e. for the Com Hem segment some SEK 100m lower than previous guidance. For 2017, we will also incur some SEK 50m in Capex for integration of Boxer.

Leverage
We aim to maintain our leverage within the interval of 3.5-4.0x Underlying EBITDA LTM.

Parent Company
In 2016, the Parent Company's revenue amounted to SEK 13m (13) and pertained to intragroup service assignments. Operating profit amounted to a loss of SEK 14m (negative 21). Net financial income and expenses amounted to a loss of SEK 114m (negative 361), which includes an impairment loss of SEK 260m (negative 607) on participations in Group companies as a result of group contributions. Net financial income and expenses for 2015 were also impacted by a dividend from subsidiaries of SEK 357m.

The Parent Company's equity amounted to SEK 6,986m (8,259), of which non-restricted equity was SEK 6,777m (8,046). The decrease in equity was attributable to shareholders remuneration of SEK 1.2bn in the form of ordinary cash dividend of SEK 289m and share repurchases. The Parent Company has no external interest-bearing liabilities.

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

Retained earnings	352,939
Share premium reserve	6,523,806
Net result for the year	-99,866
Total	**6,776,879**

The Board of Directors proposes that the available profit and unrestricted reserves be distributed in the following manner, based on the number of shares outstanding at December 31, 2016 (SEK thousand):

Dividend, 185,210,185 shares SEK 4.00/share	740,841
Brought forward to new account	6,036,038
Of which share premium reserve	5,782,965
Total	**6,776,879**

The Board proposes that the dividend of SEK 4.00 per share is distributed on two payment occasions at the end of March and at the end of September.

During the year, the company paid Group contributions of SEK 260m to the subsidiary NorCell Sweden Holding 3 AB (publ) (corp. reg. no. 556859-4195).

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

Key events after end of period

Repurchase of shares
During the period January 1 to February 17, an additional 1,073,987 shares were repurchased at a value of SEK 98m. The company aims to propose a reduction in share capital through cancellation of some or all of the shares that have been repurchased.

Dividends and repurchases of shares
The Board is proposing to the AGM on March 23, 2017, a cash dividend of SEK 4.00 (1.50) per share to be distributed on two payment occasions at the end of March and at the end of September. The Board also proposes a renewed mandate to repurchase up to 10% of the number of outstanding shares.

Mergers
In January 2017 the Board resolved to merge the wholly owned subsidiaries, NorCell Sweden Holding 2 AB (publ) and Com Hem Communications AB into the wholly owned subsidiary NorCell Sweden Holding 3 AB (publ), where NorCell Sweden Holding 3 AB (publ) will be the surviving entity.

Major changes in ownership
Following the sale of shares by NorCell S.à.r.l. on February 7, 2017, NorCell S.à.r.l. holds 33,911,671 shares representing 17.95% of the total number of registered shares, Norges Bank holds 10,106,748 shares representing 5.35% of the total number of registered shares, and The Capital Group Companies holds 15,115,000 shares representing 8.0% of the total number of registered shares.

RISKS AND RISK MANAGEMENT

Material risks and risk management

Operational risks

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

Other risks and uncertainties

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

Risk	Description	Risk mitigation
Increased competition	New companies are becoming established in the market for digital services using alternative technologies, which is increasing competition. Tougher competition can lead to price pressure and a negative financial impact.	To manage competition, the Group continually develops its service offering through new interactive digital TV services, more HD channels and improved broadband service at competitive prices. Com Hem mainly delivers its services using HFC, which competes well with LAN. Through the Group's communication operator iTUX, which operates open LANs, the Group is strengthening its ability to provide services regardless of infrastructure in order to meet the competition.
Changes to laws and regulations	New or changed laws and regulations as well as new policies can affect the Group's conditions to provide and develop its services and/or entail higher costs. Such changes are typically related to tax, network and operational reliability, information protection, energy and environmental requirements and consumer protection.	The Board and management closely monitor developments in the regulatory area in order to meet changes proactively. The Group also works actively with these types of issues and engages in ongoing dialogue with the relevant authorities and interest groups in order to achieve fair and balanced conditions for the Group to operate and develop in the market.
Key employees	The Group's future development and competitiveness is highly dependent on the company's ability to attract and retain key employees. The Group recruits employees with extensive experience in the telecom industry, whose expertise and efforts are of particular value to the company. Should the Group not succeed in attracting and retaining key employees, this could have a negative impact on the business.	The Group has recruited a number of key employees and works continuously to provide incentives for them to remain and contribute to the continued development of the company. These include share-savings incentive programmes and warrant incentive programmes to strengthen opportunities for retaining and recruiting additional key employees.
Mobile telephony replacing fixed telephony	An increasing share of traffic is moving to the mobile network. Homes are increasingly opting for mobile over fixed telephony, which has a negative impact on the Group's telephony operations. Meanwhile, prices have fallen and broadband speeds have increased for mobile broadband, which heightens the risk of it being regarded as an alternative rather than a complement to fixed broadband.	The demand for the Group's broadband and digital TV services is strong, creating an opportunity to offer bundled services that include fixed telephony. However, the total market for fixed telephony is shrinking as a result of changing consumer behaviours. The Group does not currently offer mobile subscriptions to consumers.
Technological advances	The Group's competitive edge may be affected by rapid and significant technology shifts, new services or upgrades of existing services in connection with the introduction of new technology, new industry standards and new practice through which the company's current technology and systems become outdated and the company may lack sufficient resources to upgrade existing networks. There is also a risk for an accelerated structural decline within terrestrial digital-TV ("DTT"), which may have a negative impact on the Group.	To remain competitive, the Group must continue to launch new services and increase and improve the functionality, availability and features of its existing services and networks, in particular by ensuring that the company's bandwidth capacity is sufficient to cope with increased demand for bandwidth-intensive services.

Risk	Description	Risk mitigation
Ability to retain and attract new customers	Tougher competition and an increasingly high degree of movement between operators are placing high demands on the Group's ability to attract and retain customers. The competition situation may lead to the Group losing contracts with landlords or communications operators, which is crucial for agreements with consumers. If the company fails to renew existing contracts or enter into new contracts, this may have a significant negative impact on operations. If demand for digital services does not increase as anticipated, this could have a substantially negative effect on the company's operations, financial position and earnings. Failure to introduce new services and unsuccessful acquisitions may also have a significant negative impact on the company's operations.	The Group continuously works to improve the customer experience, which has resultet in a decreased level of consumer churn within the Com Hem operating segment over time. The rate of improvement indicates clear progress in enhancing the customer experience and customer satisfaction, which will continue to be the company's focus in future years. During the year, the number of consumer RGUs increased for both digital TV and broadband services.
Content	The Group does not produce its own content and is dependent on relationships and partnerships with broadcasters. If a broadcaster decided not to deliver content , this would have a negative impact on the Group's digital TV services.	The Group has a large market share and represents a key counterparty to the broadcasters. The company places high emphasis to having good relationships with broadcasters and regularly addresses the risks that could have a negative impact on our digital TV services.
Suppliers	The Group has signed a number of leases with network owners and is dependent on them fulfilling their commitments in order for the Group to provide services in major parts of its network. In the event that the company cannot meet its commitments under these agreements, the agreements may be terminated. In many cases, it would be difficult to find new and suitable alternative providers at a comparable cost within a reasonable period of time. The Group has partnerships with a number of suppliers of hardware, software and network-related investment support. Should these suppliers not meet their commitments or discontinue deliveries of their products and services to the Group, it may, prove difficult to find suitable solutions within a short period of time. For delivery of the terrestrial digital-TV services in the Boxer operating segment the company is dependent on Teracom.	The Group has good relationships, and close partnerships, with its suppliers. A long-term agreement was signed in connection to the acquisition of Boxer in order to secure the delivery of the terrestrial digital-TV services. The Group continuously manages and assesses the risks associated with the supply chain in order to maintain a competitive and well functioning infrastructure.

Financial risks

Through their operations, the Parent Company and Group are exposed to various financial risks, including liquidity risks, interest rate risks, currency risks and credit risks. The Group's treasury policy for management of financial risks has been adopted by the Board of Directors and provides a framework of guidelines and regulations in the shape of risk mandates and limits for financing activities. The overarching objective for the finance function is to provide cost effective financing and to minimise the negative effects of unfavourable market fluctuations on the Group's earnings. For further information about financial risk management, see Note 26.

CORPORATE GOVERNANCE REPORT

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

In 2016, Com Hem did not deviate from any of the Code's provisions, nor breach the Nasdaq Stockholm's Rule Book for Issuers or the general accepted principles in the Securities Market.

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

Shareholders and general meeting

Com Hem Holding AB is a Swedish public limited liability company, with shares traded on Nasdaq Stockholm. At year-end, the number of shareholders in Com Hem was 1,407. The largest single shareholder was NorCell S.à.r.l., with a total stake of 31.8% and the corresponding voting rights (excluding treasury shares). Foreign ownership was approximately 97%. For more information about the ownership structure, share capital and the share see page 18 and key events after end of period on page 33.

Nomination Committee

In accordance with the Nomination Committee's proposal, the Annual General Meeting (AGM) 2016 resolved that the Nomination Committee shall, until the general meeting resolves otherwise, comprise of representatives of the three largest identified shareholders on 30 September, according to the register of shareholders maintained by Euroclear Sweden AB, plus the Chairman of the Board. Should one or more shareholders not wish to appoint a representative to the Nomination Committee, the next-largest shareholder shall be contacted. The Chairman shall convene the first meeting of the Nomination Committee. If the shareholder next in line refrains from appointing a representative of the Nomination Committee, the Chairman of the Board will only need to contact the eight largest shareholders in order to obtain a Nomination Committee composed of at least four members (including the Chairman of the Board). If a Nomination Committee composed of four members (including the Chairman) is not obtained after having contacted the eight largest shareholders, the Chairman shall continue to contact the shareholders that are next in line until a Nomination Committee composed of three members (including the Chairman) has been obtained. The Chairman of the Nomination Committee shall, if the members of the committee unanimously do not agree otherwise, be the member that represents the shareholder controlling the largest number of votes. The Nomination Committee's instructions include procedures for changing the composition of the Nomination Committee as required should a member leave the Committee before its work is completed, or to reflect changes in the ownership structure.

The members of Com Hem's Nomination Committee ahead of the 2017 AGM are:

- Pierre Stemper, Chairman of the Nomination Committee, appointed by NorCell S.à.r.l.
- Henry Guest, appointed by Adelphi Capital LLP
- Andrew Barron, Chairman of the Board of Com Hem Holding AB

Information about how shareholders can submit proposals to the Nomination Committee has been published on www.comhemgroup.com, where the Nomination Committee's motivated opinion regarding its proposal to the AGM and a brief presentation of its work will also be published well in advance of the AGM on March 23, 2017.

Board of Directors

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

Andrew Barron, Monica Caneman, Eva Lindqvist, Anders Nilsson (Com Hem's CEO), Joachim Ogland and Nikos Stathopoulos were re-elected to the Board of Directors in 2016. Andrew Barron was re-elected Chairman of the Board. The appointed employee representatives were Marianne Bolin and Tomas Kadura, and their deputies Åsa Borgman and Fredrika Jonson (who replaced Mattias Östlund).

Information about the year of birth of the Board members, their educational background and professional experience, significant assignments outside the company, their holdings of shares and other financial instruments in the company and those of closely associated persons, as well as the year they were elected to the Board is presented on page 40.

Independence of the Board

In 2016, the Board of Com Hem complied with the Code's provision that the majority of members are independent in relation to the company and Executive Management, and that at least two of them also are to be independent in relation to the company's major shareholders (i.e. those with a holding exceeding 10%). Details of the Board members' independence are presented in the table below.

The work of the Board

During the year, the Board of Directors held 13 Board meetings, excluding statutory meetings and meetings by correspondence. Prior to each ordinary Board meeting, Board members receive a written agenda, based on the Board's established rules of procedure, and a complete set of documents for information and decision-making. Recurring items include the company's financial results and position, the market situation, investments and adoption of the financial statements. Reports from the Audit and Remuneration Committees, as well as reports on internal control and financing activities are also regularly addressed. The CEO presents matters for discussion at the meetings, and the company's CFO and other members of management also participate and present specific matters. The Group General Counsel is the Board's secretary. The attendance of Board members at Board and committee meetings is presented in the table below.

Important issues addressed during the year include strategic issues, the SDU expansion programme, the acquisition of Boxer TV-Access AB, the 2017 budget process, forms for the distribution of capital to shareholders, refinancing activities and organisational issues.

Evaluation of the Board

The performance of the Board and the CEO is evaluated annually using a systematic and structured process. The aim is to obtain a sound basis for the Board's own development in terms of working methods and efficiency, and to present the results of the evaluation to the Nomination Committee as a basis for the nomination process. The Chairman of the Board is responsible for the evaluation, and for presenting the re-

Board of Directors and Committees

			Committee			Attendance	
Board of Directors	Elected	Dependent[1]	Audit Committee	Remuneration Committee	Board meetings	Audit Committee	Remuneration Committee
Andrew Barron	2013				13/13		
Monica Caneman	2014		Chairman		10/13	6/7	
Eva Lindqvist	2014		x	x	11/13	6/7	5/5
Anders Nilsson, CEO[2]	2014	▒			13/13		
Joachim Ogland	2011	■	x	x	13/13	7/7	5/5
Nikos Stathopoulos	2011	■		Chairman	10/13		5/5
Marianne Bolin (E)[3]	2013				13/13		
Tomas Kadura (E)[3]	2013				13/13		
Åsa Borgman (E) deputy[3]	2014				11/13		
Mattias Östlund (E) deputy[3][4]	2013				1/13		
Fredrika Jonsson (E) deputy[3][4]	2016				6/13		

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

1) According to the definition in the Swedish Corporate Governance Code.
2) The company's CEO owns 203,469 shares in the company, which is a shareholding of 0.1% and not classified as significant. The CEO has no co-ownership in companies that have significant business relationships with companies within the Group.
3) (E)=Employee representative.
4) Mattias Östlund was replaced by Fredrika Jonson in connection with the AGM 2016.

COM HEM

sults to the Nomination Committee. In 2016, the evaluation was based on a questionnaire, interviews and discussions between the Chairman and the Board members.

Audit Committee

In 2016, the Audit Committee consisted of Monica Caneman (Chairman), Eva Lindqvist and Joachim Ogland. During the year, the Committee held seven meetings that were recorded and attached to the material for the Board. As part of its assignment to monitor financial reporting and the effectiveness of internal control, the Committee has dealt with a number of issues such as relevant accounting issues, new regulations, approval of financial statements, financing, the scope and focus of the external audit, as well as observations made in connection with the auditors' review. Observations made during internal reviews of the company's processes and valuation issues have also been addressed. During the year a number of risk areas have been identified and categorised by management and specific risk issues have been documented and analysed. The risk assessment will be performed semi annually as of 2017 and required control activities will be included in the yearly audit plan.

During the year externally procured internal control reviews have been performed and policies have been updated. The attendance of Board members at Audit Committee meetings is presented in the table on previous page.

Remuneration Committee

In 2016, the Remuneration Committee consisted of Nikos Stathopoulos (Chairman), Eva Lindqvist and Joachim Ogland. Five meetings were held during the year and the work focused primarily on remuneration and other terms of employment for Executive Management. The attendance of Board members at Remuneration Committee meetings is presented in the table on previous page.

External auditors

At the 2016 AGM, KPMG AB was re-elected as auditing firm until the 2017 AGM and the authorised auditor Tomas Gerhardsson was elected auditor in charge. In 2016, the auditors participated in all meetings of the Audit Committee. At these meetings, the auditors presented the focus and scope of the planned audit, and delivered written audit and review reports. The Board also held one meeting with the company's auditor at the beginning of 2017, without the attendance of the CEO or any other member of management.

The auditors reviewed Com Hem's interim report for the second quarter, and audited the annual financial statements. KPMG AB was also consulted in matters related to the share-savings incentive programme adopted by the 2016 AGM, as well as various accounting matters among others related to the acquisition of Boxer TV-Access AB.

CEO

Anders Nilsson has been the CEO of Com Hem since 2014. Information about the CEO's year of birth, educational background and professional experience, significant assignments outside the company, holdings of shares and other financial instruments in the company and those of closely associated persons, is presented on page 41.

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

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

REMUNERATION TO EXECUTIVE MANAGEMENT AND THE BOARD

Guidelines for remuneration to Executive Management
The 2016 AGM resolved to adopt guidelines for remuneration to Executive Management in Com Hem based on fixed salary, variable remuneration, other benefits and pension. The guidelines for 2016 and levels of remuneration paid during the year are presented in Note 7, while the Board's proposal to the 2017 AGM regarding guidelines for remuneration to Executive Management are presented below.

At the 2016 AGM a long-term share savings incentive programme (LTIP), similar with the program adopted by the 2015 AGM, was adopted based on the Total Shareholder Return of the Com Hem share, and cash flow over a three-year period. The programme requires a personal investment in Com Hem shares by all participants at the beginning of the programme. Further details about outstanding long term incentive programmes may be found in Note 7.

Remuneration to the Board
In accordance with the 2016 AGM's resolution, annual fees paid to the AGM-elected Board members amounted to a total of SEK 3,689,000, of which SEK 1,814,000 was paid to the Chairman of the Board, and SEK 350,000 to each of the four Board members who are not employed by the company. In addition, an annual fee of SEK 110,000 was paid to the Chairman of the Audit Committee, and SEK 80,000 to each of the other two members. An annual fee of SEK 85,000 was also paid to the Chairman of the Remuneration Committee, and SEK 60,000 to each of the other two members, refer also to Note 7.

Proposed guidelines for remuneration to Executive Management to be approved at 2017 AGM

The Board of Directors of Com Hem Holding AB (publ) proposes that the 2017 Annual General Meeting resolves to adopt the following guidelines for remuneration to Executive Management in Com Hem.

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

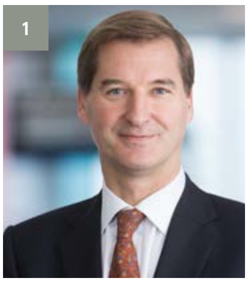
Remuneration of the CEO and other Executive Management shall consist of a fixed salary, short-term incentives (STI) with variable remuneration paid annually in cash which are linked to achievement of financial targets for Com Hem and/or individual performance targets, and long-term incentives (LTIP)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

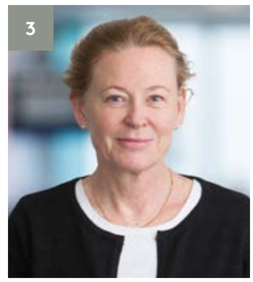
- The fixed salary shall be based on the Executive's respective competence and area of responsibility. The fixed salary shall form the basis for any STI. The fixed salary is to be reviewed annually.
- STIs shall be based on performance in relation to established targets. The targets shall be individual,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

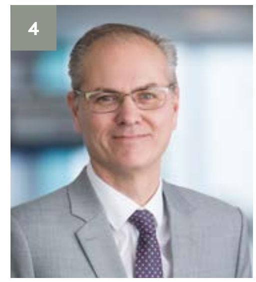
If there are particular grounds for it in a specific case, the Board of Directors may deviate from the guidelines.

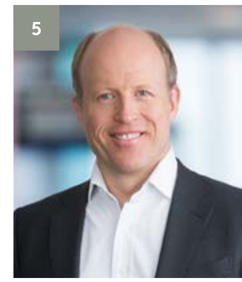
Deviation from the guidelines for remuneration to senior executives resolved at the Annual General Meeting 2016
In special circumstances, the Board may deviate from the guidelines for remuneration to senior executives resolved by the annual general meeting. In such case, the Board is obligated to provide for the reason for the deviation at the following annual general meeting. During 2016 the Board of Directors resolved to deviate from the guidelines for remuneration to senior executives resolved at the annual general meeting May 19, 2016 in such a way that it resolved to prolong the COO's non-pensionable additional salary corresponding to his fixed monthly salary with six months in order for the company to be able to find a suitable replacement of the position.

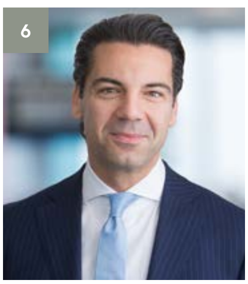
BOARD OF DIRECTORS

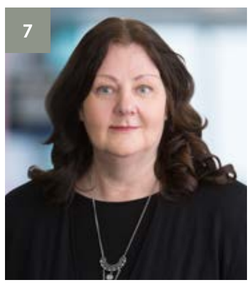


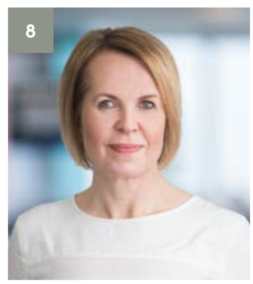


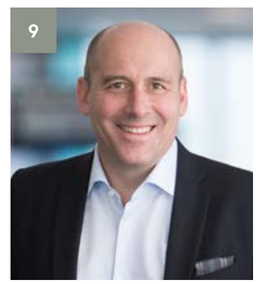


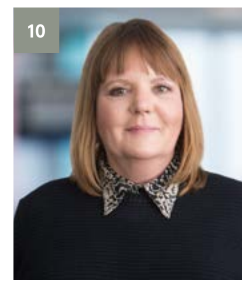












Andrew Barron (1)
Chairman of the Board since 2014, Board member since 2013.
Bachelor's Degree, MBA
Born: 1965
Principal occupation: Chairman of the Board of Com Hem.
Other assignments: Board member of Arris International plc
Previous positions: COO of Virgin Media and MTG, CEO of Chellomedia, Executive Vice President of Walt Disney Europe and management consultant at McKinsey & Co.
Shareholding[1)]: 197,314
Warrants: 2,011,434

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

Eva Lindqvist (3)
Board member since 2014.
MSc Engineering Physics, MBA
Born: 1958
Principal occupation: Board work
Other assignments: Member of the board of ASSA ABLOY AB (publ), SWECO AB (publ), Alimak Hek, Caverion Oy and Bodycote plc. Elected member of the Royal Swedish Academy of Engineering Sciences.
Previous positions: Senior Vice President of TeliaSonera's mobile operations, CEO of TeliaSonera International Carrier and senior positions at Ericsson.
Shareholding[1)]: 570
Warrants: 98,794

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

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

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

Employee representatives

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

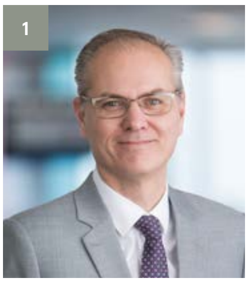
Åsa Borgman (8)
Deputy employee representative since 2014.
Born: 1970
Shareholding[1)]: –

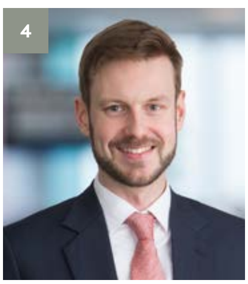
Tomas Kadura (9)
Ordinary employee representative since 2014, deputy 2013–2014.
Born: 1963
Shareholding[1)]: 484

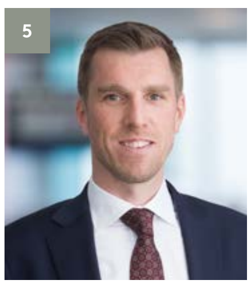
Fredrika Jonson (10)
Deputy employee representative since 2016.
Born: 1962
Shareholding[1)]: –

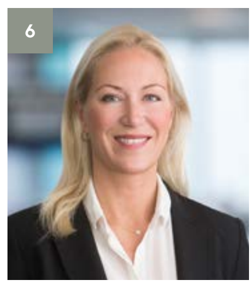
[1)] Own holdings of shares and financial instruments, and those of closely associated persons, at December 31, 2016.

EXECUTIVE MANAGEMENT 2017









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

Elisabeth Hellberg (2)
Director of Human Resources since 2014
International Business Administration
Born: 1957
Other assignments: None
Previous positions: Senior Vice President Human Resources at Swedish Match and Head of HR & Recruitment at Modern Times Group MTG.
Number of shares[1]: 2,275
Warrants: –

Mikael Larsson (3)
CFO since 2015
Graduate in Business Administration, Uppsala University
Born: 1968
Other assignments: Board member of Transcom WorldWide AB
Previous positions: CFO of Investment AB Kinnevik 2001-2015, Group Controller at Thomas Cook Northern Europe and audit and transaction advisory services at Arthur Andersen.
Number of shares[1]: 50,000
Warrants: –

James Lowther (4)
Commercial director since 2015
Graduate in Economics, University of Kent
Born: 1982
Other assignments: None
Previous positions: Head of Strategy and Head of TV Commercial at Virgin Media.
Number of shares[1]: 1,833
Warrants: –

Jonas Lönnquist (5)
CEO Boxer TV-Access AB since 2014
Master's Degree in Economics, Stockholm School of Economics
Born: 1973
Other assignments: None
Previous positions:
Deputy CEO and Country Manager Sweden for C More Entertainment AB. Various positions within MTG/Viasat AB including head of distribution, sales and customer services.
Number of shares[1]: –
Warrants: –

Petra von Rohr (6)
Director of IR and Corporate Communications since 2015
Master's Degree in Economics, Stockholm School of Economics
Born: 1972
Other assignments: Board member of Novare and Lauritz.com
Previous positions: Partner at Kreab, CEO of Remium, Head of Swedish operations for Burson-Marsteller and equity analyst at Cazenove & Co.
Number of shares[1]: 4,573
Warrants: –

[1] Own holdings of shares and financial instruments, and those of closely associated persons, at December 31, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Control environment

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

The control environment provides the basis for internal control and consists of the values and ethics that are communicated and incorporated by the Board, CEO and management, including a number of company-wide instructions, policies and guidelines. The company´s code of conduct and business ethics, that have been read and understood by all employees, have been revised during the year and constitute the basis for the internal control environment and provide the basis for common understanding of how we act within the company. The Code of conduct regulates the application of the highest standards of ethics when running the business beyond compliance with applicable laws and regulations. The company's code of conduct outlines the overall values, which represent a long-term commitment linked to the company's mission and strategies which guide the employees in their daily activities. All employees that participate in the work of financial reporting are responsible for the accuracy, completeness and quality of the information. Other examples of company-wide instructions and policies are the Board's rules of procedure, anti-corruption policy, whistleblower policy, guidelines for gifts, entertainment and hospitality, financial policy, authorisation policy, investment policy and financial manual. These instructions and policies are updated regularly and communicated to relevant employees.

Risk assessment

The risk assessment of financial reporting aims to identify and evaluate material risks affecting internal control over financial reporting. To minimise these risks, a governance framework has been established for reporting, procedures and detailed schedules for monthly and year-end closing and forecasts. The company's Board and management continually assess reporting from a risk perspective. In addition to assessing risks in financial reporting, the Board and management work to continually identify and manage material risks affecting the Group's operations from an operational and financial perspective. During the year management has performed a risk analysis and identified a number of risk areas further described under the headline 'Audit Committee' page 38.

The most significant risks are described in the 'Risks and risk management' section and in Note 26.

Control activities and monitoring

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

Information and communication

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

Evaluation of need for special audit function

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

CONSOLIDATED INCOME STATEMENT

SEKm	Note	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Total revenue	3	5,665	5,000
Cost of services sold		-2,964	-2,464
Gross profit		**2,701**	**2,536**
Selling expenses		-1,557	-1,516
Administrative expenses		-305	-295
Other operating income	5	42	19
Other operating expenses	6	-30	-19
Operating profit	7, 8, 9, 26, 27	**851**	**724**
FINANCIAL INCOME AND EXPENSES			
Financial income		3	88
Financial expenses		-443	-693
Net financial income and expenses	10	**-440**	**-605**
Result after financial items		**411**	**119**
Income taxes	11	-94	-27
Net result for the year		**317**	**92**
EARNINGS PER SHARE	33		
Basic earnings per share (SEK)		1.66	0.45
Diluted earnings per share (SEK)		1.66	0.45

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Net result for the year	**317**	**92**
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to net profit or loss		
Revaluation of defined-benefit pension obligations	-59	75
Tax on items that will not be reclassified to profit or loss	13	-16
Other comprehensive income for the year, net of tax	**-46**	**58**
Comprehensive income for the year	**271**	**150**

CONSOLIDATED BALANCE SHEET

SEKm	Note	Dec 31 2016	Dec 31 2015
ASSETS			
Non-current assets			
Intangible assets	12	16,765	15,451
Property, plant and equipment	13	1,564	1,531
Financial assets	14, 25	-	0
Total non-current assets		**18,329**	**16,982**
Current assets			
Inventories	15	48	45
Trade receivables	16, 25	159	121
Prepaid expenses and accrued income	17, 25	206	163
Other receivables	25	44	23
Cash and cash equivalents	18, 25, 26	470	743
Total current assets		**927**	**1,095**
Total assets		**19,256**	**18,078**
EQUITY AND LIABILITIES			
Equity	19		
Share capital		209	213
Other paid-in capital		8,009	9,182
Retained earnings incl. net result for the year		-2,717	-2,992
Total equity		**5,501**	**6,403**
Non-current liabilities			
Non-current interest-bearing liabilities	20, 25, 26, 34	10,180	9,151
Pension provisions	21	244	173
Other provisions	22	140	3
Deferred tax liabilities	11	624	234
Total non-current liabilities		**11,188**	**9,561**
Current liabilities			
Current interest-bearing liabilities	20, 25, 26, 34	517	528
Trade payables	25	566	477
Other current liabilities	23, 25	148	112
Accrued expenses and prepaid income	24,25	1,307	997
Current provisions	22	29	-
Total current liabilities		**2,567**	**2,113**
Total equity and liabilities		**19,256**	**18,078**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to Parent Company shareholders

SEKm	Share capital	Other paid-in capital	Retained earnings incl. net result for the year	Total equity
Opening equity, Jan 1 2016	**213**	**9,182**	**-2,992**	**6,403**
Reduction of share capital	-18	-	18	-
Bonus issue	14	-	-14	-
COMPREHENSIVE INCOME FOR THE YEAR				
Net result for the year	-	-	317	317
Other comprehensive income for the year	-	-	-46	-46
Comprehensive income for the year	**-**	**-**	**271**	**271**
Contributions from and value transfers to owners				
Repurchase of shares	-	-888	-	-888
Dividend	-	-289	-	-289
Share-based remuneration	-	4	-	4
Total transactions with Group's owners	**-**	**-1,173**	**-**	**-1,173**
Closing equity, Dec 31 2016	**209**	**8,009**	**-2,717**	**5,501**

SEKm	Share capital	Other paid-in capital	Retained earnings incl. net result for the year	Total equity
Opening equity, Jan 1 2015	**208**	**10,167**	**-3,142**	**7,233**
Bonus issue	7	-7	-	-
COMPREHENSIVE INCOME FOR THE YEAR				
Net result for the year	–	–	92	92
Other comprehensive income for the year	–	–	58	58
Comprehensive income for the year	**–**	**–**	**150**	**150**
Contributions from and value transfers to owners				
Redemption of shares	-1	-64	-	-65
Repurchase of shares and warrants	-	-713	-	-713
Issue expense, net after tax	-	4	-	4
Dividend	-	-207	-	-207
Share-based remuneration	-	1	-	1
Total transactions with Group's owners	**-1**	**-979**	**-**	**-979**
Closing equity, Dec 31 2015	**213**	**9,182**	**-2,992**	**6,403**

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	Note	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Operating activities			
Result after financial items		411	119
Adjustment for items not included in cash flow	34	1,757	1,551
Cash flow from operating activities before changes in working capital	34	**2,168**	**1,670**
Change in working capital			
Increase(–)/decrease(+) in inventories		-3	-6
Increase(–)/decrease(+) in current receivables		62	72
Increase(+)/decrease(–) in current liabilities		-11	34
Cash flow from operating activities		**2,216**	**1,770**
Investing activities			
Acquisition of subsidiaries	4	-1,375	-
Divestment of subsidiaries	4	-	0
Acquisition of non-current intangible assets		-396	-381
Acquisition of property, plant and equipment		-497	-594
Sales of property, plant and equipment		2	-
Cash flow from investing activities		**-2,266**	**-976**
Financing activities			
Share issue expenses		-	-22
Repurchase of shares and warrants		-894	-703
Redemption of shares		-	-65
Dividend		-289	-207
Borrowings		6,600	2,000
Amortisation of borrowings		-5,578	-1,749
Payment of borrowing costs, including discounts		-63	-21
Cash flow from financing activities		**-224**	**-768**
Net change in cash and cash equivalents		**-274**	**27**
Cash and cash equivalents at beginning of year		**743**	**716**
Cash and cash equivalents at year-end		**470**	**743**

NOTES TO THE GROUP´S FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING POLICIES

COMPLIANCE WITH STANDARDS AND LEGISLATION

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

The Parent Company applies the same accounting principles as the Group except in the cases stated in note A1 in the Parent Company's financial statements. The differences between the policies applied by the Parent Company and those applied by the Group are due to restrictions in the Parent Company's ability to apply IFRS as a consequence of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act, and taking account of the link between accounting and taxation.

These annual accounts and consolidated accounts were authorised for issue by the Board of Directors and CEO on February 17, 2017. The consolidated statement of comprehensive income and other comprehensive income and statement of financial position, and the Parent Company's income statement and balance sheet are subject to the approval of the AGM on March 23, 2017.

ASSUMPTIONS IN PREPARING THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

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

Adjustments

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

ESTIMATES AND JUDGMENTS IN THE FINANCIAL STATEMENTS

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

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

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

Impairment testing of goodwill

In accordance with IFRS, goodwill is not amortised but instead tested for impairment annually or when there is an indication of impairment. This is done by determining the recoverable amounts of cash generating units to which goodwill is allocated by calculating the value in use. When calculating value in use, future cash flows are discounted, which includes assumptions of future circumstances. The test for the financial year showed no indication of impairment since the calculated recoverable amount exceeded the total carrying amount at the end of 2016. In the opinion of Management and the Board, no reasonably possible changes to the relevant key assumptions listed would reduce the recoverable amount to a value that is lower than the carrying amount. A more detailed account is given in Note 12, which also states a carrying amount for goodwill of SEK 11,321m.

CHANGES IN ACCOUNTING POLICIES DUE TO NEW OR AMENDED IFRS

New and revised standards and interpretative statements applicable from 1 January 2016, have not resulted in any material effects on the financial statements.

Adoption in advance

The Group has decided to adopt in advance IAS 7 Statement of Cash Flows which shall apply on financial years commencing January 1, 2017 or later. The purpose of the new amendment is that dislosures shall be presented related to changes of liabilities that according to IAS 7 are assignable to financing activities. IAS 7 requires presentation of changes both affecting cash flow and changes not affecting cash flow. The change of liabilities shall be divided into cash flow related to borrowings and amortisation, changes linked to disposals and acquisitions of subsidiaries, exchange rates differences, change in revaluation of fair value and other changes. These disclosures can be presented as an analyse of the opening and closing balances of the liabilities. If these disclosures are presented in combination with for example changes of net debt,disclousures shall be presented concerning changes of the liabilities that are related to the financing activities in accordance with IAS 7, separately from changes of other assets and liabilities that are part of the net debt. It's not necessary to present comparable disclosures the first time this amendment is applied.

NEW AND AMENDED IFRS NOT YET APPLIED

A number of new or amended IFRS will take effect in the coming financial year and have not, except from the adoption in advance of IAS 7 Statement of Cah Flows described above, been early adopted when preparing these financial statements.

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

The new impairment model will require allowance for expected credit losses over the next 12 months at initial recognition and if the credit risk rises substantially, the impairment amount is to correspond to the expected credit losses over the remaining time. The Group has investigated which impact the implementation of the standard will have on the Group's accounting principles. The estimation is that provision for credit losses will be affected since these shall be recognised earlier but that it will not have any material impact on the Group's financial statements since the credit losses have been low historically (see the credit risk section in Note 26). A quantitative estimation has not yet been performed. IFRS 9 will also entail more extensive disclosure requirements, especially for hedge accounting, credit risks and credit losses.

IFRS 15 Revenue from Contracts with Customers will replace all existing revenue recognition guidance, such as IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. EU endorsed the standard during the third quarter of 2018. Earlier adoption is permitted but the Group doesn't plan to apply the standard in advance. Sectors considered to be most affected include companies in the telecom industry. Under IFRS 15, revenue will be recognised when a customer obtains control of the goods or service which differs from existing basis of transferring of risks and rewards. IFRS 15 implements new ways to determine how and when revenue shall be recognised, which means new ways of thinking compared to how revenue is recognised at the moment.

IFRS 15 demands significantly extended disclosure requirements such as information about disaggregation of revenue into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has completed an assessment of the implementation of IFRS 15 where the Group's actual revenue recognition and the different offerings and packages to customers have been analysed and compared to the revenue model in IFRS 15. After the performed analys the estimation is that this standard will not have any significant impact on the Group's revenue recognition excepts from more extensive disclosure requirements.

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

Earlier application is permitted provided that IFRS 15 is also applied from the same time. EU are expected to endorse the standard during 2017. The Group will as a lessee be affected by the implementation of IFRS 16. A scrutinisation of the aggrements that may be affected by the implementation has begun but it's to early to draw any conclusions. The disclosures related to operating leases in Note 27 gives an indication of the nature and extent of the existing agreements.

Other published standards with effect from 2017 or later are not expected to have any significant impact on the Group's accounts, with the exception of extended disclosure requirements.

OPERATING SEGMENTS

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

CLASSIFICATIONS, ETC.

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

CONSOLIDATION POLICIES AND BUSINESS COMBINATIONS

Subsidiaries

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

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

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

Transactions eliminated on consolidation

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

FOREIGN CURRENCY

Transactions denominated in foreign currencies

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

REVENUE

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

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

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

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

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

OPERATING COSTS

Operating expenses

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

Cost of services sold

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

Selling expenses

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

Administrative expenses

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

OTHER OPERATING INCOME

Other operating income includes exchange rate gains and recovered, previously written-off bad debt losses and insurance compensation etc.

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

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

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

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

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

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

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

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

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

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

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

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

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

- Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. The receivables arise when the company supplies funds, goods and services directly to the borrower. This category also includes acquired receivables. Assets in this category are measured at amortised cost. Amortised cost is determined using the effective interest rate calculated on the date of acquisition. Trade receivables are recognised at the amount expected to be received, which is after deduction for doubtful debt.

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

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

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

Derivatives
Derivative instruments comprise forward contracts and swaps utilised to hedge risks of exchange rate fluctuations, and of exposure to interest-rate risk.

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

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

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

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

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

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

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

Acquisition costs for subscriptions
Acquisition costs for subscriptions are recognised as intangible assets, and consist of sales commissions and reseller subsidies for set-top boxes that arise in conjunction with a customer entering a fixed-term agreement for at least 12 months. The condition is that the commission or subsidy can be linked to an individual customer agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reversal of impairment
An impairment of assets included in the application segment of IAS 36 is reversed if there is both an indication that the impairment no longer exists, and that the assumptions forming the basis of the calculation of the recoverable amount have changed. However, goodwill impairment is never reversed. Reversals are only conducted to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised, less depreciation or amortisation where relevant, if no impairment was applied. Impairment losses on loans and receivables recognised at amortised cost are reversed if the previous reasons for impairment no longer exist, and full payment is expected from the customer.

EARNINGS PER SHARE
The calculation of earnings per share is based on consolidated net profit or loss attributable to owners of the Parent Company, and on the weighted average number of shares outstanding during the year. When calculating earnings per share after dilution, the average number of shares is adjusted for the effects of dilutive potential ordinary shares. Potential ordinary shares comprise of outstanding warrants and shares attributable to the Group´s share-savings incentive programmes. For more information, see Note 33 Earnings per share.

EMPLOYEE BENEFITS
Defined-contribution pension plans
In defined-contribution plans, the company pays fixed fees to a separate legal entity and has no obligation to pay additional fees. In such cases, the size of an employee's pension depends on the fees paid by the company into

COM HEM

the plan or to an insurance company and the return on capital generated by the fees. Consequently, it is the employee who bears the actuarial risk (of the compensation being lower than expected) and the investment risk (of the invested assets being insufficient to generate the expected compensation). The costs are charged to Group income as earnings are generated.

Defined-benefit plans

In the Group, the pension expense and pension commitment for defined-benefit pension plans are computed using the "Projected Unit Credit Method" individually for each plan. This method allocates the expense for pensions as employees render services for the company that increase their entitlement to future benefits. The company's obligation is computed annually by independent actuaries. The obligation consists of the present value of expected future disbursements. The discount rate used are determined with support from external actuaries. As guideline the interest rate for mortgage covered bonds with a maturity that will equal the average maturity of the obligation is used. The most important actuarial assumptions are described in Note 21. The net of the estimated present value of the commitments and fair value of the plan assets is recognised in the balance sheet as a provision, adjusted for any asset ceilings. Special employer's contributions form part of the actuarial assumptions and are thus recognised as part of the net commitment/asset.

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

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

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

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

Commitments for family pensions for salaried employees are secured through insurance with Alecta. Pursuant to statement UFR 10 from the Swedish Financial Reporting Board, this is a defined-benefit multiemployer plan. For the 2016 financial year, the company does not have access to such information that would enable it to recognise the plan as a defined-benefit plan.

Termination of employment remuneration

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

Short-term remuneration

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

Share-savings incentive programme

The share-savings incentive programme is an equity-settled arrangement and allocated over the vesting period with recognition as personnel costs, and with corresponding recognition directly in equity. The programme provides opportunities to receive matching and performance shares. Recognised cost is based on fair value of the share rights at the start of the programme. The value of performance shares that depends on the condition for Total Shareholder Return (TSR) is adjusted for the valuation effect of this condition. The recognised cost of the share rights is continuously adjusted to the number expected to be, and that is ultimately, earned, with respect to fulfillment of the employment condition, and to the cash-flow conditions for the relevant performance share rights. The corresponding continuous adjustment is not made with regard to fulfillment of the TSR condition. For more information about the LTIP 2015 and LTIP 2016 share savings-incentive programme, see Note 7 Employees and personnel expenses.

For social fees payable on the value of the shares earned by programmes participants, cost and provision is allocated across the vesting period. Recognised cost and provision is based on fair value of the share rights at each reporting date.

Personnel information

The Swedish Annual Accounts Act requires more information than IFRS, including information about the gender composition of the Board and management. Information about the gender composition reflects the situation on the reporting date. "Members of the Board" refers to AGM-elected Board members of the Parent Company. Executive Management for 2016 refers to the positions specified in note 7.

PROVISIONS

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

INCOME TAXES

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

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

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

CONTINGENT LIABILITIES

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

STATEMENT OF CASH FLOWS

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

NOTE 2 OPERATING SEGMENT

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

The operating segment Com Hem offers services to consumers (digital-TV, broadband and fixed telephony), B2B (broadband and telephony) and landlords (basic TV offering) via fibreCoax, fibre and LAN. The services to consumers and landlords are mainly delivered to multi-dwelling unit buildings. The B2B services are mainly delivered to small and medium sized enterprises (SMEs). The infrastructure that is the basis for enabling delivery of services to customers is the same for all services in the operating segment. Expenses for distribution (fibre, ducting, etc.) and for operation and servicing of the services are collective. Customers connect to services through a single point in their home.

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

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

Performances and the business' earnings are evaluated based on a number of established key ratios, of which the principal key ratios in the income statement are total revenue, operating profit/loss (EBIT) and Underlying EBITDA (EBITDA before disposals excluding items affecting comparability and operating currency gains/losses). Operating segment assets comprise intangible assets, property, plant and equipment, inventories and current receivables. Operating segment liabilities comprise non-current liabilities and provisions.

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

	JAN-DEC 2016			
SEKm	Com Hem	Boxer[1]	Eliminations	Group
Revenue external	5 218	446	-	5 665
Revenue internal	2	-	-2	-
Total revenue	**5 220**	**446**	**-2**	**5 665**
Operating profit (EBIT)	**849**	**3**	**-**	**851**
Depreciation & Amortisation	1 600	67	-	1 667
Disposals	4	-	-	4
Operating currency loss/gains	6	1	-	7
Items affecting comparability	12	6	-	18
Underlying EBITDA	**2 472**	**76**	**-**	**2 547**
Net financial income and expenses				-440
Income taxes				-94
Net result for the year				**317**
CAPEX	-851	-42	-	-893
CAPEX in relation to business combinations	-	-1 705	-	-1 705

1 Boxer was acquired on September 30, 2016. The Group only reported one operating segment 2015, Com Hem. For comparative numbers see section Financial Overview in the Board of Directors' report.

	DEC 31 2016				DEC 31, 2015
SEKm	Com Hem	Boxer	Eliminations	Group	Com Hem
Operating segment assets	**16 605**	**2 184**	**-2**	**18 787**	**17 334**
-of which goodwill	*10 899*	*421*	*-*	*11 321*	*10 899*
-of which customer relationships	*2 527*	*1 392*	*-*	*3 919*	*3 097*
Other unallocated assets				470	743
Total assets				**19 256**	**18 078**
Operating segment liabilities	**2 002**	**995**	**-2**	**2 995**	**1 951**
Other unallocated liabilities				10 760	9 723
Total liabilities				**13 755**	**11 675**

NOTE 3 CATEGORIES OF REVENUE

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

Revenue by service, SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Total revenue		
Consumer	4,539	3,863
- of which digital TV	2,277	1,785
- of which broadband	1,869	1,666
- of which telephony	253	304
- of which other	140	108
B2B	317	311
Network operator	777	786
Other	32	40
Total	**5,665**	**5,000**

Reclassification of revenue

All revenue derived from securing our connected households, earlier reported separately as "Landlord revenue" for our vertical network as well as income from the Group's communication operator business (iTUX), previously included within "Other revenue", has from Q1 2016 been grouped together and reported on the line "Network operator revenue". In addition, billing fees related to our consumer business, which have earlier also been reported within "Other revenue", have been reported under "Consumer revenue". Consumer revenue together with reported unique consumer subscribers will now reconcile with the reported consumer ARPU as ARPU was also previously calculated on this basis. All earlier reported periods have been recalculated in accordance with the above.

NOTE 4 BUSINESS COMBINATIONS

Business combinations 2016

Boxer TV-Access AB ("Boxer")

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

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

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

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

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

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

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

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

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

Business combinations 2015
No business combinations occurred during the 2015 financial year.

Divestments 2015
The dormant subsidiary Com Hem Acquisition AB was divested and wound up during the year, which had a positive impact of SEK 0m on cash and cash equivalents.

NOTE 5 OTHER OPERATING INCOME

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Exchange gains on trade receivables/liabilities	5	7
Recovered trade receivables	8	7
Other	29	5
Total	**42**	**19**

NOTE 6 OTHER OPERATING EXPENSES

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Losses from disposals of non-current assets	-6	-9
Loss from divestment of subsidiaries	-	0
Exchange losses on trade receivables/liabilities	-12	-15
Acquisition-related costs	-11	-
IPO transaction costs	-	5
Other operating expenses	-1	-
Total	**-30**	**-19**

NOTE 7 EMPLOYEES AND PERSONNEL EXPENSES

Average number of employees	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Women	280	302
Men	767	782
Total	**1,047**	**1,084**

At year-end, the number of employees was 1,179 (1,178).

Members of the Board and Executive Management	Dec 31 2016	Dec 31 2015
Board of Directors, excluding employee representatives	6	6
- of which women	*2*	*2*
- of which men	*4*	*4*
Executive Management	5	7
- of which women	*2*	*2*
- of which men	*3*	*5*

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

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Salaries and remuneration	557	558
Social security expenses	192	184
Pension expenses	60	59
Capitalised work by employees	-133	-131
Other personnel costs	20	28
Total personnel expenses	**696**	**698**

REMUNERATION AND OTHER BENEFITS TO THE BOARD

SEK thousand	Board fees	Other fees[1]	Total recognised expense 2016	Total recognised expense 2015
Chairman of the Board				
Andrew Barron	1,814	-	1,814	1,814
Other Board members				
Anders Nilsson[3]	-	-	-	-
Nicholas Stathopoulos	350	85	435	435
Joachim Ogland	350	140	490	490
Monica Caneman[2]	460	145	605	605
Eva Lindqvist[2]	460	184	644	644
Total	**3,434**	**554**	**3,988**	**3,988**

[1] Relates to remuneration for work in Board committees.
[2] Monica Caneman and Eva Lindqvist have invoiced their fees. Fees received include compensation for social security expenses.
[3] No Board fees were paid to the CEO.
[4] Employee representatives do not receive any Board fee in addition to a preparation fee.

The Group has no outstanding pension obligations to the Board.

COM HEM

REMUNERATION AND OTHER BENEFITS TO EXECUTIVE MANAGEMENT

	Jan 1 - Dec 31 2016						
SEK thousand	Fixed remuneration	Variable remuneration[1]	Other remuneration	Other benefits	Pension expenses[3]	Recognised expense for share-based incentive programmes	Total recognised expense
Chief Executive Officer							
Anders Nilsson	5,344	4,993	-	38	960	709	12,044
Other Executive Management[2]	13,518	3,620	-	319	3,302	1,218	21,977
Total	**18,862**	**8,613**	**-**	**357**	**4,262**	**1,927**	**34,021**

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

[1] Relates to variable remuneration earned in 2016 to be paid in 2017.
[2] 6 (6) positions, where two persons only received remuneration during three months and six months 2016, at the end of 2016 4 positions remained. Other remuneration recognised 2015 relates to remuneration in connection with terminated employment.
[3] Pension expenses includes pension benefits paid in cash, refer also to remuneration to other Executive Management below.

The number of people in Executive Management amounted to 5 (7), at the end of the financial year. Executive Management at year end includes the following positions: CEO, CFO, Director of Human Resources, Director of IR and Corporate Communications and CEO of Phonera Företag AB. See the Corporate Governance report for more information on excecutive management for 2017.

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

REMUNERATION TO BOARD MEMBERS, THE CEO AND OTHER EXECUTIVE MANAGEMENT

Guidelines for remuneration to the CEO and other Executive Management

The guidelines for remuneration to the CEO and other Executive Management were adopted by the annual general meeting on May 19, 2016. Proposed guidelines to be approved at the AGM March 23, 2017 are presented in the corporate governance report.

Remuneration Committee

The task of the Remuneration Committee is to prepare matters related to remuneration and other terms of employment for the CEO and other Executive Management. This work includes preparing proposals for guidelines on the allocation between fixed and variable remuneration and the relationship between earnings and compensation, the principal terms for bonus and incentive programmes, terms for other benefits, pensions, notice of termination and severance pay and preparing proposals for individual compensation packages for the CEO and other Executive Management. The Remuneration Committee is also tasked with monitoring and assessing the outcomes of variable remuneration and how the company adheres to the guidelines adopted by the AGM. In 2016, the Remuneration Committee consisted of Board members Nicholas Stathopoulos (chairman), Eva Lindqvist and Joachim Ogland. For the 2017 financial year, the Committee will present a proposal on remuneration to the CEO for the Board's approval, and assist and approve the CEO's proposal on remuneration to other Executive Management.

Board members

The remuneration and fees adopted for 2016 are described in the table above. The AGM of Com Hem Holding AB on May 19, 2016 resolved on an annual fee of SEK 1,814 thousand (1,814 thousand) to the Chairman of the Board, and of SEK 350 thousand (350 thousand) to AGM-elected Board members. The meeting also resolved that an annual fee of SEK 110 thousand (110 thousand) shall be paid to the Chairman of the Board's Audit Committee, and SEK 80 thousand (80 thousand) to each of the other members. Annual fees to members of the Board's Remuneration Committee were also resolved, comprising SEK 85 thousand (85 thousand) to the Chairman and SEK 60 thousand (60 thousand) to each of the other members. Board members who receive a salary from the company do not receive any Board fees. Employee representatives do not receive any board fees beyond a preparation fee.

CEO and other Executive Management

Remuneration of the CEO and other Executive Management shall consist of fixed salary, variable short-term incentives (STI) paid annually in cash which are linked to the achievement of Com Hem's financial targets and individual performance targets, and the long-term share-based incentive programme (LTIP 2015 and 2016), in addition to pension and other customary benefits.

For 2016, the CEO was entitled to a fixed annual salary of SEK 5,242,880 (excluding holiday bonus) and an STI target corresponding to 75% of the latest determined annually fixed salary. In the event that the financial targets set in the budget as well as the individual targets are substantially exceeded, the CEO's STI can be a maximum of 169% of his fixed salary, subject to Board approval. The retirement age is 65 and every month until the agreed retirement age, the company is to allocate an amount corresponding to 20% of the fixed salary in pension benefits.

For 2016, other Executive Management received an STI target of up to 50% of fixed salary. In the event that the financial targets as well as the individual targets are substantially exceeded, the STI for other Executive Management can be a maximum of 113% of fixed salary. Pension payments to other Executive Management were up to 30% of fixed salary, alternatively, in accordance with ITP (collective pension plans). If approved by the Board, Executive Management who are resident abroad may be offered pension benefits that are paid at a cash amount equivalent to the premium that would otherwise be paid to insurance companies.

Due to special circumstances the Board resolved on a deviation from the guidelines approved at the Annual General Meeting, to approve the Company's COO, during three months in 2015 and six months in 2016 (Employment ended June 30,2016), to receive a monthly, non-pensionable additional payment, corresponding to his fixed monthly salary level as a result of an ongoing renegotiation of his employment contract and for the company to be able to find a suitable replacement of the position.

Notice period

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

For the termination of other Executive Management, a maximum notice period of 12 months applies. Upon resignation, a notice period of 6-12 months applies.

SHARE-BASED INCENTIVE PROGRAMME

Warrants

The EGM of June 3, 2014 resolved on two incentive programmes for Executive Management, key employees and Board members. 12 persons choosed to participate in the programmes whereof 7 still participated at the end of 2016. The programmes comprised a total of 4,949,092 warrants, of which 2,474,546 expire in June 2017 and 2,474,546 in June 2018. The warrants were issued in June 2014 at a market value of SEK 10m, which was paid in cash. Each warrant entitles the holder to subscribe for one share. According to their terms, the warrants that expire in June 2017 may be exercised to subscribe for shares during the three months before they expire at a subscription price corresponding to SEK 73.08 per share. The warrants expiring in June 2018 may be exercised to subscribe for shares during three months before they expire at a subscription price corresponding to SEK 78.94 per share. A recalculation of the number of warrants and subscription prices was performed in 2015 in connection with the redemption of shares. If a shift in controlling ownership (as defined in the terms of the warrants) occurs during the tenor of the warrants, the warrants may be used immediately to subscribe for new shares at a recalculated subscription price. The company has reserved the right to repurchase warrants if a participant's employment or position in the Group cease or if a participant wishes to reassign the warrants. In 2016 no warrants were repurchased, in 2015 185,240 warrants per programme were repurchased, totalling 370,480 warrants corresponding to a market value of about SEK 2.2m. The repurchases were made when the option holders employment in the Group ended. Outstanding warrants at the end of 2016 amounted to 4,578,612.

Share-savings incentive programmes

The 2015 and 2016 AGM adopted the Board's proposal to introduce long-term share savings incentive programmes LTIP 2015 and LTIP 2016. LTIP 2015 and 2016 has in all material respects similar conditions. The aim of incentive programmes is to strengthen opportunities for retaining and recruiting key employees. LTIP 2015 and 2016 are therefore intended for Executive Management and other key employees in the Group. Before the programme commences, employees are required to make a personal investment in shares – Savings Shares – in Com Hem Holding AB. The qualification period for LTIP 2015 is June 1, 2015 until May 31, 2018 and for LTIP 2016 April 1, 2016 until March 31, 2019. After this period, and under certain conditions, the participants are entitled to receive one Matching Share for each Savings Share, plus additional shares in the form of Performance Shares. To be eligible for awards of Matching Shares and Performance Shares, the participant must continue to be employed by the Group, and not resign, throughout the entire qualification period until the award, and retain all Savings Shares during this period. Matching Share awards are subject to a positive Total Shareholder Return (TSR) performance in absolute terms over the qualification period. TSR refers to the total return of the Com Hem share, including reinvested dividends during the qualification period. For allotment of Performance Shares, see below. Both Matching Shares and Performance Shares are awarded to the participant without payment of any consideration. The value of Matching Shares and Performance Shares with the cash-flow conditions is based on the average share price at the grant date, less anticipated dividends, SEK 74.12 per share option for LTIP 2015 and SEK 73.65 per share option for LTIP 2016. Performance Shares subject to the market condition (TSR) are measured at 50% of this value, SEK 37.06 per share option for LTIP 2015 and SEK 36.83 per share option for LTIP 2016.

LTIP 2015	
No. of participants who are still employed	21
No. of savings shares	36,722
No. of Matching Shares awarded	1
Max. no. of Matching Shares	36,722
No. of Performance Shares awarded	2-6
Max. no. of Performance Shares	140,128
Maturity date	May 31, 2018

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

	Matching share rights	Performance share rights, TSR condition	Performance share rights, cash flow condition
At beginning of 2015	-	-	-
Share rights awarded	43,596	101,293	67,529
Share rights exercised	-2,860	-6,144	-4,096
At year-end 2015	**40,736**	**95,149**	**63,433**
Share rights exercised	-4,014	-11,072	-7,382
At year-end 2016	**36,722**	**84,077**	**56,051**

LTIP 2016	
No. of participants who are still employed	34
No. of savings shares	56,132
No. of Matching Shares awarded	1
Max. no. of Matching Shares	56,132
No. of Performance Shares awarded	2-6
Max. no. of Performance Shares	200,755
Maturity date	March 31, 2019

Outstanding share rights in share-savings incentive programme (LTIP 2016):

	Matching share rights	Performance share rights, TSR condition	Performance share rights, cash flow condition
At beginning of 2016	-	-	-
Share rights awarded	56,132	120,453	80,302
Share rights exercised	-	-	-
At year-end 2016	**56,132**	**120,453**	**80,302**

Accounting effects of share-based remuneration

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Cost attributable to equity-settled instruments, excluding social fees	4	1

Target achievements LTIP 2015 and LTIP 2016

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

The industry peer group for relative TSR (60% of the Performance Shares) includes nine international companies, including Nordic telecom and cable companies. The peer group currently includes the following companies but may be adjusted if any of the companies become delisted or undergo other significant changes that disqualify them from being part of the peer group: Liberty Global, Telenet, Altice, Telia Company, Tele2, Modern Times Group MTG, TDC, Comcast and Charter. To be eligible for Performance Share awards, Com Hem must achieve the peer group median (resulting in a 30% award) and for maximum award, Com Hem must perform better than 90% of the peer group. Between these two percentiles, the award increases on a linear basis. The measurement period is from May 2015 until May 2018 for LTIP 2015 and April 2016 until March 2019 for LTIP 2016.

The performance criterion for cash flow (40% of the Performance Shares) is measured on a cumulative basis over the 2015-2017 financial years for LTIP 2015 and 2016-2018 financial years for LTIP 2016, based on the audited consolidated financial statements for the consolidated Com Hem Group. For financial year 2016 the performance are compared only to the Com Hem operating segment. The Board has determined appropriate targets for cash flow (defined as cash flow excluding financing activities) for all years, based on the company's business plan and in line with the company's financial guidance of mid-single-digit growth of Underlying EBITDA, and total capex of SEK 1-1.1bn per year. To be eligible for Performance share awards, Com Hem must achieve 90% of the cumulative target for the 2015-2017 (LTIP 2015) and 2016-2018 (LTIP 2016) financial years (resulting in a 30% award), and for maximum award, cumulative cash flow must be 110% of the cumulative target.

Outcome LTIP 2015
For the sub-period May 2015 to December 2016, the Group's relative TSR performance was higher than seven out of nine companies in the peer group.
In the 2015-2016 financial years, the actual cumulative cash flow was 116% of the target, which is partly explained by a low level of capex. Total capex for 2015 and 2016 was together SEK 1,802m. The Underlying EBITDA outcome was in line with the target.

Outcome LTIP 2016
For the sub-period April 2016 to December 2016, the Group's relative TSR performance was higher than six out of nine companies in the peer group.
In the 2016 financial year, the actual cash flow was 112% of the target, which is partly explained by a low level of capex. Total capex for 2016 was SEK 851m. The Underlying EBITDA outcome was in line with the target.

NOTE 8 FEES AND REIMBURSEMENTS TO AUDITORS

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
KPMG AB		
Audit assignments	2	2
Assignments in addition to audit	-	0
Tax consulting	0	0
Other assignments	0	1
Total	**2**	**3**

NOTE 9 OPERATING EXPENSES BY TYPE

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Personnel expenses	-696	-698
Depreciation and amortisation	-1,667	-1,545
Cost of production of services	-1,798	-1,468
Cost of sales and services	-27	-
Sales and marketing expenses	-273	-223
Acquisition-related costs	-11	-
IPO transaction costs	-	5
Other operating expenses	-341	-347
Total	**-4,813**	**-4,276**

Other operating costs include consulting fees and IT costs.

NOTE 10 NET FINANCIAL INCOME AND EXPENSES

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Financial income		
Interest income		
- bank balances	0	0
- loans and receivables	3	3
Foreign exchange gains, net	-	86
Other financial income	0	0
Total	**3**	**88**

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Financial expenses		
Interest expenses		
- financial liabilities measured at amortised cost[1]	-421	-590
- interest coupon on derivatives, including redemption fees	-	-40
- defined-benefit pension commitments[2]	-6	-6
Change in fair value through profit or loss (derivatives)	-	-39
Other financial expenses	-16	-18
Total	**-443**	**-693**
Total net financial income and expenses	**-440**	**-605**

[1] The "Financial liabilities measured at amortised cost" item above includes non-recurring costs pertaining to allocated borrowing costs of SEK 29m (36) related to the repayment of bank loans and bonds with an original amortisation period until 2019, and redemption premiums on bonds totalling SEK 66m (92).
[2] Interest income and interest expenses on plan assets are netted from 2016. Figures for the comparison year have been restated.

NOTE 11 INCOME TAXES

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Current tax		
Income taxes for the period	3	-
	3	**-**
Deferred tax		
Deferred tax on capitalised loss carryforwards	-225	-150
Deferred tax relating to temporary differences	127	123
Total deferred tax	**-98**	**-27**
Total recognised tax in the Group	**-94**	**-27**

RECONCILIATION OF EFFECTIVE TAX

SEKm	%	Jan 1 - Dec 31 2016	%	Jan 1 - Dec 31 2015
Result before tax		411		119
Tax according to the current tax rate for the Parent Company	22.0	-91	22.0	-26
Non-taxable income		0		1
Non-deductible expenses		-4		-1
Deferred tax relating to previous years		0		0
Recognised effective tax	**22.9**	**-94**	**22.6**	**-27**

TAX ATTRIBUTABLE TO OTHER COMPREHENSIVE INCOME

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Actuarial gains/losses, before tax	-59	75
Tax attributable to actuarial gains/losses	13	-16
Total	**-46**	**58**

DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

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

	Dec 31 2016			Dec 31 2015		
SEKm	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Non-current intangible assets	6	-1,047	-1,042	7	-851	-844
Property, plant and equipment	4	-20	-16	3	-5	-2
Trade receivables	4	-	4	2	-	2
Prepaid expenses	5	-	5	-	-	-
Provisions	86	-	86	35	-	35
Financial liabilities	6	-	6	13	-	13
Derivatives	-	-	-	-	0	0
Current liabilities	4	-	4	1	-	1
Tax allocation reserve	-	-10	-10	-	-	-
Other	1	0	1	0	0	0
Loss carryforwards	337	-	337	561	-	561
Tax receivables/liabilities	**453**	**-1,078**	**-624**	**622**	**-856**	**-234**
Set-off	-453	453	-	-622	622	-
Net tax receivables/liabilities	**-**	**-624**	**-624**	**-**	**-234**	**-234**

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

CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSS CARRYFORWARDS

SEKm	Jan 1 2016	Recognised in profit or loss	Recognised in other comprehensive income	Other[1]	Dec 31 2016
Non-current intangible assets	-844	139	-	-336	-1,042
Property, plant and equipment	-2	3	-	-17	-16
Trade receivables	2	1	-	1	4
Prepaid expenses	-	1	-	5	5
Provisions	35	1	13	39	86
Financial liabilities	13	-7	-	-	6
Derivatives	0	0	-	-	-
Current liabilities	1	0	-	4	4
Tax allocation reserve	-	-10	-	-	-10
Other	0	1	-	-	1
Loss carryforwards	561	-225	-	-	337
Total	**-234**	**-98**	**13**	**-305**	**-624**

SEKm	Jan 1 2015	Recognised in profit or loss	Recognised in other comprehensive income	Other[1]	Dec 31 2015
Non-current intangible assets	-973	132	-	-2	-844
Property, plant and equipment	-4	3	-	-1	-2
Trade receivables	1	1	-	-	2
Provisions	49	2	-16	-	35
Financial liabilities	15	-5	-	3	13
Derivatives	-9	9	-	-	0
Current liabilities	1	0	-	-	1
Tax allocation reserve	-1	1	-	-	-
Other	19	-19	-	-	0
Loss carryforwards	713	-150	-	-1	561
Total	**-190**	**-27**	**-16**	**-1**	**-234**

[1] The item 'Non-current intangible assets' in the Other column above for 2016 refers to deferred tax liabilities resulting from business combinations. The "Loss carryforwards" item in the Other column above for 2015 pertains to deferred tax related to share issue expenses recognised in equity.

NOTE 12 NON-CURRENT INTANGIBLE ASSETS

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

SEKm	Goodwill (Externally acquired)	Customer relations[1] (Externally acquired)	Trademark (Externally acquired)	Other[3]	Total
Accumulated cost					
At beginning of year	10,899	5,457	691	2,008	19,055
Capital expenditure[2]	-	-	-	392	392
Divestments and disposals	-	-	-	-25	-25
At year-end 2015	**10,899**	**5,457**	**691**	**2,374**	**19,422**
Accumulated amortisation and impairment					
At beginning of year	-	-1,791	-	-1,223	-3,014
Amortisation for the year	-	-569	-	-411	-979
Divestments and disposals	-	-	-	23	23
At year-end 2015	**-**	**-2,359**	**-**	**-1,611**	**-3,970**
Carrying amount at year-end 2015	**10,899**	**3,097**	**691**	**764**	**15,451**

[1] The remaining useful life for customer relations is considered approximately 3-13 years.
[2] Capital expenditure (capex) includes non-current assets financed through finance leases of SEK -m (10), see Note 27.
[3] The Other column above mainly comprises capitalised development expenses of SEK 1,463m (1,239) and investments in licenses and acquisition costs for subscriptions totaling SEK 858m (769). Of total acquisition costs of SEK 2,772m (2,374), SEK 2,537m (2,193) were externally acquired and SEK 235m (182) internally generated.

All intangible assets, except goodwill and trademark with indefinite useful lives, are amortised. The trademark represents "Com Hem" (SEK 691m) and "Boxer" (SEK 101m) which are included in the respective operating segment assets. The company management is of the opinion that these trademarks are to be used for an indefinite period. For further information on depreciation, amortisation and impairment see Note 1.

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

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Cost of services sold	277	237
Selling expenses	779	742
Administrative expenses	0	0
Total	**1,056**	**979**

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

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

The forecasts for sales growth are based on estimates of market penetration for each service and estimated market shares over time. This is based on both external and internal market analyses, and on comparisons with other cable TV operators and telecom companies. Estimated ARPU (average revenue per unit) is based partly on the Group's product strategies and partly on external information. EBITDA margin forecasts are based on expected gross margin and revenue mix. The number of forecast periods is assumed to perpetuity.

2016	Operating segment Com Hem	Operating Segment Boxer
Forecast period	5 years	5 years
Growth after forecast period	2%	2%
WACC after taxes	7.32%	10.30%
WACC before taxes	8.84%	13.92%

2015	Group
Forecast period	5 years
Growth after forecast period	2%
WACC after taxes	8.10%
WACC before taxes	9.87%

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

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

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

SEKm	Production facility	Customer equipment	Machinery, equipment and computers	Total
Accumulated cost				
At beginning of year	6,729	1,246	443	8,418
Capital expenditure[1]	240	341	18	599
Divestments and disposals	-2	-107	-19	-127
At year-end 2015	**6,968**	**1,480**	**443**	**8,891**
Accumulated depreciation and impairment				
At beginning of year	-5,852	-667	-394	-6,913
Depreciation for the year	-298	-242	-25	-566
Divestments and disposals	1	107	13	120
At year-end 2015	**-6,150**	**-803**	**-407**	**-7,360**
Carrying amount at year-end 2015	**818**	**677**	**36**	**1,531**

[1] Capital expenditure (capex) includes non-current assets financed through finance leases of SEK -m (5), see Note 27.

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

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Cost of services sold	590	541
Selling expenses	0	0
Administrative expenses	22	25
Total	**611**	**566**

COM HEM

NOTE 14 NON-CURRENT FINANCIAL ASSETS AND OTHER RECEIVABLES

SEKm	Dec 31 2016	Dec 31 2015
Non-current financial assets		
Derivatives	-	0
Total	**-**	**0**

NOTE 15 INVENTORIES

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

NOTE 16 TRADE RECEIVABLES

SEKm	Dec 31 2016	Dec 31 2015
Invoiced receivables	176	129
Provision for doubtful debts	-16	-8
Total	**159**	**121**
Invoiced receivables are due as follows:		
Not overdue	24	19
1-30 days overdue	125	87
31-60 days overdue	8	17
61-90 days overdue	4	3
91 and more days overdue	14	4
Total	**176**	**129**

CHANGE IN PROVISION FOR DOUBTFUL TRADE RECEIVABLES

SEKm	Dec 31 2016	Dec 31 2015
Provision for doubtful trade receivables at beginning of year	-8	-5
New provisions	-4	-6
Provisions from business combinations	-9	-
Utilisation of provisions during the period	8	4
Reversal of unutilised provisions	-3	-1
Total	**-16**	**-8**

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

NOTE 17 PREPAID EXPENSES AND ACCRUED INCOME

SEKm	Dec 31 2016	Dec 31 2015
Prepaid support expenses	33	29
Prepaid leases	16	27
Accrued income	83	64
Other prepaid expenses	74	43
Total	**206**	**163**

NOTE 18 CASH AND CASH EQUIVALENTS

SEKm	Dec 31 2016	Dec 31 2015
Cash and bank balances	470	743
Total	**470**	**743**

The Group has a granted bank overdraft facility of SEK 400m (125), of which SEK 0m (0) was utilised as of December 31, 2016. For information on other available credit facilities, see Note 26, Financial risks and treasury policy.

NOTE 19 EQUITY

Change in no. of shares	Total number of shares
No. of registered shares Jan 1, 2015	**207,529,597**
Redemption of shares	-886,221
No. of registered shares Dec 31, 2015	**206,643,376**
Repurchased shares held by Com Hem	-9,645,123
No. of outstanding shares Dec 31, 2015	**196,998,253**
No. of registered shares Jan 1, 2016	**206,643,376**
Redemption of shares	-17,692,736
No. of registered shares Dec 31, 2016	**188,950,640**
Repurchased shares held by Com Hem	-3,740,455
No. of outstanding shares Dec 31, 2016	**185,210,185**

EQUITY INSTRUMENTS WITH POTENTIAL DILUTIVE EFFECT

The company has issued warrants and two share-savings incentive programmes, LTIP 2015 and LTIP 2016, which may increase the number of shares outstanding. For more information about outstanding warrants and LTIP 2015 and LTIP 2016, see Note 7 Employees and personnel expenses, and Note 33 Earnings per share.

Share capital

At December 31,2016, the registered share capital was SEK 208,998,231 corresponding to 188,950,640 shares. The quota value per share was about SEK 1.11. Each share equals one vote. According to the Articles of Association, share capital shall be a minimum of SEK 100,000,000 and a maximum of SEK 400,000,000.

Other paid-in capital

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

Retained earnings including net result for the year

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

SHARE REPURCHASES AND REDEMPTION

In accordance with the mandate given at the AGM on May 19, 2016, the Board of Directors has at several times during the year resolved to repurchase shares in accordance with the Market Abuse Regulation (EU) No 596/2014 ("MAR") and Commission Delegated Regulation (EU) 2016/1052 (the "Safe Harbour Regulation"). The share repurchases are carried out by credit institutions that make its trading decisions regarding Com Hem's shares independently and without the influence of Com Hem with regard to the timing of the repurchases. In May 2016, the Board also resolved on the possibility, up until the following AGM, to make repurchases through block trades, that will not be made in accordance with MAR and Safe Harbour Regulation. During 2016 11,788,068 shares were repurchased corresponding to 6.2% of the total number of registered shares to a total value of SEK 888m of which block trades was SEK 14m corresponding to 200,000 shares.

Repurchased treasury shares	No. of repurchased shares	SEKm	Average price per share, SEK
Treasury shares at beginning of year 2015	-	-	-
Programmes according to MAR/ Safe Harbour	8,545,460	632	73.91
Block trades	1,099,663	80	72.32
Treasury shares at end of year 2015	**9,645,123**	**711**	**73.73**
Programmes according to MAR/ Safe Harbour	11,588,068	874	75.45
Block trades	200,000	14	70.83
Redeemed shares	-17,692,736		
Treasury shares at end of year 2016	**3,740,455**	**888**	**75.37**

NOTE 20 INTEREST-BEARING LIABILITIES

SEKm	Dec 31 2016	Dec 31 2015
Non-current liabilities		
Bond loans	3,948	2,463
Non-current liabilities to credit institutions	6,229	6,667
Financial lease liabilities[1]	3	20
Total	**10,180**	**9,151**

[1] See Note 27 for information.

At the end of 2016, the Group had two outstanding notes maturing June 23, 2021 and February 25, 2022, respectively. The notes are or will be listed on Nasdaq Stockholm and amount to SEK 1,750m and SEK 2,250m, respectively with a coupon rate of 3.625% and 3.5%, respectively.

In November 2016, the Group made an early redemption of the outstanding SEK 2,500m notes with a coupon rate of 5.25%, registered on Nasdaq Stockholm.

Non-current liabilities to credit institutions accrue interest at STIBOR plus a margin of 1.8-2.25%.

SEKm	Dec 31 2016	Dec 31 2015
Current liabilities		
Current liabilities to credit institutions	500	500
Financial lease liabilities[1]	17	28
Total	**517**	**528**

[1] See Note 27 for information.

Current liabilities to credit institutions accrue interest at STIBOR plus a margin of 1.50%.

LOAN COVENANTS

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

In addition, there are provisions and limitations in loan agreements for the credit facilities with credit institutions and the bond loans regarding further debt gearing, guarantee commitments and pledging, material changes to operating activities, as well as acquisitions and divestments. At December 31,2016 and 2015, the conditions had been met by a solid margin.

NOTE 21 PENSION PROVISIONS

Pension plans

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

The ITP is an individual occupational pension plan for employees and serves as a complement to the Swedish national pension system. The ITP plan is divided into ITP 1 and ITP 2. ITP 1 is a defined-contribution pension plan applicable to employees born in 1979 or later with continuous premiums paid to external insurance companies based on the employee's pensionable income. ITP 2 is a defined-benefit plan applicable to employees born in 1978 or earlier. The defined-benefit plans are exposed to actuarial risks such as longevity risk, interest rate risk, and investment risk. An employee with a pension plan according to ITP 1 takes the full responsibility for his or hers future retirement pension. The level of the retirement pension will amongst others depend on the salary level, for how many years the employee has been connected to the ITP plan and how she or he has choosen to invest the pension contribution paid by the employer, which implies that the employee takes the full financial risk for the level of the future retirement pension. An employee with retirement pension according the ITP 2 pension plan do not take the financial risk for his or her future level of retirement pension. ITP 2 is a defined-benefit pension plan where the level of the employees future retirement is determined in advance but not the level of the premiums to be paid by the employer.

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

EXPENSES RECOGNISED IN NET RESULT FOR THE YEAR

SEKm	Jan 1 – Dec 31 2016	Jan 1 – Dec 31 2015
Pension expense		
Defined-benefit plans		
Expenses for pensions earned in the period	12	13
Interest expenses	6	6
Expense, defined-benefit plans	**18**	**19**
Expense, defined-contribution plans	50	46
Special employer's contribution	12	13
Total expense for post-employment remuneration	**80**	**78**
Expense for defined-benefit plans is recognised in the following income statement items:		
Administrative expenses	12	13
Financial expenses	6	6
Expense, defined-benefit plans	**18**	**19**
Actual return on plan assets	**9**	**4**
Expense recognised in other comprehensive income		
Revaluations		
Actuarial gain (+)/loss (–)	-62	74
Difference between actual return and return under the discount rate on plan assets	4	0
Recognised in other comprehensive income, net	**-59**	**75**

DEFINED-BENEFIT PENSION PLANS

SEKm	Dec 31 2016	Dec 31 2015
Defined-benefit commitments and value of plan assets		
Fully or partly funded commitments		
Present value of defined-benefit commitments	406	326
Fair value of plan assets	-170	-161
Total fully or partly funded commitments	**236**	**165**
Present value of non-funded defined-benefit commitments	8	8
Net amount in balance sheet (commitments +, assets –)	**244**	**173**
Net amount is recognised in the following items in the balance sheet:		
Pension provisions	**244**	**173**

ITP/PRI

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

COM HEM

Hem AB has employees linked to both the ITP 1 and the ITP 2 pension plan while Boxer TV-Access AB has employees linked to the ITP 1 pension plan.

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

For family pensions, the ITP 2 plan's defined-benefit pension obligations for salaried employees is secured through insurance in Alecta. According to the Financial Reporting Board's statement UFR 10, Classification of ITP plans financed by insurance in Alecta, this is a defined-benefit multi-employer plan. For the 2016 financial year, the company has had no access to information regarding its proportionate share of the plan's commitments, plan assets and expenses. Consequently, it was not feasible to account for the plan as a defined-benefit plan. The ITP 2 pension plan, which is secured through insurance in Alecta, was therefore recognised as a defined-contribution plan. The premium for the defined-benefit family pension is individually calculated and based on, for example, salary, previously earned pension, expected remaining period of service and assumptions about interest rates, longevity, operating costs and policyholder tax.

The collective funding ratio is the market value of Alecta assets as a percentage of insurance commitments and is calculated according to Alecta's actuarial methods and assumptions. These are noted to not comply with IAS 19. The collective consolidation level is typically permissible to vary between 125–155%. If the Alecta collective consolidation level is less than 125% or greater than 155%, measures shall be taken in order to create the conditions for the consolidation level to return to a normal range. A low consolidation level can serve as an indication to raise the agreed price for new, and/or the expansion of existing benefits. A high consolidation level can serve as an indication to introduce premium reductions. At the end of 2016, Alecta's surplus in terms of the collective funding ratio was 148% (153%). There is currently no framework in place to handle any deficit that should arise. In the first instance, losses will be borne by Alecta's collective capital and thus will not lead to increased costs through higher contractual premiums. There are no guidelines stipulating how any surpluses or deficits shall be distributed in the settlement of the plan or the company's withdrawal from the plan.

In 2016, Com Hem paid contributions of SEK 6.0m (6.0) for pension insurance in Alecta. Boxer TV-Access AB paid contributions of SEK 0 from the date of acquisition. For 2017 the contributions are expected to reach SEK 8m of which the main part of the increase is related to Boxer. The amounts refer to the above described family pensions under ITP 2 and premiums under ITP 1.

Management pension

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

Conditional early retirement pension

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

At December 31, 2015, the weighted average term for Com Hem's commitments under defined-benefit pension plans was 23.2 years (18.9 years). In 2016, Com Hem estimates that SEK 5.5m (5.0) will be paid to former employees from defined-benefit plans that are recognised as a liability in the Group's balance sheet.

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

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

SEKm	ITP/PRI	Management pension	Conditional early retirement pension	Total
Change in pension commitments				
At beginning of 2015	382	1	7	391
Expense for pension benefits earned in the period	13	0	0	13
Interest expenses	10	0	0	10
Pension disbursements	-5	0	-	-5
Actuarial gains and losses on amended financial assumptions	-75	0	0	-75
Experience adjustments	1	0	0	1
At year-end 2015	**326**	**1**	**7**	**334**

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

- Active members 44% (44%)
- Former employees 38% (37%)
- Pensioners 18% (19%)

ACTUARIAL ASSUMPTIONS

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

Weighted average values	Dec 31 2016	Dec 31 2015
Discount rate	2.80%	3.30%
Increase in income base amount	3.00%	3.00%
Expected inflation assumption	2.00%	2.00%
Future salary increases	3.00%	3.00%
Termination rate	5.00%	5.00%
Longevity assumption	DUS14[1]	FFFS[2]

[1] Mortality assumption based on current mortality survey in Sweden

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

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

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

Dec 31 2016	ITP/PRI	Management pension	Conditional early retirement pension
Longevity assumptions at age 65 for current pensioners:			
Men	21.7	21.7	21.7
Women	24.2	24.2	24.2
Longevity assumptions at age 65 for current members aged 45:			
Men	23.4	23.4	23.4
Women	25.3	25.3	25.3

SENSITIVITY ANALYSIS

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

SEKm	Increase	Decrease
Discount rate (1% change)	-73	99
Expected inflation assumption (1% change)	97	-73

FUNDING OF DEFINED-BENEFIT PENSION PLANS

Com Hem's defined-benefit pension plan under ITP 2 is partially funded by assets separated into a trust. Other smaller pension plans (management pension and conditional early retirement pension) are non-funded. Com Hem AB's trust assets are invested in Telia Company AB's (publ) pension fund, which was founded in 1998 when Com Hem was a subsidiary of Telia Company AB (publ). These plan assets may only be used to pay benefits under pension agreements. At December 31, 2016, Com Hem AB's deposits to the fund totalled SEK 74m (74). The pension fund's capital, except for index-linked bonds, is managed by various asset management companies. Any changes in the real interest portfolio is determined by the trust's Board. Com Hem AB's share of the pension fund is revalued monthly to market value. At December 31,2016, the market value of Com Hem AB's share of the assets in the pension trust amounted to SEK 170m (161).

CHANGE IN FAIR VALUE OF PLAN ASSETS

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

SEKm	ITP/PRI	Management pension	Conditional early retirement pension	Total
Change in fair value of plan assets				
At beginning of 2015	157	-	-	157
Interest income recognised in net result	4	-	-	4
Actuarial gain/loss	0	-	-	0
At year-end 2015	**161**	**-**	**-**	**161**

The assets in the pension trust are as follows:

SEKm	Dec 31 2016	Dec 31 2015
Equity securities		
Swedish shares	3.9%	3.7%
Global shares	29.6%	24.4%
Interest-bearing securities		
Index-linked bonds	14.4%	14.0%
Mortgage bonds	21.9%	22.2%
Other Swedish fixed-interest securities	12.4%	19.4%
Alternative investments	17.8%	16.3%
Total	**100%**	**100%**

NOT 22 OTHER PROVISIONS

SEKm	Dec 31 2016	Dec 31 2015
At the beginning of the year	3	2
During the year:		
Provisions	2	1
Business combinations[1]	174	-
Provisions used during the year	-11	-
At the end of the year	**168**	**3**
Where of		
Long term provisions	140	3
Current provisions	29	-
Total	**168**	**3**
Maturity:		
Within 1 year	29	-
Between 1-5 years	136	0
Longer than 5 years	3	3

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

NOTE 23 OTHER LIABILITIES

SEKm	Dec 31 2016	Dec 31 2015
Other current liabilities		
Current tax liabilities	31	-
Employee withholding taxes	14	14
Value-added taxes	85	77
Other liabilities	17	22
Total	**148**	**112**

NOTE 24 ACCRUED EXPENSES AND PREPAID INCOME

SEKm	Dec 31 2016	Dec 31 2015
Prepaid income	772	544
Accrued personnel expenses	137	132
Accrued content expenses	172	98
Accrued interest expenses	62	45
Other accrued expenses	164	178
Total	**1,307**	**997**

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

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

	Dec 31 2016					
SEKm	Financial assets at fair value through profit or loss	Loan receivables and trade receivables measured at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Carrying amount	Fair value
Trade receivables	-	159	-	-	**159**	159
Accrued income	-	83	-	-	**83**	83
Other receivables	-	44	-	-	**44**	44
Cash and cash equivalents	-	470	-	-	**470**	470
Non-current interest-bearing liabilities, bond loans	-	-	-	-3,948	**-3,948**	-4,039
Non-current interest-bearing liabilities, credit institutions	-	-	-	-6,232	**-6,232**	-6,232
Current interest-bearing liabilities	-	-	-	-517	**-517**	-517
Trade payables	-	-	-	-566	**-566**	-566
Other current liabilities	-	-	-	-17	**-17**	-17
Accrued expenses	-	-	-	-486	**-486**	-486
Total financial assets and liabilities by category	**-**	**756**	**-**	**-11,767**	**-11,011**	**-11,102**

	Dec 31 2015					
SEKm	Financial assets at fair value through profit or loss	Loan receivables and trade receivables measured at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Carrying amount	Fair value
Derivatives	0	-	-	-	**0**	0
Trade receivables	-	121	-	-	**121**	121
Accrued income	-	64	-	-	**64**	64
Other receivables	-	23	-	-	**23**	23
Cash and cash equivalents	-	743	-	-	**743**	743
Non-current interest-bearing liabilities, bond loans	-	-	-	-2,463	**-2,463**	-2,603
Non-current interest-bearing liabilities, credit institutions	-	-	-	-6,687	**-6,687**	-6,687
Current interest-bearing liabilities	-	-	-	-528	**-528**	-528
Trade payables	-	-	-	-477	**-477**	-477
Other current liabilities	-	-	-	-22	**-22**	-22
Accrued expenses	-	-	-	-400	**-400**	-400
Total financial assets and liabilities by category	**0**	**951**	**-**	**-10,577**	**-9,625**	**-9,765**

FAIR VALUE OF ASSETS AND LIABILITIES

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

Derivative instruments

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

Interest-bearing liabilities

The fair value of financial liabilities that are not derivative instruments have a floating interest rate and thus carrying amount are assumed to correspond to fair value. The fair value of the Group's listed bonds is determined based on market price (level 1).

Trade receivables and trade payables

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

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

SEKm	Level 1	Level 2	Level 3	Dec 31 2016
Derivatives	–	-	–	-
Financial assets/liabilities	**–**	**-**	**–**	**-**

SEKm	Level 1	Level 2	Level 3	Dec 31 2015
Derivatives (currency forward contracts)	–	0	–	0
Financial assets	**–**	**0**	**–**	**0**

The net result for 2016 includes an amount of SEK - (-39m) pertaining to the change in fair value of derivatives, of which SEK - (-39m) was recognised in net financial income and expenses and SEK - (0) in other operating income. Hedge accounting is not applied. When the Group's Senior Notes were redeemed in advance in November 2015, all derivatives attributable to outstanding credit were closed.

NOTE 26 FINANCIAL RISKS AND TREASURY POLICY

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

REFINANCING AND LIQUIDITY RISKS

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

At December 31, 2016 and 2015, the liquidity reserve is divided as follows:

SEKm	Dec 31 2016	Dec 31 2015
Cash and bank balances	470	743
Unutilised credit facilities	1,400	650
Total liquidity reserve	**1,870**	**1,393**

At December 31, 2016, the Group's total credit facilities,including the outstanding SEK bond, amounted to SEK 12,175m (SEK 10,375m) with an average remaining term of 3.3 years.

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

LIABILITIES OVERVIEW AND UNUTILISED CREDIT AT DECEMBER 31 2016

SEKm	Maturity date	Interest base/Coupon	Total credit	Utilised amount	Unutilised amount
Bank debt					
Facility A	Jun 26, 2019	Floating	3,500	3,500	–
Revolving Credit Facility	Jun 26, 2019	Floating	2,000	600	1,400
Incremental Facility 2	Jun 26, 2019	Floating	375	375	–
Incremental Facility 4	Jun 26, 2019	Floating	1,000	1,000	–
Incremental Facility 6	Dec 31, 2017	Floating	500	500	–
Incremental Facility 7	Jun 26, 2019	Floating	800	800	–
Outstanding notes at fixed interest rates					
SEK 1,750m, 2016/2021 Notes	Jun 23, 2021	Fixed | 3.625%	1,750	1,750	–
SEK 2,250m, 2016/2022 Notes	Feb 25, 2022	Fixed | 3.5%	2,250	2,250	
Total credit facilities			**12,175**	**10,775**	**1,400**

COM HEM

LIABILITIES OVERVIEW AND UNUTILISED CREDIT AT DECEMBER 31 2015

SEKm	Maturity date	Interest base/Coupon	Total credit	Utilised amount	Unutilised amount
Bank debt					
Facility A	Jun 26, 2019	Floating	3,500	3,500	–
Revolving Credit Facility	Jun 26, 2019	Floating	2,000	1,350	650
Incremental Facility 2	Jun 26, 2019	Floating	375	375	–
Incremental Facility 3	March 4, 2017	Floating	500	500	–
Incremental Facility 4	Jun 26, 2019	Floating	1,000	1,000	–
Incremental Facility 5	Sep 14, 2016	Floating	500	500	–
Outstanding notes at fixed interest rates					
SEK 2,500m, 2014/2019 Notes	Nov 4, 2019	Fixed | 5.25%	2,500	2,500	–
Total credit facilities			**10,375**	**9,725**	**650**

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

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

On November 11, 2016, Com Hem announced that its subsidiary NorCell Sweden Holding 3 AB (publ) had issued new notes in the total amount of SEK 2,250m. The new notes have a fixed rate coupon of 3.50% and matures February 25, 2022. The proceeds from the new notes were, together with existing unutilised credit facilities, used to redeem the SEK 2,500m 2014/2019 Notes in full, which was completed on November 25, 2016. In connection with the redemption a premium of SEK 66m was paid. Following the refinancing the average blended interest rate of the Group's debt portfolio decreased from approximately 3% in the first nine months of 2016 to 2.5% in December.

On November 18, 2016 Com Hem announced that NorCell Sweden Holding 3 AB (publ) had given notice to initiate a written procedure under its SEK 1,750m 2016/2021 Notes requesting that certain terms should be harmonised with those of the SEK 2,250m 2016/2022 Notes. The written procedure was closed on December 12, 2016 after a sufficient majority of the noteholders had approved the request. Following the amendments of certain terms, which had previously been approved in relation to the loan facilities by the credit institutions, Com Hem was able to terminate an Intercreditor agreement and release certain securities.

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

Expected maturities of financial liabilities
On December 31, 2016 and 2015, the Group's interest-bearing borrowings, including repayments, estimated interest payments and currency derivatives, had the following expected maturity structure. Forward rates have been used for estimated future interest payments related to instruments with full or partly variable interest.

Expected maturities of financial liabilities at December 31 2016:

SEKm	Nominal amount	Within 0-1 year	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	Beyond 5 years	Matures
Liabilities to credit institutions	6,775	500	-	6,275	-	-	-	2017-2019
Bond loans	4,000	-	-	-	-	1,750	2,250	2021-2022
Finance lease liabilities	20	17	3	-	-	-	-	-
Total interest-bearing liabilities	**10,795**	**517**	**3**	**6,275**	**-**	**1,750**	**2,250**	
Interest payments		273	279	258	142	110	13	
Net total	**10,795**	**790**	**282**	**6,533**	**142**	**1,860**	**2,263**	

Current liabilities (short-term interest-bearing liabilities, trade payables, other current liabilities and accrued expenses) are mostly due within 1 year of the reporting date. The Group has a short term bank debt of SEK 500m (Incremental 6 in the liabilities overview table) with the intention to extend or replace it with another bank debt.

Expected maturities of financial liabilities at December 31 2015:

SEKm	Nominal amount	Within 0-1 year	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	Beyond 5 years	Matures
Liabilities to credit institutions	7,225	500	500	-	6,225	-	-	2016-2019
Bond loans	2,500	-	-	-	2,500	-	-	2019
Finance lease liabilities	48	28	17	3	-	-	-	-
Total interest-bearing liabilities	**9,773**	**528**	**517**	**3**	**8,725**	**-**	**-**	
Interest payments		298	273	305	280	-	-	
Net total	**9,773**	**826**	**790**	**308**	**9,005**	**-**	**-**	

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

Interest rate risks

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

Fixed interest structure

The Group's interest expenses would increase by approximately SEK 68m (73) on an annual basis with a 1% increase in the interest rate and the same hedging conditions that existed on the reporting date.

SEKm	Nominal amount	Net exposure	Distribution, %
2017	6,795	6,795	63%
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	1,750	1,750	16%
Beyond 5 years	2,250	2,250	21%
Total	**10,795**	**10,795**	**100%**

Currency risks

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

Transaction exposure – operational flows

All the Group's billing is in SEK, as are the majority of the Group's expenses. However, some purchases are denominated in other currencies, and accordingly, to reduce the earnings effect of exchange rates, the Group may hedge contracted flows in these currencies using forward contracts. Currency hedging is typically initiated when the Group enters an agreement that has a minimum exposure of SEK 10m in a foreign currency which must be met in a maximum period of 12 months. Currency hedges are reported at fair value in the balance sheet with value changes recognised in profit or loss. At the end of 2016, there were no (2) transaction-related currency forward contracts with fair value totalling SEK -m (0) .

Exchange rate differences arising in operations are recognised in profit or loss and have been allocated between other operating income of SEK 5m (7) and other operating expenses of SEK -12m (-15).

Transaction exposure by currency

	Jan 1 - Dec 31 2016		Jan 1 - Dec 31 2015	
SEKm	Amount	%	Amount	%
Currency				
EUR	-75	18%	-81	16%
NOK	-12	3%	-16	3%
USD	-335	77%	-402	79%
CHF	0	0%	-	-
GBP	-3	1%	-7	1%
DKK	-2	1%	-2	1%
Total	**-428**	**100%**	**-508**	**100%**

Transaction exposure translated into SEK according to the currency distribution above representing 11%(13%) of the Group´s total supplier spending.

During the period, consolidated cash flow would decrease by approximately SEK 21m (25) if the SEK had depreciated by 5% against the above currencies, assuming the same transaction exposure as during the financial year and no hedging.

Translation exposure – financial items

The Group's translation exposure arises if there are financial liabilities denominated in currencies other than the presentation currency. At the end of 2016, all interest-bearing liabilities were denominated in SEK.

Credit risk

Credit risk is the risk that the Group incurs losses due to a counterparty not fulfilling their obligations. The Group's exposure to credit risks are limited because advance billing is used for consumer, B2B and landlord services. Credit assessments are conducted for new customers, and the Group applies a fast debt recovery process, entailing termination of the customer's service if payment is not received. Due to the extensive size of the Group's customer base, there is no concentration of risk to a few major customers. Trade receivables are classified as doubtful from a collective assessment based on age and potential recovery attempts via debt collection agencies. Credit losses are small in relation to the Group's operations and cumulative credit losses for the financial year were 0.3% (0.5) of total revenue. Cash and cash equivalents are placed in credit institutions with a solid credit rating.

Capital structure

The company defines capital as interest-bearing liabilities and equity. The company's objective is to have an effective capital structure that takes account of its operational and financial risks, helps maintain the confidence of investors, creditors and the market, and provides a stable basis for the sustainable development of the company's operations, while also ensuring shareholders receive satisfactory returns. The key ratio which the management and external stakeholders judge capital structure by is net debt in relation to Underlying EBITDA (EBITDA before disposals excluding items affecting comparability and operating currency gains/losses). At the end of the period, the Group's net debt totalled SEK 10,326m (9,030), and the net debt/Underlying EBITDA LTM was a multiple of 3.7x (3.8). The company's objective is to maintain leverage within the interval of a multiple of 3.5-4.0x Underlying EBITDA LTM. At December 31, 2016 the conditions (net debt/Underlying EBITDA LTM) had been met by a solid margin. The Board and Management regularly monitor and analyse the key ratios, which ultimately set the framework for the Group's capital structure.

NOTE 27 LEASING

Operating lease arrangements in which the company is the lessee

There are assets used in operations held through operating lease arrangements. The leasing fee is included in operating expenses and amounted to SEK 309m (314) for the financial year.

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

	Dec 31 2016	Dec 31 2015
SEKm	Future Minimum lease fees	Future Minimum lease fees
Within 1 year	164	191
1-5 years	267	352
More than 5 years	2	4
Total	**434**	**546**

Finance lease arrangements in which the company is the lessee

There are assets in operations held through finance lease arrangements, which are primarily associated with equipment for switching centers. At December 31, 2016, the carrying amount of these was SEK 20m (47), production facilities for SEK 10m (23) and other non-current intangible assets for SEK 10m (24). For most of the lease arrangements, the assets held can be acquired after 36 months. Future payments under these lease arrangements mature as follows:

	Dec 31 2016		Dec 31 2015	
SEKm	Minimum lease fee	Nominal value	Minimum lease fee	Nominal value
Within 1 year	17	17	28	29
1-5 years	3	3	20	20
More than 5 years	-	-	-	-
Total finance lease liabilities	**20**	**20**	**48**	**49**
Less interest portion		0		-1
Total finance leases	**20**	**20**	**48**	**48**

NOTE 28 INVESTMENT COMMITMENTS

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

SEKm	Dec 31 2016	Dec 31 2015
Production facilities	23	6
Customer equipment	18	91
Non-current intangible assets	-	5
Total	**41**	**102**

NOTE 29 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEKm	Dec 31 2016	Dec 31 2015
Pledged assets		
Other bank guarantees	0	0
Total	**0**	**0**

SEKm	Dec 31 2016	Dec 31 2015
Contingent liabilities		
Guarantee commitments, FPG/PRI	4	4
Total	**4**	**4**

NOTE 30 RELATED PARTIES

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

No material related-party transactions took place with the company´s major owners or persons in senior positions during the financial year except for the information provided in Note 7.

NOTE 31 EVENTS AFTER THE REPORTING DATE

REPURCHASE OF SHARES

During the period January 1 to February 17, an additional 1,073,987 shares were repurchased at a value of SEK 98m. The company aims to propose a reduction in share capital through cancellation of some or all of the shares that have been repurchased.

DIVIDENDS AND REPURCHASES OF SHARES

The Board is proposing to the AGM on March 23, 2017, a cash dividend of SEK 4.00 (1.50) per share to be distributed on two payment occasions at the end of March and at the end of September. The Board also proposes a renewed mandate to repurchase up to 10% of the number of outstanding shares.

MERGERS

In January 2017 the Board resolved to merge the wholly owned subsidiaries, NorCell Sweden Holding 2 AB (publ) and Com Hem Communications AB into the wholly owned subsidiary NorCell Sweden Holding 3 AB (publ), where NorCell Sweden Holding 3 AB (publ) will be the surviving entity.

MAJOR CHANGES IN OWNERSHIP

Following the sale of shares by NorCell S.à.r.l. on February 7, 2017, NorCell S.à.r.l. holds 33,911,671 shares representing 17.95% of the total number of registered shares, Norges Bank holds 10,106,748 shares representing 5.35% of the total number of registered shares, and The Capital Group Companies holds 15,115,000 shares representing 8.0% of the total number of registered shares.

NOTE 32 DETAILS OF THE PARENT COMPANY

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

NOTE 33 EARNINGS PER SHARE

SEK	Jan 1 – Dec 31 2016	Jan 1 – Dec 31 2015
Basic earnings per share	1.66	0.45
Diluted earnings per share	1.66	0.45

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

BASIC AND DILUTED EARNINGS PER SHARE

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

SEKm	Jan 1 – Dec 31 2016	Jan 1 – Dec 31 2015
Net result for the year attributable to owners of the Parent Company	317	92
Average number of shares outstanding – before dilution	191,077,195	204,068,412
Effect of share-savings incentive programmes and warrants	145,965	44
Average number of shares outstanding – after dilution	191,223,160	204,112,130

INSTRUMENTS WITH POTENTIAL DILUTIVE EFFECT

Warrants
At December 31, 2016, Com Hem Holding AB had a total of 4,578,612 warrants outstanding, of which 2,289,306 warrants will expire in June 2017 and 2,289,306 in June 2018. The exercise price for the warrants expiring in June 2017 is SEK 73.08/share and the exercise price for the warrants expiring in June 2018 is SEK 78.94/share. The average share price for the company´s ordinary shares during 2016 exceeded the exercise price for the warrants expiring in June 2017. Thus, there is a dilution effect taken into consideration when calculating the average number of shares outstanding presented above. The warrants expiring in June 2018 are excluded from the calculation of diluted earnings per share due to the exercise price exceeded the average share price for the company´s ordinary shares during 2016. These warrants may result in dilution if the future average share price exceeds the exercise price.

Share-savings incentive programme
The LTIP 2015 and LTIP 2016 share-savings incentive programme, which is described in more detail in Note 7, Employees and personnel expenses, entitles its participants, after the qualification period and under certain conditions, to receive an allotment of shares without consideration. The average share price for the period exceeds the value of the remaining future services to recognise over the vesting period. A dilution effect therefore exists, which is taken into consideration when calculating the average number of shares outstanding after dilution, as described above.

COM HEM

NOTE 34 DISCLOSURES FOR THE STATEMENT OF CASH FLOWS

ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

SEKm	Jan 1 – Dec 31 2016	Jan 1 – Dec 31 2015
Depreciation/amortisation and impairment of assets	1,667	1,545
Unrealised exchange rate differences	1	-64
Unrealised change in fair value of derivatives	0	39
Change in accrued borrowing costs and discounts	60	71
Change in accrued interest expense	17	-66
Capital gain/loss on sale/disposal of non-current assets	3	9
Capital gain/loss on divestment of subsidiaries	-	0
Pension provisions	12	14
Other provisions	-8	1
Other profit/loss items not settled with cash	5	1
Total	**1,757**	**1,551**

RECEIVED AND PAID INTEREST

SEKm	Jan 1 – Dec 31 2016	Jan 1 – Dec 31 2015
Interest received	3	3
Interest paid	-347	-597

NET CASH FLOW CHANGE IN INTEREST-BEARING LIABILITIES

			Non-cash items			
SEKm	Dec 31 2015	Net cash flow	Change in accrual borrowing costs	Effect of changes in exchange rates	Acquisition of assets through leasing	Dec 31 2016
Long-term interest-bearing liabilities	9 130	987	60	-	-	10 177
Current interest-bearing liabilities	500	-	-	-	-	500
Leasing liabilities	48	-28	-	-	-	20
Total interest-bearing liabilities	**9 679**	**959**	**60**	**-**	**-**	**10 698**

			Non-cash items			
SEKm	Dec 31 2014	Net cash flow	Change in accrual borrowing costs	Effect of changes in exchange rates	Acquisition of assets through leasing	Dec 31 2015
Long-term interest-bearing liabilities	9 355	-237	71	-59	-	9 130
Current interest-bearing liabilities	-	500	-	-	-	500
Leasing liabilities	67	-34	-	-	15	48
Total interest-bearing liabilities	**9 421**	**230**	**71**	**-59**	**15**	**9 679**

PARENT COMPANY INCOME STATEMENT

SEKm	Note	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Total revenue	A2	13	13
Administrative expenses		-27	-40
Other operating income		0	1
Other operating expenses		0	5
Operating profit/loss	A3, A4, A5	**-14**	**-21**
INCOME FROM FINANCIAL ITEMS			
Result from participations in Group companies		-260	-250
Interest income and similar items		191	748
Interest expense and similar items		-45	-137
Net financial income and expenses	A6, A13	**-114**	**361**
Result after financial items		**-128**	**340**
Income taxes	A7	28	4
Net result for the year		**-100**	**344**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Net result for the year	**-100**	**344**
OTHER COMPREHENSIVE INCOME		
Items reclassified or that can be reclassified to profit or loss	-	-
Items that will not be reclassified to profit or loss	-	-
Other comprehensive income for the year, net of tax	-	-
Comprehensive income for the year	**-100**	**344**

PARENT COMPANY BALANCE SHEET

SEKm	Note	Dec 31 2016	Dec 31 2015
ASSETS			
Non-current assets			
Participations in Group companies	A16	2,901	2,897
Receivables from Group companies	A8,A12,A15	7,064	6,874
Non-current financial assets		1	1
Deferred tax assets	A7	53	25
Total non-current assets		**10,019**	**9,796**
Current assets			
Receivables from Group companies	A12, A15	4	3
Prepaid expenses		3	1
Other receivables	A12, A15	0	0
Cash and bank balances	A12,A13	15	30
Total current assets		**22**	**34**
Total assets		**10,041**	**9,830**
EQUITY AND LIABILITIES			
Equity	A9		
Restricted equity			
Share capital		209	213
Unrestricted equity			
Share premium reserve		6,524	7,701
Retained earnings		353	1
Net result for the year		-100	344
Total equity		**6,986**	**8,259**
Provisions			
Other provisions		2	1
Total other provisions		**2**	**1**
Non-current liabilities			
Non-current liabilities to Group companies	A10,A12,A15	2,780	942
Total non-current liabilities		**2,780**	**942**
Current liabilities			
Trade payables	A12	0	3
Liabilities to Group companies	A15	260	607
Other current liabilities	A12	6	11
Accrued expenses	A11,A12	7	8
Total current liabilities		**273**	**629**
Total equity and liabilities		**10,041**	**9,830**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity	Unrestricted equity		Total
SEKm	Share capital	Share premium reserve	Retained earnings incl. net result for the year	Equity
Opening equity, Jan 1 2016	**213**	**7,701**	**345**	**8,259**
Reduction of share capital	-18	-	18	-
Bonus issue	14	-	-14	-
COMPREHENSIVE INCOME FOR THE YEAR				
Net result for the year	–	–	-100	-100
Other comprehensive income for the year	–	–	-	-
Comprehensive income for the year	**–**	**–**	**-100**	**-100**
Contributions from and value transfers to owners				
Repurchase of shares	-	-888	-	-888
Dividend	-	-289	-	-289
Share-based remuneration	-	-	4	4
Total transactions with Group's owners	**-**	**-1,178**	**4**	**-1,173**
Closing equity, Dec 31 2016	**209**	**6,524**	**253**	**6,986**

	Restricted equity	Unrestricted equity		Total
SEKm	Share capital	Share premium reserve	Retained earnings incl. net result for the year	Equity
Opening equity, Jan 1 2015	**208**	**10,167**	**-1,482**	**8,893**
Bonus issue	7	-7	-	-
Profit distribution	-	-1,689	1,689	-
COMPREHENSIVE INCOME FOR THE YEAR				
Net result for the year	-	-	344	344
Other comprehensive income for the year	-	-	-	-
Comprehensive income for the year	**-**	**-**	**344**	**344**
Contributions from and value transfers to owners				
Redemption of shares	-1	-64	-	-65
Repurchase of shares	-	-711	-	-711
Issue expenses, net after tax	-	4	-	4
Dividend	-	-	-207	-207
Share-based remuneration	-	-	1	1
Total transactions with Group's owners	**-1**	**-771**	**-205**	**-977**
Closing equity, Dec 31 2015	**213**	**7,701**	**345**	**8,259**

PARENT COMPANY CASH FLOW STATEMENT

SEKm	Note	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Operating activities			
Result after financial items		-128	340
Adjustment for items not included in cash flow	A19	115	-3
Cash flow from operating activities before changes in working capital	A19	**-13**	**336**
Change in working capital			
Increase(–)/decrease(+) in current receivables		-2	4
Increase(+)/decrease(–) in current liabilities		-3	-25
Cash flow from operating activities		**-18**	**316**
Investing activities			
Acquisition of non-current financial assets		-1	-1
Cash flow from investing activities		**-1**	**-1**
Financing activities			
Share issue expenses		-	-22
Repurchase of shares		-894	-701
Redemption of shares		-	-65
Dividend		-289	-207
Borrowings from Group companies		1,187	580
Cash flow from financing activities		**4**	**-415**
Net change in cash and cash equivalents		**-15**	**-100**
Cash and cash equivalents at beginning of year		**30**	**130**
Cash and cash equivalents at year-end		**15**	**30**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

NOTE A1 THE PARENT COMPANY'S ACCOUNTING POLICIES

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

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

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

Subsidiaries
Participations in subsidiaries are recognised in the Parent Company using the cost method. This means that transaction expenses are included in the carrying amount. In the consolidated accounts, transaction expenses attributable to subsidiaries are recognised directly in profit or loss when they arise.
The measurement of contingent consideration is based on the likelihood that the purchase price will be paid. Any changes to the provision/receivable are added to/deducted from the cost. In the consolidated accounts, contingent consideration is measured at fair value with changes in value through profit or loss.

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

NOTE A2 CATEGORIES OF REVENUE

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Intragroup service assignments	13	13
Total	**13**	**13**

NOTE A3 EMPLOYEES AND PERSONNEL EXPENSES

PARENT COMPANY SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

	Jan 1 - Dec 31 2016		Jan 1 - Dec 31 2015	
SEKm	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Anders Nilsson, CEO	11	4	9	3
- of which bonus	5	2	4	1
Pension expenses	1	0	1	0
Board members	4	-	4	-
Total	**16**	**4**	**14**	**3**

During the year, the Parent Company had 1 employee (1), which is the CEO.
Remuneration to each Board member and other information related to the Board of the Parent Company complies with the information provided for the Group, see note 7 in the Group's financial statements.

Share-savings incentive programme[1]

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

LTIP 2016	
No. of participants who are still employed	1
No. of savings shares	6,825
No. of Matching Shares awarded	1
Max. no. of Matching Shares	6,825
No. of Performance Shares awarded	6
Max. no. of Performance Shares	40,950
Estimated total cost, excluding social fees, SEKm	2
Maturity date	March 31, 2019

[1] For more information of LTIP 2015 and LTIP 2016, see Note 7 in the Group's financial reports.

Accounting effects of share-based remuneration for LTIP 2015 and LTIP 2016

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Cost attributable to equity-settled instruments, excluding social fees	1	0

NOTE A4 FEES AND REIMBURSEMENTS TO AUDITORS

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Audit assignments	1	1
Other assignments	0	0
Total	**1**	**1**

NOTE A5 OPERATING EXPENSES BY TYPE

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Personnel expenses	-15	-14
IPO transaction expenses	-	5
Other operating expenses	-12	-25
Total	**-27**	**-34**

NOTE A6 NET FINANCIAL INCOME AND EXPENSES

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Income from participations in Group companies		
Dividend	-	357
Impairment of participations in Group companies	-260	-607
Total	**-260**	**-250**

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

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Interest income and similar items		
Interest income		
- bank balances	-	0
- loan receivables from Group companies	191	748
Other financial income	0	0
Total	**191**	**748**
Interest expenses and similar items		
Interest expenses		
- financial liabilities to Group companies measured at amortised cost	-45	-11
Foreign exchange losses, net[1]	-	-125
Other financial expenses	0	-1
Total	**-45**	**-136**
Total net financial income and expenses	**-114**	**361**

[1] Refers to foreign exchange losses on long term receivables from Group companies that up until January 1, 2016 were denominated in euro.

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NOTE A7 INCOME TAXES

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Current tax		
Income taxes for the period	–	–
	–	**–**
Deferred tax		
Deferred tax on capitalised loss carryforwards	28	4
Deferred tax relating to temporary differences	0	0
Total deferred tax	**28**	**4**
Total recognised tax in the Parent Company	**28**	**4**

RECONCILIATION OF EFFECTIVE TAX

SEKm	%	Jan 1 - Dec 31 2016	%	Jan 1 - Dec 31 2015
Result before tax		-128		340
Tax according to the current tax rate for the Parent Company	22.0	28	22.0	-75
Non-taxable income		0		79
Non-deductible expenses		-57		-134
Tax effect of Group contributions recognised as an increase in shares in subsidiaries		57		134
Recognised effective tax	**22.0**	**28**	**-1.1**	**4**

DEFERRED TAX ASSETS AND LIABILITIES

	Dec 31 2016			Dec 31 2015		
SEKm	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Provisions	0	-	0	0	-	0
Other	0	-	0	0	-	0
Loss carryforwards	52	-	52	24	-	24
Net tax receivables/liabilities	**53**	**-**	**53**	**25**	**-**	**25**

CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSS CARRYFORWARDS

SEKm	Jan 1 2016	Recognised in profit or loss	Recognised in other comprehensive income	Other	Dec 31 2016
Provisions	0	0	-	-	0
Other	0	0	-	-	0
Loss carryforwards	24	28	-	-	52
Total	**25**	**28**	**-**	**-**	**53**

SEKm	Jan 1 2015	Recognised in profit or loss	Recognised in other comprehensive income	Other[1]	Dec 31 2015
Provisions	0	0	-	-	0
Other	-	0	-	-	0
Loss carryforwards	22	4	-	-1	24
Total	**22**	**4**	**-**	**-1**	**25**

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

NOTE A8 NON-CURRENT FINANCIAL ASSETS AND OTHER RECEIVABLES

SEKm	Dec 31 2016	Dec 31 2015
Non-current receivables that are non-current assets		
Receivables from Group companies	7,064	6,874
Total	**7,064**	**6,874**

SEKm	Dec 31 2016	Dec 31 2015
At beginning of year	6,874	6,501
Future and settled receivables, net	190	497
Exchange rate differences	-	-125
Total	**7,064**	**6,874**

NOTE A9 EQUITY

Restricted equity

Share capital

At December 31,2016, the registered share capital was SEK 208,998,231 corresponding to 188,950,640 shares. The quota value per share was about SEK 1.11. Each share equals one vote. According to the Articles of Association, share capital shall be a minimum of SEK 100,000,000 and a maximum of SEK 400,000,000. For information regarding buy backs, treasury shares and changes in share capital during 2016, see Note 19 Equity, in the financial report for the Group.

Unrestricted equity

Share premium reserve

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

Retained earnings

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

Dividend and repurchase of shares

The Board is proposing to the AGM on March 23, 2017, a cash dividend of SEK 4.00 (1.50) per share to be distributed on two payment occasions at the end of March and at the end of September, totalling SEK 740,840,740 (295,497,380), based on the number of shares outstanding on December 31, 2016. The Board of Directors also proposes a renewed mandate to repurchase up to 10% of the number of outstanding shares.

Proposed appropriation of profits

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

Retained earnings	352,939
Share premium reserve	6,523,806
Net result for the year	-99,866
Total	**6,776,879**

The Board of Directors proposes that the available profit and unrestricted reserves be distributed in the following manner, based on the number of shares outstanding at December 31, 2016 (SEK thousand):

Dividend, 185 210 185 shares * SEK 4.00	740,841
Brought forward to new account	6,036,038
Of which share premium reserve	5,782,965
Total	**6,776,879**

NOTE A10 INTEREST-BEARING LIABILITIES

SEKm	Dec 31 2016	Dec 31 2015
Non-current liabilities		
Non-current liabilities to Group companies	2,780	942
Total	**2,780**	**942**

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

NOTE A11 ACCRUED EXPENSES AND PREPAID INCOME

SEKm	Dec 31 2016	Dec 31 2015
Accrued personnel expenses	6	6
Other accrued expenses	1	2
Total	**7**	**8**

NOTE A12 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

SEKm	Financial assets at fair value through profit or loss	Loan receivables and trade receivables measured at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Carrying amount	Fair value
	Dec 31 2016					
Non-current receivables from Group companies	-	7,064	-	-	**7,064**	7,064
Current receivables from Group companies	-	4	-	-	**4**	4
Other current assets	-	0	-	-	**0**	0
Cash and cash equivalents	-	15	-	-	**15**	15
Non-current interest-bearing liabilities to Group companies	-	-	-	-2,780	**-2,780**	-2,780
Trade payables	-	-	-	0	**0**	0
Other current liabilities	-	-	-	-5	**-5**	-5
Current liabilities to Group companies	-	-	-	-260	**-260**	-260
Accrued expenses	-	-	-	-5	**-5**	-5
Total financial assets and liabilities by category	**-**	**7,083**	**-**	**-3,050**	**4,033**	**4,033**

SEKm	Financial assets at fair value through profit or loss	Loan receivables and trade receivables measured at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Carrying amount	Fair value
	Dec 31 2015					
Non-current receivables from Group companies	-	6,874	-	-	**6,874**	6,874
Current receivables from Group companies	-	3	-	-	**3**	3
Other current assets	-	0	-	-	**0**	0
Cash and cash equivalents	-	30	-	-	**30**	30
Non-current interest-bearing liabilities to Group companies	-	-	-	-942	**-942**	-942
Trade payables	-	-	-	-3	**-3**	-3
Other current liabilities	-	-	-	-10	**-10**	-10
Current liabilities to Group companies	-	-	-	-607	**-607**	-607
Accrued expenses	-	-	-	-6	**-6**	-6
Total financial assets and liabilities by category	**-**	**6,906**	**-**	**-1,568**	**5,338**	**5,338**

NOTE A13 FINANCIAL RISKS AND TREASURY POLICY

The Parent Company doesn't have any external interest-bearing liabilities. Long-term liabilities to Group companies are due beyond five years of the reporting date. Current liabilities (short-term liabilities to Group companies, trade payables, other current liabilities and accrued expenses) are essentially all due within one year of the reporting date. See Note 26 in the Group's financial statement.

NOTE A14 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEKm	Dec 31 2016	Dec 31 2015
Pledged assets		
Endowment insurance	1	1
Total	**1**	**1**

SEKm	Dec 31 2016	Dec 31 2015
Contingent liabilities		
Guarantee obligations for subsidiaries	4	4
Total	**4**	**4**

NOTE A15 RELATED PARTIES

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

The company's non-current receivables from subsidiaries amounted to SEK 7,064m (6,874) and non-current liabilities to subsidiaries were SEK 2,780m (942).

In addition to the above receivables and liabilities, the company had current receivables from subsidiaries of SEK 4m (3) and current liabilities of SEK 260m (607).

The company's total revenue pertained to intragroup service assignments and amounted to SEK 13m (13). Of other operating income, SEK 0m (1) pertained to transactions with other Group companies. Interest income and interest expense included interest from subsidiaries of SEK 191m (748) and SEK 44m (11), respectively. All intragroup transactions occurred on market terms.

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

NOTE A16 PARTICIPATIONS IN GROUP COMPANIES

SEKm	Dec 31 2016	Dec 31 2015
Accumulated cost		
At beginning of year	5,656	5,047
Shareholders' contributions paid	4	1
Group contributions paid	260	607
At year-end	**5,920**	**5,656**
Accumulated impairments		
At beginning of year	-2,759	-2,152
Impairment of participations in Group companies	-260	-607
At year-end	**-3,019**	**-2,759**
Carrying amount at year-end 2016	**2,901**	**2,897**

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

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

					Dec 31 2016
Subsidiaries	**Corporate identity number**	**Registered office**	**No. of shares**	**Holding %**	**Carrying amount**
NorCell Sweden Holding 2 AB (publ)[1]	556859-4187	Stockholm	600,000	100	2,901
NorCell Sweden Holding 3 AB (publ)	556859-4195	Stockholm	600,000	100	–
Com Hem Communications AB[1]	556689-2104	Stockholm	7,286,446	100	–
Com Hem AB	556181-8724	Stockholm	50,000	100	–
iTUX Communication AB	556699-4843	Stockholm	100,000	100	–
Phonera Företag AB	556434-4397	Malmö	1,000	100	–
Boxer TV-Access AB	556548-1131	Stockholm	3,332	100	–
Total					**2,901**

[1] In January 2017 the Board resolved to merge the wholly owned subsidiaries, NorCell Sweden Holding 2 AB (publ) and Com Hem Communications AB into the wholly owned subsidiary NorCell Sweden Holding 3 AB (publ), where NorCell Sweden Holding 3 AB (publ) will be the surviving entity.

NOTE A17 EVENTS AFTER THE REPORTING DATE

REPURCHASE OF SHARES

During the period January 1 to February 17, an additional 1,073,987 shares were repurchased at a value of SEK 98m. The company aims to propose a reduction in share capital through cancellation of some or all of the shares that have been repurchased.

DIVIDENDS AND REPURCHASES OF SHARES

The Board is proposing to the AGM on March 23, 2017, a cash dividend of SEK 4.00 (1.50) per share to be distributed on two payment occasions at the end of March and at the end of September. The Board also proposes a renewed mandate to repurchase up to 10% of the number of outstanding shares.

MAJOR CHANGES IN OWNERSHIP

Following the sale of shares by NorCell S.à.r.l. on February 7, 2017, NorCell S.à.r.l. holds 33,911,671 shares representing 17.95% of the total number of registered shares, Norges Bank holds 10,106,748 shares representing 5.35% of the total number of registered shares, and The Capital Group Companies holds 15,115,000 shares representing 8.0% of the total number of registered shares.

NOTE A18 DETAILS OF THE PARENT COMPANY

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

NOTE A19 DISCLOSURES FOR THE STATEMENT OF CASH FLOWS

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Depreciation/amortisation and impairment of assets	260	607
Unrealised exchange rate differences	-	125
Provisions	1	1
Interest not settled with cash, Group companies	-147	-736
Other profit/loss items not settled with cash	1	0
Total	**115**	**-3**

INTEREST RECEIVED AND PAID

SEKm	Jan 1 - Dec 31 2016	Jan 1 - Dec 31 2015
Interest received	0	0
Interest paid	0	-
Dividend received	-	357

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

Stockholm, February 17, 2017

Andrew Barron
Chairman

Joachim Ogland
Board member

Monica Caneman
Board member

Nicholas Stathopoulos
Board member

Eva Lindqvist
Board member

Anders Nilsson
Board member and
Chief Executive Officer

Marianne Bolin
Employee representative

Tomas Kadura
Employee representative

Our audit report was submitted on February 20, 2017

KPMG AB

Tomas Gerhardsson
Authorised Public Accountant

AUDIT REPORT

To the general meeting of the shareholders of Com Hem Holding AB, corp. id 556858-6613

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Com Hem Holding AB for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 29-82 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

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

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

Basis for Opinions

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

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

Key Audit Matters

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

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

See note 12 and accounting principles on pages 48,50,51 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of goodwill in the consolidated accounts at December 31, 2016 amounted to SEK 11,321 million, relating to two different cash generating units, and the carrying value of other intangible assets in the form of customer relationships was SEK 3,919 million.

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

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

Response in the audit

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

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

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

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

Acquisition of Boxer TV-Access AB

See note 4 and accounting principles on page 49 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

As at September 30, 2016, the shares in Boxer TV-Access AB were acquired for a purchase price of SEK 1,633 million.

Folloeing a business combination, the acquired operations should be accounted for in the consolidated accounts which require acquired assets and liabilities to be identified and measured at its fair value at the acquisition date.

The purchase price allocation requires judgments to be made regarding which assets to account for in the consolidated accounts – in particular intangible assets may be difficult to assess – including the assigned fair values in the consolidated accounts. These judgments will affect the group's future profits, partly depending on whether the identified assets are to be amortized or not in the consolidated accounts.

Response in the audit

We have analyzed the purchase price allocation in order to assess whether it has been prepared in accordance with commonly prescribed methods. We have involved internal valuation specialists with experience from valuations in connection to business combinations. Furthermore, we have focused on whether the techniques used to measure the acquired assets and liabilities to fair value are in accordance with the prescribed framework and established valuation techniques.

Other important areas of our work have been to assess that all assets, in particular intangible assets, and liabilities have been identified. This assessment includes among other things inspection of agreements, and reports prepared by the external consultants who assisted the group throughout the acquisition process.

We have also assessed the disclosures relating to the business combination included in the annual accounts and the consolidated accounts.

Deferred tax assets related to tax losses carried-forward
See note 11 and accounting principles on page 52 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter
At December 31, 2016, the group accounted for a deferred tax asset of SEK 337 million related to tax losses carried-forward. The measurement of such assets is based on estimates regarding the size and timing of future taxable profits.

The forecasts of future profits require assessment of future market conditions as well as interpretation of tax regulations. The carrying value of deferred tax assets may differ significantly if other assumptions are used in the forecast of future profits and the possibility to offset taxable profits to the tax losses carried-forward.

Response in the audit
We have tested and assessed the applied principles and the integrity of the group's model for forecasting future profits.

We have also evaluated the reasonableness of the group's assessment of future profits and compared key assumptions used in the calculation to business plans as well as considered the group's historic ability to prepare accurate forecasts.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-28 and 86-89. The Board of Directors and the Chief Executive Officer are responsible for this other information.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.
- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Com Hem Holding AB for the year 2016 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Chief Executive Officer

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

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

Auditor's responsibility

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined 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 February 20, 2017

KPMG AB

Tomas Gerhardsson
Authorized Public Accountant

FINANCIAL KEY METRICS AND ALTERNATIVE PERFORMANCE MEASURES PER YEAR

Group	2016	2015	2014	2013
REVENUE AND EARNINGS				
Total revenue, SEKm	5,665	5,000	4,761	4,448
Underlying EBITDA, SEKm	2,547	2,346	2,262	2,200
Underlying EBITDA margin, %	45.0	46.9	47.5	49.5
EBITDA, SEKm	2,518	2,269	2,004	2,009
EBITDA margin, %	44.5	45.4	42.1	45.2
Operating profit (EBIT), SEKm	851	724	566	657
EBIT margin, %	15.0	14.5	11.9	14.8
Financial income and expenses, SEKm	-440	-605	-2,082	-1,537
Result after financial items, SEKm	411	119	-1,517	-880
Net result for the year, SEKm	317	92	-1,051	-771
Capex, SEKm	893	991	1,051	1,051
CASH FLOW SUMMARY				
Cash flow from operating activities, SEKm	2,216	1,770	227	1,035
Cash flow from investing activities, SEKm	-2,266	-976	-1,318	-1,005
Cash flow from financing activities, SEKm	-224	-768	685	430
Net change in cash and cash equivalents, SEKm	-274	27	-406	460
Cash and cash equivalents at year-end, SEKm	470	743	716	1,122
FINANCIAL POSITION				
Total assets, SEKm	19,256	18,078	18,720	19,021
Net debt/Underlying EBITDA	3.7x	3.8x	3.9x	6.2x
Equity, SEKm	5,501	6,403	7,233	2,212
Equity/assets ratio, %	29	35	39	12
PER SHARE METRICS				
Earnings per share before/after dilution, SEK	1.66	0.45	-6.67	-7.71
Equity per share, SEK	30	33	35	22
Average number of outstanding shares – before dilution[1]	191,077,195	204,068,412	157,482,824	100,012,712
Average number of outstanding shares – after dilution[1]	191,223,160	204,112,130	157,482,824	100,012,712
Number of outstanding shares at year-end[1]	185,210,185	196,998,253	207,529,597	100,012,712
EMPLOYEES				
Average number of employees	1,047	1,084	1,015	844

Operating segment Com Hem	2016	2015	2014	2013
DEVELOPMENT OF KEY OPERATING METRICS[2]				
Addressable footprint, thousands	2,265	1,968	1,876	1,817
Unique consumer subscribers, thousands	945	911	876	830
Consumer Churn, %	13.1	12.9	14.2	16.3
Total consumer RGUs, thousands	1,627	1,616	1,566	1,482
Broadband RGUs, thousands	702	658	612	558
Digital TV RGUs, thousands	644	635	618	597
– of which TiVo customers, thousands	*246*	*224*	*164*	*38*
Fixed telephony RGUs, thousands	282	322	337	327
Consumer ARPU, SEK	371	363	360	356

[1] The number of shares outstanding for 2013 has been adjusted for the bonus issue carried out in June 2014.
[2] Development of key operating metrics is not reported for the operating segment Boxer, as Boxer was acquired on September 30, 2016.

INDUSTRY TERMS

Addressable footprint: Number of households connected to Com Hem's fibrecoax and fibreLAN networks, third party open networks, and connected and/or passed by fibre in networks or through Skanova's open fibre.

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

ARPU: Average monthly revenue per user for the referenced period. ARPU is calculated by dividing the monthly revenue for the respective period by the average number of unique consumer subscribers for that period. The average number of unique consumer subscribers is calculated as the number of unique consumer subscribers on the first day in the respective period plus the number of unique consumer subscribers on the last day of the respective period, divided by two.

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

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

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

Churn: The voluntary or involuntary discontinuance of services by a subscriber. From Q4 2016 cancellations are excluded.

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

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

DOCSIS 3.1: Next generation of DOCSIS.

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

HD: High Definition.

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

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

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

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

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

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

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

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

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

SoHo: Single office/Home office. Refers to offices with 1-9 employees.

SME: Small and medium enterprises. Refers to offices with 10-99 employees.

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

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

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

WiFi: Wireless LAN.

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

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

IFRS-MEASURE

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

ALTERNATIVE PERFORMANCE MEASURES

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

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

EBITDA EBIT excluding depreciation and amortisation.

EBITDA-marginal EBITDA as a percentage of revenue.

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

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

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

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

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

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

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

Operating profit (EBIT) Revenue less operating expenses.

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

Underlying EBITDA margin Underlying EBITDA as a percentage of revenue.

OTHER MEASURES

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

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

Annual general meeting 2017

Com Hem's annual general meeting (AGM) will be held on Thursday, March 23, 2017, at 16.00 CET at Lundqvist & Lindqvist Konferens, Klarabergsviadukten 90 in Stockholm. Registration at the AGM starts at 15.00 CET.

Participation

Shareholders who wish to attend the AGM must:

- be recorded in the share register maintained by Euroclear AB on Friday, March 17, 2017
- give notice of attendance to the company at www.comhemgroup.com/agm2017, by telephone +46 (0)8-402 92 48 or by mail to Com Hem Holding AB, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, by no later than Friday, March 17, 2017. When giving notice of attendance, shareholders must state their name, personal ID or corporate identity number, address and telephone number and registered shareholding, and, where applicable, information about proxies and assistants (no more than two). Shareholders represented by proxy must issue a power of attorney for their representative, such power of attorney to be signed and dated by the shareholder. The power of attorney (in original) must be sent to Com Hem Holding AB at the above address, well in advance of the AGM. The proxy form is available at www.comhemgroup.com/agm2017. If the power of attorney is issued by a legal entity, a certified copy of the legal entity's certificate of registration or a corresponding document must be enclosed. Shareholders must to the AGM bring the entrance card that will be sent before the AGM to those shareholders who have notified their attendance. The entrance card must be presented at the entrance to the AGM. If a shareholder does not have an entrance card, a new entrance card can be issued at the registration desk upon proof of identification. The notice convening the AGM and other information is available at www.comhemgroup.com/agm2017 no later than four weeks before the meeting.

Nominee registered shares

Shareholders with nominee registered shares must, in order to be entitled to participate in the AGM, temporarily have their shares registered in their own name with Euroclear Sweden AB. Such registration must be effective no later than as of Friday, March 17, 2017. This means that shareholders, in due time before that day, should notify their bank or broker.

Financial calendar 2017

AGM, Stockholm	March 23, 2017
Interim Report January-March 2017	April 25, 2017
Interim Report January-June 2017	July 11, 2017
Interim Report January-September 2017	October 17, 2017

Distribution of Annual Report

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