ANNUAL REPORT

2018-01-01--2018-12-31

for

Tele2 Sverige AB
556267-5164

The Annual Report cover: **Sida**

Tele2 Sverige AB
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ANNUAL REPORT FOR TELE2 SVERIGE AB

The Board of Directors and Managing Director of Tele2 Sverige AB hereby submit the annual report for the financial year 2018-01-01--2018-12-31.

MANAGEMENT REPORT

Scope and nature of operations

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

Ownership

As at 31 December 2018, Tele2 Sverige AB was a wholly owned subsidiary of Tele2 Holding AB, Corporate ID No. 556579-7700, domiciled in Stockholm with the listed company Tele2 AB, Corporate ID No. 556410-8917, domiciled in Stockholm, as final parent company.

Tele2 Sverige AB 2018 and future development

Customer segment

2018 was a year of profound changes for the Swedish consumer segment with the transition to becoming a full-scale supplier of mobile, fixed and digital entertainment services to Swedish consumers through Tele2 AB's merger with Com Hem. The integration of Com Hem is expected to result in synergy effects, mainly through cross-selling of mobile services to the fixed customer base, cross-selling of fixed services to the mobile customer base and through increased customer loyalty as a result of the expanded service offering which is expected to reduce customer turnover.

Revenues from the mobile consumer segment were stable compared with the previous year. Data consumption continued to grow strongly, leading to additional sales opportunities including additional sales of Tele2's Unlimited offering. Revenue from subscriptions, which contributed 80 percent of total mobile service revenue from end-users, increased by 4 percent, mainly driven by an increase in ASPU. Revenues from prepaid cards decreased by 11 percent as a result of continued migration of customers from prepaid cards to subscriptions. Legacy services including fixed telephony and DSL continued to decline in line with expectations.

Company segment

During the year, Tele2 Business AB 556465-8507 was merged into Tele2 Sverige AB.

Tele2 continued its strategy in the corporate segment by being a challenger with a broad range of services following the acquisition of TDC (Tele2 Business AB) at the end of 2016. During the year, Tele2 won new and extended agreements of great importance with customers in both the private and public sectors such as ICA, Siemens, PostNord, Lantmännen, Handelsbanken and the City of Gothenburg and Uppsala municipality. At the end of the year, the total of end-user service revenue showed signs of stabilisation despite continued price competition. The mobile operations returned to growth, driven by an increase of eight percent in the number of mobile RGUs, which reflects continued strong customer growth, while the price erosion within older fixed services has a negative impact on the total end-user development.

2019

The main focus in 2019 will be continued integration with Com Hem and the implementation of the unique market opportunities provided by the merger. In 2019, Tele2 will begin the roll-out of 5G technology in the mobile network. The rollout is expected to take place gradually over the coming years to improve the network and meet customers' increasing demand for data capacity.

Tele2's goal is a continued positive trend in mobile customer intake within the corporate segment and to capitalise mobile data through the offer of unlimited data. The business is going through a restructuring period to focus on higher margins and network-based ICT services in order to make structural cost savings and improve revenue growth.

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Employees

At year end, Tele2 Sweden had 2,408 employees (previous year 2,379 employees). Also see Note 4, Average number of employees, other remunerations and social costs.

Tele2 is a value-driven organisation. Values are the key to attracting and retaining the right staff. Tele2 is an organisation where leadership creates a developing environment for committed employees. Tele2 focuses on building a flat and actionable organisation, known not only for what we do but also how we do things. Tele2's corporate culture embraces diversity and this also includes our employees in decision-making positions. It is a culture where Tele2 challenges its employees as much as the employees challenge Tele2 to deliver customer value. This is called the Tele2 Way.

Risks and uncertainties

The management of financial risks is primarily centralised to Tele2 AB. All long-term loans constitute liabilities to Group companies, see Note 22.

Other risks and uncertainties for Tele2 Sweden mainly constitute:
*availability of frequencies and telecom-licences
*increased price competition
*integration of new business models
*changes to legislation and regulations
*networks shared with other parties

Sustainability

Referring to Chapter 6 of the Annual Accounts Act, no sustainability report has been prepared specifically for Tele2 Sverige AB, however corresponding requirements for information have been included as part of the sustainability report that the Group parent company, Tele2 AB, has prepared for the entire Group.

Financial overview (TSEK)

	2018	**2017**	**2016**	**2015**
Net turnover	16 427 493	13 085 697	12 441 814	12 921 264
Operating profit/loss	2 135 692	2 387 024	2 011 367	2 641 867
Profit/loss after financial items	222 279	3 130 422	2 459 465	6 020 317
Total assets	58 595 458	53 090 165	59 881 505	55 495 251
Solidity (1)	42,4%	52,0%	53,1%	53,1%
Investments in fixed assets	1 220 725	723 648	970 344	814 475

Investments in fixed assets include unpaid investments
(1) Adjusted equity*/ Total assets

Proposed appropriation of profit (SEK)

The following funds are available to the annual general meeting

Retained earnings from previous year	23 445 644 039
This year's profit/loss	-418 131 080
	23 027 512 959

The Board proposes as follows

shareholder dividend	2 750 000 000
carried forward	20 277 512 959
	23 027 512 959

Regarding the Company's earnings and position in general, reference is made to subsequent profit and loss statements and balance sheets, cash flow statements and supplementary information.

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PROFIT AND LOSS STATEMENT

[TSEK]	Note	2018-01-01 2018-12-31	2017-01-01 2017-12-31
Net turnover	1, 2	16 427 493	13 085 697
Cost of services sold		-9 389 071	-6 148 235
Gross profit/loss		**7 038 422**	**6 937 462**
Selling expenses		-2 743 445	-2 760 047
Administrative expenses		-1 832 485	-1 573 494
Other operating revenue		272 911	42 623
Other operating expenses		-599 711	-259 520
Operating profit/loss	1,2,3,4,5,6,13,14	**2 135 692**	**2 387 024**
Profit/loss from financial investments			
Profit/loss from shares in subsidiaries	7	-1 270 728	1 488 905
Earnings from other securities and receivables that are fixed assets	8	16 414	150
Other interest revenue and similar items	9	7 167	3 370
Interest costs and similar items	10	-666 266	-749 027
Profit/loss after financial items		**222 279**	**3 130 422**
Allocations	11	-432 773	-340 263
Profit/loss before tax		-210 494	2 790 159
Tax on this year's profit/loss	12	-207 637	-367 022
THIS YEAR’S PROFIT/LOSS		**-418 131**	**2 423 137**

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BALANCE STATEMENT [TSEK]	Note	2018-12-31	2017-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	13		
Capitalised development costs		1 348 578	1 220 325
Licences, Trademarks and Similar Rights		196 600	207 569
Leaseholds and similar rights		8 706	15 886
Goodwill		1 380 308	-
Ongoing development work		735 511	369 901
Customer agreements		676 157	-
		4 345 860	**1 813 681**
Tangible fixed assets	14		
Machinery and other technical facilities		982 887	760 902
Equipment, tools and installations		213 196	228 045
Financial leasing		50 921	-
Construction in progress and advance payments for tangible fixed assets		181 911	180 081
		1 428 915	**1 169 028**
Financial tangible fixed assets			
Investments in Group companies	15	45 749 515	44 106 183
Receivables from Group companies		597 910	597 910
Shares in associates	15	2 372	12 839
Deferred tax claims	20	17 660	494
Other long-term receivables	16	835 187	389 445
		47 202 644	**45 106 871**
Total fixed assets		**52 977 419**	**48 089 580**
Current assets			
Inventories, etc.			
Prepared goods and goods for sale		418 258	328 984
Ongoing work on behalf of others		31 080	2 434
		449 338	**331 418**
Short-term receivables			
Account receivables		1 498 165	805 072
Receivables from Group companies		1 643 009	2 132 669
Other receivables	17	1 029 893	1 006 289
Prepaid costs and accrued revenue	18	994 408	723 738
		5 165 475	**4 667 768**
Cash and cash equivalents	26	3 226	1 399
Total current assets		**5 618 039**	**5 000 585**
TOTAL ASSETS		**58 595 458**	**53 090 165**

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BALANCE STATEMENT [TSEK]	**Note**	**2018-12-31**	**2017-12-31**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		150 000	150 000
Development fund		338 131	156 115
Reserve fund		30 000	30 000
		518 131	**336 115**
Unrestricted equity			
Retained earnings		23 445 644	23 715 797
This year's profit/loss		-418 131	2 423 137
		23 027 513	**26 138 934**
Total equity		**23 545 644**	**26 475 049**
Untaxed reserves	19	**1 663 131**	**1 481 883**
Provisions			
Other provisions	21	214 921	71 859
Other pension provisions		62 831	60 757
		277 752	**132 616**
Long-term liabilities	22		
Interest-bearing			
Liabilities to Group companies		6 602 840	6 443 489
Other long-term liabilities		12 500	458 820
		6 615 340	**6 902 309**
Short-term liabilities	22		
Other liabilities		764 000	3
Accounts payables		989 335	714 491
Liabilities to Group companies		22 651 238	15 291 881
Tax liabilities		153 227	192 945
Other short-term liabilities		186 057	387 662
Accrued costs and pre-paid revenue	23	1 749 734	1 511 326
		26 493 591	**18 098 308**
TOTAL EQUITY AND LIABILITIES		**58 595 458**	**53 090 165**

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STATEMENT OF CHANGES IN EQUITY
(TSEK)

	Restricted equity			*Unrestricted equity*		
	Share capital	Reserve fund	Fund for development costs	Retained earnings	This year's profit/loss	**Total equity**
Opening balance as per 1 January 2017	**150 000**	**30 000**	**86 023**	**28 559 778**	**2 244 824**	**31 070 625**
Appropriation of previous year's profit/loss				-4 755 176	-2 244 824	-7 000 000
Provision to development fund			70 092	-70 092		-
This year's profit/loss					2 423 137	2 423 137
Actuarial gains/losses for pensions				-22 770		-22 770
Tax effect of employee stock options				4 057		4 057
Closing balance as per 31 December 2017	**150 000**	**30 000**	**156 115**	**23 715 797**	**2 423 137**	**26 475 049**

	Restricted equity			*Fritt eget kapital*		
	Share capital	Reserve fund	Fund for development costs	Retained earnings	This year's profit/loss	**Total equity**
Opening balance as per 1 January 2018	**150 000**	**30 000**	**156 115**	**23 715 797**	**2 423 137**	**26 475 049**
Appropriation of previous year's profit/loss				2 423 137	-2 423 137	-
Dividends				-2 500 000		-2 500 000
Provision to development fund			182 016	-182 016		-
This year's profit/loss					-418 131	-418 131
Earnings from mergers				-161 284		-161 284
Actuarial gains/losses for pensions				-21 942		-21 942
Aligning with the Group Revenue Recognition				162 666		162 666
Tax effect of employee stock options				9 286		9 286
Closing balance as per 31 December 2018	**150 000**	**30 000**	**338 131**	**23 445 644**	**-418 131**	**23 545 644**

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STATEMENT OF CASH FLOWS

[TSEK]	Note	2018-01-01 2018-12-31	2017-01-01 2017-12-31
Operating activities			
Operating profit/loss		2 135 692	2 387 024
Adjustment for items not included in cash flow	25	1 542 716	894 761
		3 678 408	**3 281 785**
Interest received		7 168	3 280
Interest paid		-8 090	-4 668
External dividends		16 507	153
Paid tax		-459 147	-332 693
Other financial items		-93	15
Cash flow from operating activities before changes in operating capital		**3 234 753**	**2 947 872**
Cash flow from changes in operating capital			
Decrease(+)/increase(-) of inventory		27 835	-32 513
Decrease(+)/increase(-) of inventory		731 687	-695 782
Decrease(+)/increase(-) of inventory		-44 954	7 199 649
Decrease(+)/increase(-) of inventory		-997 779	39 433
Decrease(+)/increase(-) of inventory		447 894	-157 038
Cash flow from operating activities		**3 399 436**	**9 301 621**
Investing activities			
Acquisitions of subsidiaries		-	-340 075
Other share acquisitions and sales		-83 233	-70 439
Acquisition of intangible fixed assets		-935 024	-476 684
Sale of intangible fixed assets		12 714	13 098
Acquisition of tangible fixed assets		-283 187	-273 885
Sale of tangible fixed assets		3 700	5 049
Cash flow from investing activities		**-1 285 030**	**-1 142 936**
Financing activities			
Net changes in loans from Group companies		-2 416 618	-8 427 986
Net changes in loans from banks		304 039	269 199
Cash flow from financing activities		**-2 112 579**	**-8 158 787**
This year’s cash flow		**1 827**	**-102**
Cash and cash equivalents at beginning of year		**1 399**	**1 501**
Cash and cash equivalents at end of year	26	**3 226**	**1 399**

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ADDITIONAL INFORMATION

Accounting and measurement principles

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

General information

Tele2 Sverige AB, with Corporate ID number, 556267-5164 is a limited liability company registered in Sweden with its registered office in Stockholm. The address of the head office is Torshamnsgatan 17, 164 94 Kista. The company's activities are fixed and mobile telephony as well as data network and Internet services for consumers and companies. No consolidated accounts have been prepared pursuant to the Annual Accounts Act, Chapter 7, Section 2, Paragraph 1. Consolidated accounts, in which Tele2 Sverige AB and its subsidiaries are included, have been prepared by Tele2 AB (Corp. ID no. 556410-8917) with registered office in Stockholm.

Facilities

Tangible and non-tangible fixed assets with a determinable useful life are reported at acquisition value with deductions for accumulated deprecations and accumulated impairments. Deprecations are based on the acquisition value of assets with deductions for estimated residual value at the end of the useful life and are done linearly over the course of the assets' estimated useful life. Useful life and residual values are subject to annual reassessments. Depreciation periods for fixed assets are set out in Note 5.

If there is any indication that a tangible or non-tangible fixed asset has reduced in value, the recoverable value of that asset shall be calculated. The recoverable amount consists of the maximum of the value in use of the asset in the activities and the value that would be obtained if the asset in question was sold to an independent party, i.e. net realisable value. The value in use consists of the present value of all deposits and payments attributable to the asset in question during its useful life and addition of the present value of the net realisable value at the end of the useful life. If the calculated recoverable value is less than the carrying amount, an impairment to the recoverable value of the asset is entered.

An impairment must be reported in the profit and loss statement. Impairment losses are recovered if changes have occurred in the assumptions that led to the original impairment. Recovery of impairment losses is not made so that the carrying amount exceeds what would have been reported, after deduction of planned depreciation, if no impairment had been done. Recovery of impairment losses is recognised in the profit and loss statement.

Intangible fixed assets

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

Goodwill is reported at acquisition value after deductions for accumulated depreciation and any impairment losses. Depreciation is expensed so that the asset's acquisition value is depreciated on a straight-line basis over its estimated useful life.

Tangible fixed assets

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

Equipment includes assets used in administration, sales and operations.

Depreciation of tangible fixed assets is expensed so that the asset's acquisition value, possibly reduced by the estimated residual value at the useful life end, is depreciated linearly over its estimated useful life. If an asset has been divided into different components, the respective component is written off separately over its useful life. The useful lives of tangible fixed assets are estimated for:

Machinery and other technical facilities	
Sites, masts, towers and infrastructure in the mobile network	10 years
Network equipment	3-20 years
Customer equipment	3-5 years
Fibre	10-30 years
Equipment	
Office investments	3 years
Office equipment	3-5 years

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

Dismantling costs

To the extent that there is an undertaking towards a third party, the acquisition value includes estimated costs for the dismantling and removal of assets and the restoration of places/areas where assets have been installed/erected. A change in estimated costs for dismantling, removal and restoration is added to and/or deducted from the carrying amount of the affected asset.

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Revenue recognition

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

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

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

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

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

Revenue reporting for agreements containing several elements

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

Marketing costs

Advertising costs and other marketing activities are expensed on an ongoing basis.

Leasing

Leasing is classified as financial or operational leasing. Financial leasing means that the current item is recognised as a tangible fixed asset, reported at the lower of fair value and the present value of future minimum lease payments, while the corresponding amount is recognised as a financial liability. The asset is depreciated on a straight-line basis during the shorter of the lease term and the useful life, less the estimated residual value at the end of the useful life. The lease payments are recognised as interest and amortisation of the debt. Operational leasing means that the leasing fee is distributed on a straight-line basis over the lease term.

Employee benefits

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

Taxes

Tax expenses or tax income for the period are made up of current tax and deferred tax. Current tax is the tax calculated on the taxable profit for a period. Deferred tax is calculated on the basis of the so-called balance sheet method, which means that a comparison is made between the recognised and taxable values of the company's assets and liabilities. The difference between these values is multiplied by the current tax rate, giving the amount of the deferred tax receivable/liability. Deferred tax receivables are recognised in the balance sheet to the extent that it is probable that the amounts can be utilised against future taxable income.

Investments in Group companies

Shares in subsidiaries are reported at acquisition value. Dividends from subsidiaries are recognised as revenue when the right to receive dividends is deemed to be ensured and can be calculated in a reliable manner.

Shares in associated companies and joint ventures

Shares in associated companies and joint ventures are recognised at acquisition value after deductions for any impairment. Dividends from participations in associated companies and joint ventures are recognised as revenue in the profit and loss statement.

Inventories

The inventory is valued in accordance with the lowest value principle, i.e. at the lower of acquisition value and fair value. When determining the acquisition value, the first-in-first-out principle is applied. The company's inventories consist essentially of telephones and other technical equipment.

Receivables

Receivables are reported at the invoiced amount minus reserves for uncertain accounts receivable. Reserves for uncertain receivables are reported as soon as it is suspected that the Company will not receive the full amount outstanding in accordance with the original terms.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been valued at the closing date and unrealised exchange gains and losses are included in the profit or loss.

Pensions

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

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

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Provisions

Provisions are recognised when the Company has an existing commitment that is attributable to an event that is likely to result in an outflow of resources that can be reliably estimated.

Cash flow statement

The cash flow statement is prepared using the indirect method. The recognised cash flow only includes transactions that entail deposits or payments.

Group contribution

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

Important estimates and assumptions

The Company’s financial reports are partly based on assumptions and estimates made in connection with the preparation of the Company’s accounts. Estimates and calculations are based on historical experience and a range of other assumptions, resulting in decisions about the value of the asset or liability that cannot otherwise be determined. Real outcomes may deviate from these estimates and calculations.

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

Measuring of fixed assets with determinable useful lives

The recoverable amount consists of the maximum of the value in use of the asset in the activities and the value that would be obtained if the asset in question was sold to an independent party, i.e. the net realisable value. The value in use consists of the present value of all deposits and payments attributable to the asset in question during its useful life and addition of the present value of the net realisable value at the end of the useful life. If the calculated recoverable value is less than the carrying amount, an impairment to the recoverable value of the asset is entered.

Depreciation periods of fixed assets

In determining the useful periods for groups of assets, historical trends are taken into account and assumptions are made about future technological development. Depreciation is based on the acquisition value of the fixed assets and the estimated useful life with deduction for the estimated residual value at the end of the useful life. If technology develops faster than expected or competition, regulatory or market conditions develop differently than expected, the Company's evaluation of useful periods and residual values are affected.

Disputes and damages

The Company is currently involved in a number of disputes. For each individual dispute, an assessment is made of the most probable outcome and the performance reporting is in accordance with this.

Revenue recognition

Revenue recognition within Tele2 requires that the Company management make estimates and assessments in a number of cases, primarily to determine actual values and during which period the revenue shall be recognised. Many agreements package products and services into a customer offering, which for accounting purposes requires allocation of revenue for each part based on its relative fair values through the use of estimates. In order to determine if the income is to be reported directly or accrued, the Company management requires assessment of when the service and the goods have been provided, as well as estimates of the fair value of each part and the remaining contract period. See Notes 16 and 17 relating to receivables for equipment sold.

Valuation of accounts receivable

Accounts receivable are measured continuously and are reported at amortised cost. Reserves for doubtful receivables are based on various assumptions and historical experience.

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Notes

Note 1 Net turnover and operating profit per business segment

	Net turnover 2018	Net turnover 2017
Consumer		
Mobile telephones	8 623 077	8 429 569
Landlines	312 024	403 540
Total	**8 935 101**	**8 833 109**
Company		
Mobile telephones	3 205 930	2 055 164
Landlines	1 059 910	544 842
Communication solutions	1 539 264	205 063
Total	**5 805 104**	**2 805 069**
Operators		
Mobile telephones	252 498	112 793
Landlines	514 865	170 483
Communication solutions		135 328
Total	**767 363**	**418 604**
Other	**919 925**	**1 028 915**
Total	**16 427 493**	**13 085 697**

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Note 2 Information on purchases and sales within the same Group, etc.

The largest group that the Company is part of (Tele2 AB and subsidiaries)	**2018**	**2017**
Group-internal purchases expressed as a percentage of total purchases	7,8%	12,9%
Group-internal sales expressed as a percentage of total sales	2,4%	7,3%

The Group covered by the provisions of the Annual Account Act (Tele2 Sverige AB and subsidiaries)	**2018**	**2017**
Group-internal purchases expressed as a percentage of total purchases	6,9%	12,0%
Group-internal sales expressed as a percentage of total sales	2,4%	7,3%

Note 3 Disclosure of the auditor's fees and reimbursement

	2018	**2017**
Deloitte		
Audit assignment	20 562	1 452
Other assignments	1 434	7 667
Total	**21 996**	**9 119**

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

The item audit assignment has increased during 2018 due to the fact that the Company has been audited under new regulations Public Company Accounting Oversight Board (PCAOB) in connection with the merger of Com Hem into Tele2 AB.

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Note 4 Average number of employees, salaries, other remuneration and social contributions

	2018	2017
Average number of employees		
Women	812	746
Men	1 814	1 598
Total	**2 626**	**2 344**

The gender distribution of the board members on the closing day	**2018**	**2017**
Women	-	1
Men	3	2
Total	**3**	**3**

The gender distribution of the CEO and other senior executives on the closing day		
Women	2	3
Men	13	6
Total	**15**	**9**

Salaries and remuneration:	**2018**	**2017**
The Board of Directors and Managing Director	3 124	6 591
(of which bonuses and equivalent compensation)	(2 667)	(1 447)
Other employees	1 528 445	1 401 598
Total salaries and remuneration	**1 531 569**	**1 408 189**
Statutory and contractual social contributions	573 375	490 790
Pension costs	255 678	213 726
Total salaries, remuneration, social contributions and pension costs	**2 360 622**	**2 112 705**

The maximum notice period for the Managing Director is 12 months and six months for other senior executives in the event of termination on the part of the executive. In case of termination by the Company, there is a right to pay for a period of maximum 18 months for the managing director and a maximum period of 12 months for other senior executives.

Tele2 Sverige has defined-benefit pensions that are valued according to IAS19

Reported item for	**2018**	**2017**
Personnel costs	-10 431	-3 009
Interest	786	1 674
Tax	2 400	1 030
Total	**-7 245**	**-305**

Actuarial assumptions	**2018**	**2017**
Discount rate	2,3%	2,4%
Expected rate of salary increase	3,0%	3,0%
Long-term assumption on inflation	2,0%	2,0%

Provisions for pensions see Note 16

Note 5 Depreciation and impairment on tangible and intangible fixed assets

	2018	2017
Costs of sold goods	-797 872	-311 511
Administrative costs	-476 854	-500 139
Total	**-1 274 726**	**-811 650**

<u>Depreciation according to plan is made as follows:</u>

Customer agreements	3 years
Licences, Trademarks and Similar Rights	3-13 years
Leaseholds and similar rights	10-25 years
Goodwill	5 years
Machinery and other technical facilities	2-30 years
Equipment, tools and installations	3-10 years

The difference between depreciation according to plan and porsted depreciation is recognised as balance sheet appropriation.

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Note 6 Operational leasing

Annual fees

	2018	2017
Leasing costs for the year for operating leases	648 222	315 598

Future agreed leasing costs for operational leases maturing for payment

	2018	2017
Within 1 year	797 641	208 676
Between 1-5 years	625 406	389 722
Later than 5 years	310 975	356 795
Total	**1 734 022**	**955 193**

Note 7 Profit from shares in Group companies

	2018	2017
Dividends	2 021 969	2 488 380
Impairment on shares in Group companies	-3 292 697	-999 475
Total	**-1 270 728**	**1 488 905**

Note 8 Profit from other securities and receivables that are fixed assets

	2018	2017
Dividends from shares in associated companies	16 507	-
Dividends from external investments	-	153
Other financial costs	-93	-3
Total	**16 414**	**150**

Note 9 Other interest revenue and similar items

	2018	2017
Interest revenue - late payments and current receivables	7 167	3 274
Interest revenue - bank funds	-	3
Currency differences	-	93
Total	**7 167**	**3 370**

Note 10 Interest expenses and similar income items

	2018	2017
Interest costs - the Group	-645 899	-740 992
Interest costs - other liabilities	-8 090	-4 668
Currency differences	-12 277	-3 367
Total	**-666 266**	**-749 027**

Note 11 Allocations

	2018	2017
Group contributions paid	-1 501 640	-659 150
Received group contribution	1 167 700	848 100
Depreciation outside plan	397 221	-70 484
Changes to Accrual Fund	-496 054	-458 729
Total	**-432 773**	**-340 263**

Note12 Tax on profit for the year

	2018-12-31	2017-12-31
Current tax	-423 464	-362 840
Deferred tax	215 827	-4 182
Reported tax	**-207 637**	**-367 022**

	2018-12-31	2017-12-31
Reported profit or loss before tax	-210 494	2 790 159
Tax as per current tax rate	46 309	-613 835
Tax effect from:		
Adjustments of tax from previous years	158 142	-9 480
Reported non-deductible expenses	-869 136	-291 185
Reported non-taxable revenue	457 048	547 478
Reported tax	**-207 637**	**-367 022**

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Note 13 Intangible fixed assets

2018-12-31	Licences, trademarks and similar rights	Capitalised development costs	Leaseholds and similar rights	Goodwill	Ongoing development	Customer agreements
Opening acquisition value	891 791	3 620 585	198 560	364 390	369 901	76 629
Sales/disposals	-217 756	-291 848	-110 073	-65 533	-	-8 746
Reclassifications	37 267	473 338	-2 257	-65 346	-493 446	-
Acquired assets in merged companies	-	180 290	-	1 564 476	-	984 634
This year's investments	38 457	8 143	2 257	-	859 056	-
Closing accumulated acquisition values	**749 759**	**3 990 508**	**88 487**	**1 797 987**	**735 511**	**1 052 517**
Opening depreciation	-684 222	-2 134 133	-182 674	-364 390	-	-76 629
Accumulated depreciation for assets in merged companies	-	-	-	-28 469	-	-166 108
Sales/disposals	208 690	276 279	110 387	65 533	-	8 746
Reclassifications	-18 013	-60 799	-	65 346	-	-
This year's depreciation per plan	-59 614	-457 150	-7 494	-155 699		-142 369
Closing accumulated depreciation	**-553 159**	**-2 375 803**	**-79 781**	**-417 679**	**-**	**-376 360**
Opening impairments	-	-266 127	-	-	-	-
Reversed impairments	-	-	-	-	-	-
Closing accumulated impairments	**-**	**-266 127**	**-**	**-**	**-**	**-**
Closing residual value according to plan	**196 600**	**1 348 578**	**8 706**	**1 380 308**	**735 511**	**676 157**

2017-12-31	Licences and similar rights	Capitalised development costs	Leaseholds and similar rights	Goodwill	Ongoing development	Customer agreements
Opening acquisition value	858 737	3 209 432	212 767	364 390	389 034	76 629
Sales/disposals	-15 814	-12 076	-18 210	-	-108	-
Reclassifications	16 359	414 171	-	-	-452 396	-
This year's investments	32 509	9 058	4 003	-	433 371	-
Closing accumulated acquisition values	**891 791**	**3 620 585**	**198 560**	**364 390**	**369 901**	**76 629**
Opening depreciation	-604 444	-1 784 767	-188 702	-334 486	-	-74 443
Sales/disposals	7 734	6 627	18 210	-	-	-
Reclassifications	-	-	-	-	-	-
This year's depreciation per plan	-87 512	-355 993	-12 182	-29 904		-2 186
Closing accumulated depreciation	**-684 222**	**-2 134 133**	**-182 674**	**-364 390**	**-**	**-76 629**
Opening impairments	-	-266 127	-	-	-	-
Reversed impairments	-	-	-	-	-	-
Closing accumulated impairments	**-**	**-266 127**	**-**	**-**	**-**	**-**
Closing residual value according to plan	**207 569**	**1 220 325**	**15 886**	**-**	**369 901**	**-**

Note 14 Tangible fixed assets

2018-12-31	Machinery and other technical facilities	Equipment, tools and installa tions	Ongoing new install ations	Financial leasing
Opening acquisition value	10 872 685	773 444	181 237	-
Reclassifications	-175 234	-16 703	-59 404	60 152
Acquired assets in merged companies	1 557 235	9 710	61 234	
This year's investments	224 987	87 825		-
Sales/disposals	-4 949 583	-232 374		-
Closing accumulated acquisition values	**7 530 090**	**621 902**	**183 067**	**60 152**
Opening depreciation	-9 850 588	-545 399	-1 156	-
Accumulated depreciation for assets in merged companies	-1 158 177	-419		
Sales/disposals	4 927 626	231 061	-	0
Reclassifications	159 663	-191		-5 221
This year's depreciation per plan	-364 532	-93 758		-4 010
Closing accumulated depreciation	**-6 286 008**	**-408 706**	**-1 156**	**-9 231**
Opening impairments	-261 195	-	-	-
Closing accumulated impairments	**-261 195**	**-**	**-**	**-**
Closing residual value according to plan	**982 887**	**213 196**	**181 911**	**50 921**

2017-12-31	Machinery and other technical facilities	Equipment, tools and installa tions	Ongoing new install ations	Financial leasing
Opening acquisition value	11 237 866	604 406	228 601	-
Reclassifications	43 769	175 595	-199 756	-
This year's investments	89 027	-1 093	156 773	-
Sales/disposals	-497 977	-5 464	-4 381	-
Closing accumulated acquisition values	**10 872 685**	**773 444**	**181 237**	
Opening impairments	-10 125 337	-440 914	-	-
Sales/disposals	491 693	1 271	-	-
Reclassifications	-		-	-
This year's impairments according to plan	-216 944	-105 756	-1 156	-
Closing accumulated depreciation	**-9 850 588**	**-545 399**	**-1 156**	**-**
Opening impairments	-261 195	-	-	-
Closing accumulated impairments	**-261 195**	**-**	**-**	**-**
Closing residual value according to plan	**760 902**	**228 045**	**180 081**	

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Note 15 Shares in subsidiaries and associated companies

	2018-12-31	2017-12-31
Opening acquisition values	117 641 726	117 651 477
Acquisitions	1 020	970 547
Shareholder contributions	7 728 584	-
Sales	-50	-888 678
Mergers	-2 836 896	-91 620
Liquidated companies	-735 820	-
Closing accumulated acquisition values	**121 798 564**	**117 641 726**

	2018-12-31	2017-12-31
Opening impairments	-73 522 704	-72 934 230
This year's impairments	-3 186 138	-999 770
This year's dissolutions	662 165	411 296
Closing accumulated impairments	**-76 046 677**	**-73 522 704**
Total shares in subsidiaries and associated companies	**45 751 887**	**44 119 022**

Company, Corporate ID Number, Registered Office	Shareholding (capital/votes)	2018-12-31	2017-12-31
Triangelbolaget D4 AB, 556007-9799, "&+OM(A1="ENG";"Delaware, US";"Stockholm, Sverige")	25%	32	32
Swefour GSM AB, 556646-2189, Stockholm, Sverige	100%	-	70 000
Svenska UMTS-nät Holding AB, 556606-7988, Stockholm, Sweden	100%	127	127
Svenska UMTS-nät AB, 556606-7996, Stockholm, Sverige	50%	-	-
Svenska UMTS Licens AB, 556606-7772, Stockholm, Sweden	100%	-	-
Interloop AB, 556450-2606, Stockholm, Sverige	100%	1 318 870	1 318 870
Net4Mobility HB, 969739-0293, Stockholm, Sverige	50%	-	-
N4M Service AB, 556759-0392, Sweden	50%	-	-
SNPAC Swedish Nr Portability Adm.Centre AB, 556595-2925, Stockholm, Sverige	20%	1 020	1 020
Tele2 Netherlands Holding NV, 33272606, Amsterdam, Holland	100%	9 137 805	4 583 875
Tele2 Nederlands BV, 33303418, Amsterdam, Holland	100%	-	-
Tele2 Retail BV, 63201488, Amsterdam, Holland	100%	-	-
Tele2 Finance B.V, Amsterdam, Holland	100%	-	-
Khan Tengri Holding B.V., 27313531, Amsterdam, Holland	51%	-	-
Mobile Telecom Service LLP, 66497-1910-TOO, Almaty, Kazakstan	100%	222 152	-
Tele2 d.o.o. Za telekomunikacijske usulge, 1849018, Zagreb, Kroatien	51%	108 426	108 426
Tele2 Eesti AS, 10069046, Tallin, Estland	100%	33 053	33 053
Tele2 Holding Lithuania AS, 11920703, Tallin, Estland	100%	-	73 655
UAB Tele2, 111471645, Vilnius, Litauen	100%	3 458 373	3 458 373
UAB Tele2 Prekyba, 302473332, Villnius, Lithuania	100%	-	-
UAB Moilieji Mokéjimai, Vilnius, Lithuania	33%	-	-
Viesoji istaiga Numerio perkelimas, 303386211, Vilnius, Litauen	25%	-	-
UAB Tele2 Fiksuotas Rysys, 111793742, Vilnius, Litauen	100%	1 869	1 869
Tele2 Holding SIA, 40003512063, Riga, Lettland	100%	527 308	527 308
SIA Tele2, 40003272854, Riga, Lettland	100%	-	-
SIA Tele2 Shared Service Center, 40003690571, Riga, Lettland	100%	14 551	14 551
Tele2 Europe SA, R.C.B56944, Luxemburg	100%	30 921 907	30 921 907
Tele2 Communication Services GmbH, 36232, Düsseldorf, Tyskland	100%	-	-
Collecta Forderungsmanagement GmbH, HRB 67126, Düsseldorf, Tyskland	100%	-	-
Tele2 Beteiligungs GmbH, HRB64230, Düsseldorf, Tyskland	100%	-	-
Tele2 Service GmbH, HRB79647, Düsseldorf, Germany	100%	-	-
IntelliNet Holding BV, 34126307, Amsterdam, Nederländerna	100%	-	-
010033 Telecom GmbH, HRB 48344, Frankfurt, "&+IF(A1="ENG","Luxembourg","Tyskland")	100%	-	-
SEC Finance SA, B104730, Luxemburg	100%	-	-
Tele2 Luxembourg AB, 556304-7025, Stockholm, Sverige	100%	-	-
Tele2 Finance Luxembourg SARL, RCB112873, Luxemburg	100%	-	-
Tele2 Russia Two AB, 556041-1307, Sweden, dormant	100%	5 024	5 024
Tele2 Business AB, 556465-8507, Stockholm, Sweden	100%	-	2 989 046
Tele2 IoT AB, 559078-0597, Stockholm, Sweden	100%	50	50
Kombridge AB, 556817-2059, Gothenburg, Sweden	100%	-	-
Tele2 IoT Latvia	100%	-	-
Tele2 IoT Austria GmbH, Wien, Austria	100%	-	-
Tele2 IoT Netherlands BV, Amsterdam, the Netherlands	100%	-	-
End Up AB, 559119-5523, Stockholm, Sweden	100%	-	50
Recognised value dormant companies		1 320	11 786
Total shares in subsidiaries and associated companies		**45 751 887**	**44 119 022**

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In March, Tele2 Business AB merged with Tele2 Sweden AB
In May, the company End Up AB was sold
In December, the merged company Swefour GSM AB was merged with Tele2 Sweden AB

Merged Company Disclosure

Tele2 Business AB ***556465-8507***

Transfer of accounts has occurred as of 31/12/2018. Assets and liabilities have been included in the acquiring company at their Group values
Balance sheet in summary and net turnover and operating profit before the merger is presented below:

Intangible fixed assets	2 864 221	Restricted equity	183 024
Tangible fixed assets	469 583	Unrestricted equity	2 960 721
Financial fixed assets	53 650	Untaxed reserves	82 415
Inventories	149 172	Long-term liabilities	8 558
Short-term receivables	882 286	Short-term liabilities	1 186 516
Cash and cash equivalent	2 322	**Total equity and liabilities**	**4 421 234**
Total assets	**4 421 234**		

Net turnover amounted to 898,150 and operating profit to 225,382 in Tele2 Business AB before the merger.

Swefour GSM AB ***556646-2189***

Transfer of accounts has occurred as of 31/12/2018. Assets and liabilities have been included in the acquiring company at their Group values
Balance sheet in summary and net revenue and operating profit before the merger is presented below:

Short-term receivables	100	Restricted equity	100
Total assets	**100**	**Total equity and liabilities**	**100**

Net sales amounted to 0 and operating profit to 0.

Note 16 Other long-term receivables

	2018-12-31	2017-12-31
Claim for sold equipment	538 671	311 594
Pension capital	62 821	77 851
Total	**835 187**	**389 445**

In 2016, Tele2 Sverige started to transfer the right to payment of certain operating receivables to financial institutions. The commitment arising from payment received from financial institutions in connection with the transfer of the right to payment of receivables for sold mobile phones and other equipment has been reported net against the receivable in the balance sheet and has resulted in a positive effect on cash flow.

Note 17 Other receivables

	2018-12-31	2017-12-31
Claim for sold equipment	799 775	897 551
Other receivables	230 118	108 738
Total	**1 029 893**	**1 006 289**

Note 18 Prepaid costs and accrued revenue

	2018-12-31	2017-12-31
Fixed subscription fees	396	389
Rental costs	66 987	25 429
Prepaid insurance	16 852	15 000
Prepaid data and support	112 574	40 258
Other prepaid costs	6 730	6 784
Accrued telephone revenues, other operators	271 669	301 818
Accrued telephone revenue, customers	376 972	325 954
Accrued subscription revenue, customers	29 360	-
Accrued revenue for ongoing work	22 225	-
Other accrued income	90 643	8 106
Total	**994 408**	**723 738**

Note 19 Untaxed reserves

	2018-12-31	2017-12-31
Write-offs outside plan	190 440	505 246
Accrual fund tax year 2016	517 908	517 908
Accrual fund tax year 2017	458 729	458 729
Accrual fund tax year 2018	496 054	-
Total	**1 663 131**	**1 481 883**

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Note 20 Deferred tax

The Company's deferred tax receivables/tax liabilities (net) are attributable to the following items:

	2018-12-31	2017-12-31
Items relating to staff	17 660	494
Total	**17 660**	**494**

Note 21 Other provisions

	2018-12-31	2017-12-31
Reservation for future lease costs	-	2 151
Other provisions	214 921	69 708
Total	**214 921**	**71 859**

Note 22 Long-term liabilities and short-term other liabilities

Limit of overdraft facilities amounts to TSEK 0 (previous year TSEK 0).

Tele2 acquired Asianet's 49 per cent holding in Tele2 Kazakstan in 2016. The purchase price was an initial payment of USD 15 million (SEK 125 million) and an additional purchase price corresponding to an 18 per cent financial interest in the jointly owned company in Kazakhtelecom over a three-year period. Asianet has an option which after three years gives it the right to sell its 18 per cent interest and Tele2 will have a mutual purchase option. The redemption price for the sell and purchase options will be the fair value of the 18 per cent interest in the joint company. Under the agreement, Asianet is guaranteed an additional purchase price of at least KZT 8.4 billion (approximately USD 25 million or SEK 207 million).

This commitment is reported as a current liability (as at 31/12/2017 as long-term debt).

Note 23 Accrued costs and prepaid revenue

	2018-12-31	2017-12-31
Accrued telephone cost to other operators	222 595	237 007
Accrued costs for external services and projects	123 990	79 302
Accrued staff-related costs	350 060	347 659
Accrued leasing and rental costs	35 785	23 515
Prepaid revenue	786 618	467 303
Other items	230 686	356 540
Total	**1 749 734**	**1 511 326**

Note 24 Pledged collateral and contingent liabilities

Contingent liabilities

	2018-12-31	2017-12-31
Guarantor commitments to the benefit of Group companies	375 000	4 566 303
Guarantee for corporate bonds issued by Tele2 AB	20 575 300	8 550
Other commitments	130 628	122 639
Total	**21 080 928**	**4 697 492**

Not 25 Adjustments for items that are not included in the cash flow

	2018-12-31	2017-12-31
Depreciation and impairment	1 363 514	811 650
Capital gain/loss from the sale of fixed assets	91 236	-8 439
Other items	87 966	91 550
Total	**1 542 716**	**894 761**

Note 26 Cash and cash equivalents in cash flow

	2018-12-31	2017-12-31
Cash and cash equivalents	3 226	1 399
Total	**3 226**	**1 399**

Note 27 Events after the reporting date

On 2 January 2019, the sale of Tele2 Netherlands was completed after the agreement was signed in December 2017 to merge the business with T-Mobile Netherlands.

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Note 28 Sustainability Report

Referring to Chapter 6 of the Annual Accounts Act, no sustainability report has been prepared specifically for Tele2 Sverige AB. Corresponding requirements for information have been included as part of the sustainability report that the Group parent company Tele2 AB, with Corporate ID number 556410-8917 and registered office in Stockholm, has prepared for the entire Group.

Stockholm, __/__/2019

Anders Nilsson
Managing Director

Mikael Larsson

Stefan Backman

Our audit report has been submitted on 2019

Deloitte AB

Pontus Pålsson
Certified auditor

Deloitte.

AUDITOR'S REPORT

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

Report on the annual accounts

Opinions

We have audited the annual accounts of Tele2 Sverige AB for the financial year 2018-01-01 - 2018-12-31.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Tele2 Sverige AB as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

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

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilitie*s section. We are independent of Tele2 Sverige AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Tele2 Sverige AB for the financial year 2018-01-01 - 2018-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of Tele2 Sverige AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

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

Stockholm den 12 juni 2019

Deloitte AB

Signature on Swedish original

Pontus Pålsson
Authorized Public Accountant