nordic entertainment group

telling stories touching lives expanding worlds

Annual & Sustainability Report 2019

Content

About this report
The statutory Annual Report covers pages 59–118. The Sustainability Report (including the statutory sustainability report) covers pages 28–41, 49, 57, 126–150. NENT Group reports its sustainability work according to GRI Standards – Core option. The Annual & Sustainability Report is published in Swedish and English. The Swedish version is the original and shall apply in any instance where the two versions differ.

At a glance

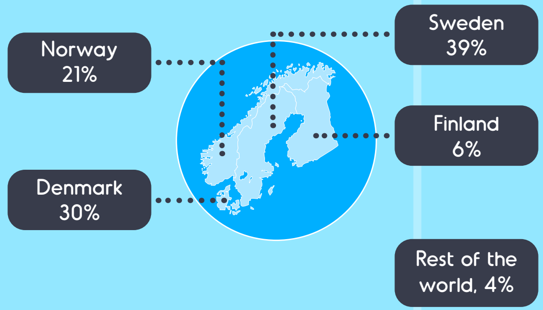
NENT Group is the Nordic region's leading entertainment provider. Our primary revenue stream is the sale of subscriptions, which have grown significantly in recent years following our early and significant investments in streaming. Today, we are the Nordic region's leading streaming company, with the broadest and most relevant content offering spanning all Nordic contries, best-in-class content discovery and a stable and scalable technology platform.

Our key brands

viaplay VIASAT viafree

3 studios Lyden av Norge RIX FM

Geographical sales split 2019



NENT Group has two reporting segments: Broadcasting & Streaming and NENT Studios

Net sales by segment

- Broadcasting & Streaming, 87%
- Studios, 13%

Operating income by segment, before IAC

- Broadcasting & Streaming, 95%
- Studios, 5%

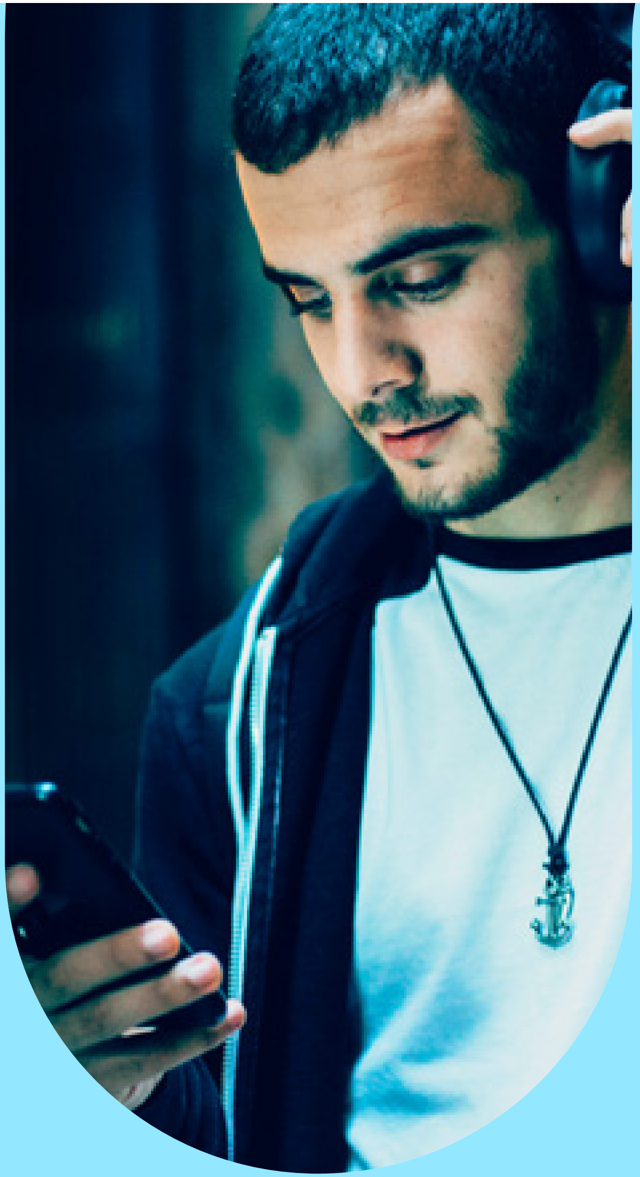
Broadcasting & Streaming accounted for 87% of Group sales in 2019. The segment primarily provides TV and video streaming services in the Nordic region, as well as radio networks and music streaming services in Sweden and Norway. Subscriptions and related services accounted for 71% of segment sales, with the remaining 29% derived from advertising.

NENT Studios accounted for 13% of Group sales in 2019. NENT Studios is the leading content creation, production and distribution business in the Nordic region, and also operates internationally. The studios comprise 32 companies in 17 countries, and are focused on scripted and non-scripted content, branded entertainment and events.

Net sales (SEKbn)
15.7

Number of employees at the end of 2019
1,976

Nationalities in our team
40+



GRI 102-4 GRI 102-7

2019 highlights

2019 was an historic year for NENT Group. The highlights included the listing of the company's shares on Nasdaq Stockholm, healthy organic growth, higher profits for all business segments, strong Viaplay subscriber growth, the implementation of a new operating model, and the announcement of the proposed merger of Viasat Consumer with Canal Digital. This progress has been reflected in a total shareholder return of 41% since the listing of NENT Group on 28 March to 31 December 2019.

Financial highlights

- Net sales increased by 6% on an organic basis to SEK 15,671m. Subscriptions and related revenues accounted for 61%, advertising for 26% and Studios for 13% of Group sales.
- The combined operating income for both business segments increased by 6% to SEK 1,813m. Total operating income before items affecting comparability (IAC) was stable at SEK 1,545m due to the higher central operating costs of becoming an independent and listed company.
- The Viaplay subscriber base grew by 310k, or 25%, to 1,568k subscribers. Streaming customers accounted for 62% of NENT Group's total subscriber base at the end of 2019.

Strategic highlights

- NENT Group completed its split from Modern Times Group MTG AB and successfully listed on Nasdaq Stockholm on 28 March 2019. The company has a new purpose, brand, culture, values and sustainability strategy.
- A new organisational and operating model was implemented in the second half of 2019. The new set-up is based on focused areas of responsibility that operate across the Group, and enable NENT Group to take decisions faster, ensure strategic alignment, scale flexibly and efficiently, while also generating significant savings.
- A 50/50 joint venture between Viasat Consumer and Canal Digital was announced (subject to regulatory approval). This will yield substantial cost synergies and shareholder value, enhance the customer proposition and further enhance NENT Group's focus on Viaplay.

Sustainability highlights

- A new three-year sustainability strategy, including integrated goals, has been launched and is focused on five focus areas: (1) developing Nordic storytelling and the creative industry, (2) promoting an equal, diverse and inclusive society, and driving excellence in our (3) culture, (4) conduct and (5) content.
- NENT Group is a signatory of the United Nations (UN) Global Compact and UN Sustainable Development Goals (SDG) Media Compact, and has committed to the UN's SDGs and Women Empowerment Principles.
- NENT Group stepped up its engagement in the fight against diabetes by establishing the pan-Nordic BEAT Diabetes foundation and continuing to raise awareness of the disease and funding for diabetes research.

Organic sales growth	EBIT before IAC (SEKm)	Stakeholders engaged in setting our sustainability strategy	Viaplay subscriber growth	# of premiered Originals	Total shareholder return[1]
6%	1,545	3,000+	+25%	21	+41%

1) 28 March–31 December 2019

CEO's statement

NENT Group has led the way with our early and ambitious investments in streaming, as well as innovative partnerships with content owners and distributors. This clearly yielded results in 2019 with higher sales and profits, and accelerating subscriber growth. The spread of the Coronavirus is bringing significant challenges in 2020, and we are working hard to ensure the well-being of our employees and the continued delivery of the best entertainment experiences to our customers and partners. We are well positioned to recover quickly when things start to normalise, and to take advantage of the long-term opportunities that lie ahead of us.

An historic and successful year

2019 was an historic year for NENT Group. Our split from MTG, listing on Nasdaq Stockholm and implementation of a new operating model have created an even more engaged, effective and aligned organisation. We have created a culture and brand based on a new purpose and set of values, which we are working hard to implement across the Group, in order to drive future success and make NENT an even better place to be.

We have significantly stepped up our content investments, especially in key categories such as sports and originals. Particularly significant are our new long-term Nordic rights to the English Premier League football, the FIS Alpine and cross-country skiing and the IIHF Ice Hockey World Championship, and the 21 high-quality Viaplay originals that we have premiered in 2019. We have also added even more Hollywood content following deals with MGM, NBCUniversal and Disney. Having the broadest and most relevant content offering is vital in realising our ambition to be the Nordic region's leading streaming company.

Our organic sales were up 6% and our Viaplay subscriber base grew by 310k to 1.6 million. Operating profits for both our segments were up. We are committed to growing our sales, profits and, most importantly, our Viaplay subscriber base even further. Scaling Viaplay is simply the best way to drive long-term shareholder value.

A streaming leader

The entertainment business is changing rapidly and will continue to do so. The growth of streaming has driven the rise in total video viewing, even though linear video consumption is declining. Establishing our position as the Nordic region's leading streaming company is essential, as this is where consumers are spending more and more of their time and money.

Viaplay's paying subscriber base rose by over 25% in 2019 and now accounts for 62% of our total subscriber base. We have gained market share in a very competitive environment. This is the result of our strategic investments in content delivered on a world-class technology platform that is getting smarter and learning all the time, enabling us to offer even more personalised content discovery and a constantly evolving customer experience.

At the same time, we have invested significantly in attracting and retaining the talents needed to win in streaming, and we have changed our operating model in order to accelerate the development of our streaming business. We are now preparing to launch Viaplay in Iceland in the first half of 2020, which will complete our footprint in all five Nordic countries and showcase Viaplay's ability to expand internationally in a fast and cost-efficient way.

> **We have delivered on our profitable growth commitment, while strengthening our content leadership and growing our Viaplay base by over 25%. Scaling Viaplay remains our top priority simply because it's the best way to drive long term value. We have also continued to transform including the implementation of a new operating model, the announced joint venture with Canal Digital and the restructuring of NENT Studios.**

Strategic partnerships

Long term and innovative partnerships accelerate our growth and drive value. In 2019, our partnerships included a 50/50 joint venture that combines Viasat Consumer, our satellite and broadband-TV business, with Telenor's Canal Digital. This deal is subject to regulatory approval, which we expect to receive during Q2 2020. It will yield substantial cost synergies and will also further accelerate our growth by enabling us to focus even more on streaming and offer Viaplay directly to Canal Digital subscribers.

We have also signed long-term and innovative distribution agreements with almost every major operator in the Nordic region to make our services and channels even more broadly available, and to create new wholesale revenue opportunities for Viaplay.

In addition, we established a UK-based joint venture with leading independent studio FilmNation Entertainment and

invested in new US studio Picturestart. These are important steps towards realising our global storytelling ambitions and will provide more original content for Viaplay.

Our sustainability commitment

Sustainability is central to all that we do and sits alongside our business strategy, culture and values as the foundations of NENT Group. Our sustainability activities make us better both on and off the screen and contribute to a better society. We launched our sustainability strategy during the year, after we had asked over 3,000 of our stakeholders about the priorities that we should have as Group. In developing this strategy, we looked at some of the biggest challenges that face our society and have sought to be true to our company values of Bravery, Equality, Appreciation and Trust.

Our strategy is to create value by developing Nordic storytelling and the region's creative industry, and by promoting an equal, diverse and inclusive society. We are committed to telling stories that challenge stereotypes and reflect the diverse society in which we live. We want to continue achieving gender balance in the creative value chain, while investing in original productions that explore urgent contemporary themes such as injustice and inequality.

The key to our success is our people and culture. We must attract, motivate and retain the best of the best in order to continue to be at the forefront of technological development and content creativity. This requires us to make a continuous commitment to our conduct, nurture our culture and produce quality content. To ensure we live according to our values and sustainability priorities, we continually train and encourage our managers and employees. We have initiated cross-functional working

Diabetes Gala

groups focused on equality, diversity, inclusion, and environmental awareness across the group. Our commitment led us to sign the UN Global Compact and commit to the Sustainable Development Goals Media Compact and the Women's Empowerment Principles.

As the Nordic region's leading entertainment provider, our people, platforms and storytelling contribute to raising awareness of, and engaging, in societal issues. Diabetes is a case in point – a disease that is affecting more and more people, especially in the Nordics. We held our third annual Diabetes Gala on World Diabetes Day on 14 November and raised record funds for diabetes research. We have also established the pan-Nordic BEAT Diabetes foundation, which will bring together organisations, entrepreneurs and passionate individuals to support those living with, or affected, by diabetes.

Perfectly positioned

2019 was a busy and successful year. 2020 started well but the spread of the Coronavirus is having an adverse impact on the business. We have acted fast to implement a range of measures to protect the business, and I am convinced that NENT Group has the focus, agility and bravery to deliver in challenging circumstances and to emerge even stronger and fitter to capture the opportunities that lie ahead. I truly appreciate the exceptional work of our talented and dedicated team, and I would also like to thank the millions of customers who trust us every day to tell stories that touch lives and expand worlds.

Anders Jensen
President & CEO

Who we are

Our vision is to be the leading Nordic streaming service provider and content producer with a global appeal. This means providing best-in-class experiences, both for our customers and for our employees. We are clear about what NENT Group stands for, and what we expect of each other. We have four values and a common purpose that were proposed and chosen by our teams in hundreds of workshops.

Purpose

Tellling stories, touching lives, expanding worlds

It's fundamentally about who we are – what we do – and why it matters. It is beyond making money. It is our cause and belief. We exist with the purpose of Telling stories; Touching lives; Expanding worlds.

We are all storytellers, we tell stories. Stories connect us and guide us in making sense of the world. Stories matter and, if they're inspiring and exciting, they set our mood, change our mind, and give us our attitude. A good story touches lives, it moves us. And we're not here to just tell any story. We want to tell the story that touches your life. The story that makes you think differently, makes you reflect and expand your mind!

Vision

To be the leading Nordic streaming service provider and content producer with a global appeal.

Mission

To offer NENT Group's customers the best storytelling entertainment experiences that are relevant, engaging, simple to use, broadly available, and great value for money.

Values

We are a company that prioritises people over everything else – from every single employee to every single one of our millions of customers. What unites us all at NENT Group is our passion to create meaningful and emotional moments with our content.

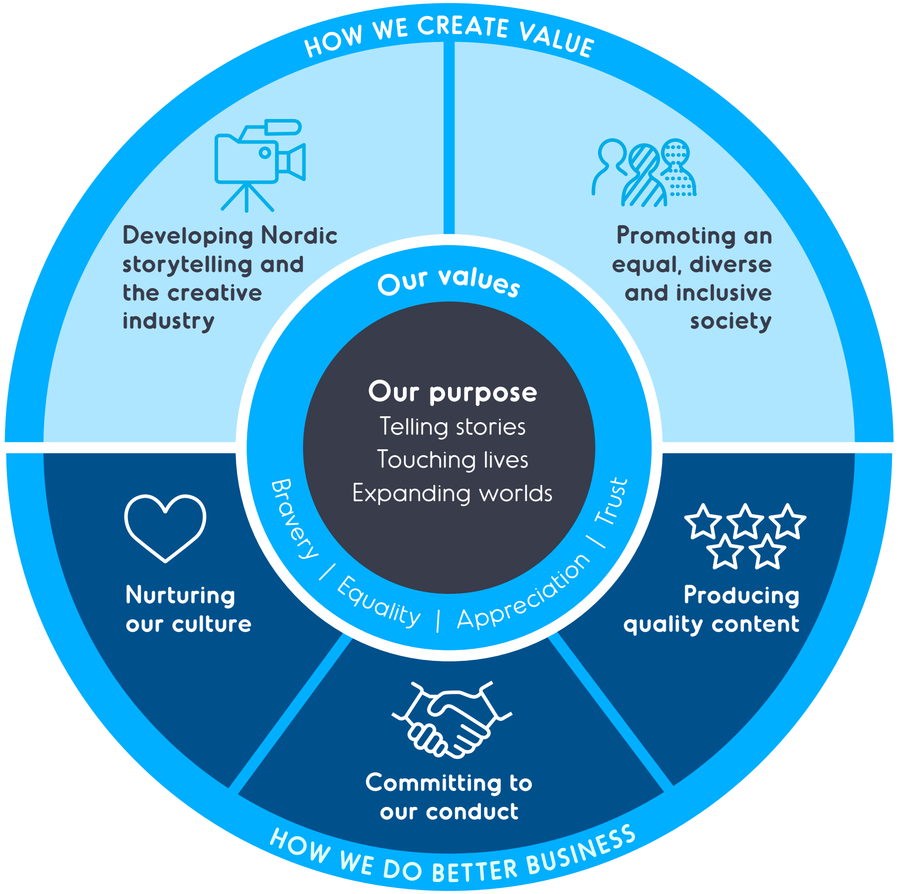
Bravery, Equality, Appreciation and Trust are our NENT Group values – and together, they form a powerful BEAT, the heartbeat of entertainment!

For more information about our values, see page 24.

Sustainability approach

We are a values-driven company and we want to make a sustainable impact. This is reflected in our strategic priorities and approach. Our sustainability strategy is based on input from our customers, shareholders, employees and partners, and it is fully aligned with our purpose, values and business objectives.

Our content and platforms provide a unique opportunity to inspire and engage. And, away from the screen, the way we conduct our business and nurture our culture makes a difference – for our people, the creative industry and society.



Perfectly positioned

The entertainment industry is changing rapidly. Taking a long-term view and staying on the right side of disruption is essential. NENT Group is the Nordic region's leading streaming company and our scale is a key success factor. It allows us to invest in our people, technology and content – and as we grow, more users means more data, which we protect carefully and enables us to deliver even better user experiences.

The world is changing

As technology evolves at an ever-faster pace, so does behaviour. The number of connected devices (smartphones, games consoles, tablets and smart TVs) capable of displaying high-quality streamed video continues to increase. Combined with faster, more reliable, affordable and accessible fixed and mobile broadband networks, consumers can now access an unprecedented range of streaming services on more devices than ever before. The fierce competition for consumer time and money makes it even more important for streaming service providers to offer great user experiences through a combination of a broad-based high-quality content offering and best-in-class technology platforms. Consumers now hold the power, the power of instant choice.

Video consumption rising

Video consumption is higher than ever before and continues to grow. However, the way content is viewed is changing rapidly, with consumers increasingly choosing to stream on-the-go and on-demand, instead of linear viewing in-home.

Linear scheduled TV viewing that is not live is falling fast and the rate of change is highest in the Scandinavian markets.

We have proactively adopted

We launched our first video streaming service in 2007 – the same year in which Apple launched the iPhone, and long before our competitors. This early mover advantage has been important, but even more significant was our decision in 2012 to disrupt our traditional linear TV business by aggressively pushing streaming services and accelerating our investments in Viaplay's content and technology.

This has been followed by fundamental changes in the skillsets of our people and in the content we acquire and produce. These decisions were often painful for our linear TV business but have been key to the success of Viaplay. Many traditional broadcasters have only recently woken up to the new streaming reality, and trying to catch up with established streaming services will now be both difficult and expensive.

NENT Group is unique

As a result of our early and significant investments in streaming, NENT Group is very different from most of our peers and competitors.

Firstly, our primary revenue stream is subscriptions, which accounted for 61% of our sales in 2019. Our focus is on creating recurring revenue streams that will grow over time, which will also improve visibility and resilience and reduce volatility.

Secondly, streaming customers make up over 60% of our total subscriber base and this share is growing quickly.

Thirdly, we are set up in the right way to capture the significant growth opportunities that we see in the streaming market. Instead of a traditional country-based model, we are organised according to focused areas of responsibility, such as people, content, marketing and technology, that work across markets and products. This enables us to take decisions faster, work smarter, and ensure strategic alignment across the business.

Viaplay is a unique service

Viaplay is a pioneer in streaming with a successful track record of innovation. Viaplay is today a premium Nordic video streaming service that can be viewed anywhere, anytime and on almost any device In addition, Viaplay offers electronic sell-through (EST), transaction video on-demand (TVOD) and TV Everywhere (TVE) functionalities.

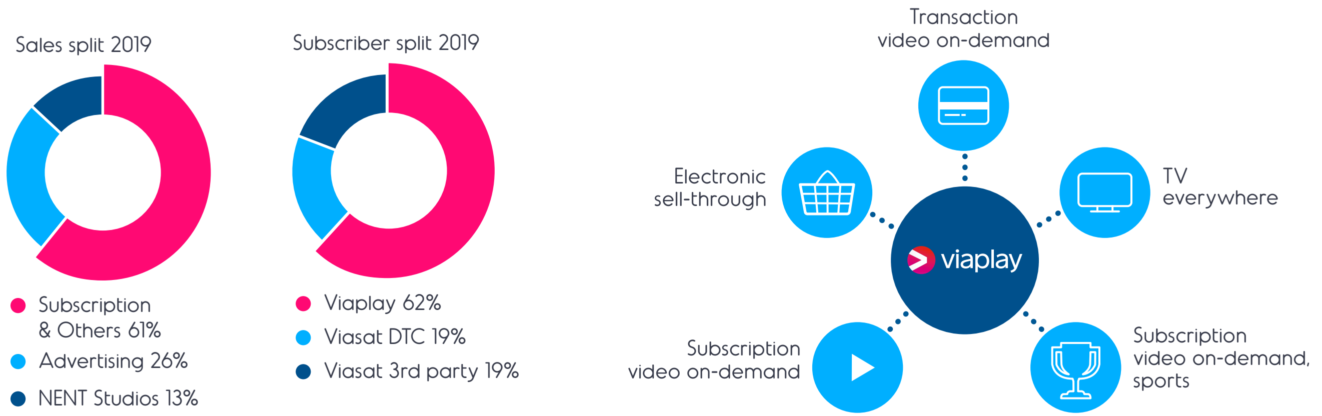
Viaplay's content offering includes sports, acquired local and international series and movies, kids content, and original scripted and non-scripted content. Viaplay has leading positions in Sports, Movies and Kids content, and has substantially increased its focus on original content, which has proved popular both with viewers in the Nordic region and international buyers.

Viaplay is growing fast

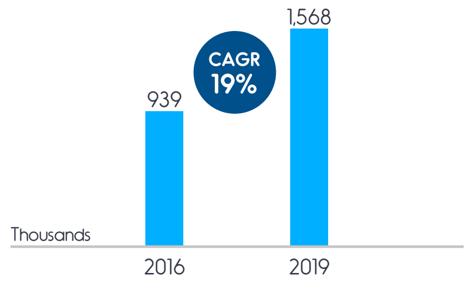
Viaplay's paying subscriber base increased by 310k, or 25%, in 2019 to 1,568k. This represents an acceleration in growth compared to the 2016 to 2019 annual growth rate of 19%. These figures do not include subscribers who have access to Viaplay as part of a Viasat pay-TV subscription or as a free trial.

Viaplay has an estimated market share of approximately 25–30% based on the number of stand alone paying subscribers. Its revenue market share is materially higher because Viaplay has a leading position in sports packages, where the price of a subscription is much higher.

A subscription-based business model



Viaplay subscriber base growing fast



Prices aligned

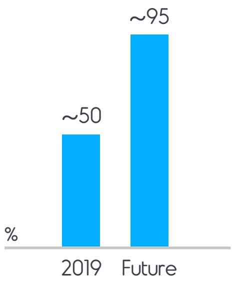
We have strategically aligned our prices between distribution platforms. For a user, the cost of subscribing is therefore broadly the same via NENT Group's satellite or broadband TV services, third partly distribution partners or directly from Viaplay. Over time, this should support positive margin development, given that the acquistion and running costs are significantly lower for streaming services than traditional pay-TV platforms.

Significant growth potential

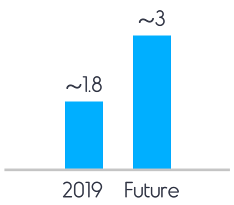
Viaplay has grown fast but there is plenty of room for more. Today, approximately 50% of households in the Nordic region subscribe to at least one streaming service. We believe that this penetration level will move closer to that of TV or the internet, both of which are now approximately 95%.

In addition, each streaming household today has an average of approximately 1.8 streamed video subscriptions, and we expect this to rise to approximately 3 subscriptions in the future. In the US, a streaming household already subscribes to an average of 2.8 services. Streaming is therefore clearly not a winner-takes-it-all market. Our ambition is to position Viaplay as a core streaming service to which most households subscribe before topping up with other services that cater to individual interests. There are 12.5 million households in the Nordic region,

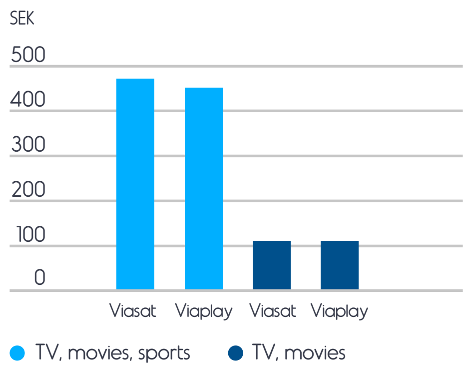
Nordic SVOD penetration



No of subscriptions/ SVOD household



Prices have been aligned[1]



1) Monthly subscription prices

Partnerships powering growth

Distribution partnerships represent an additional key growth driver. As a result of technology improvements, users can now access Viaplay through a set-top box and enjoy the same high-quality experience as a stand-alone subscription. This also enables us to leverage operators' existing customer relationships.

During 2019, we have signed numerous strategic long-term partnerships that ensure the broad availability of Viaplay, along with our free- and pay TV-channels, across the Nordic region. Our partners include Boxer, Stofa, Waoo and YouSee in Denmark; Altibox, Get, NextGenTel, RiksTV and Telenor in Norway; A3, Bahnhof, Connect TV, Kalejdo, Mediateknik, Ownit, Sappa, Serverado, Tele2, Telia and Universal Telecom in Sweden; and DNA, Elisa and Telia in Finland.

These partnerships reflect our unique content offering as well as our strategic focus on long-term distribution deals that are beneficial for all parties.

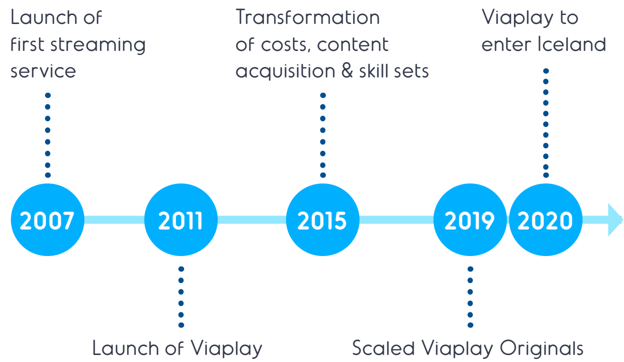
Expanding to Iceland

We will launch Viaplay in Iceland during the first half of 2020. Iceland is an ideal market for Viaplay given the proven local appetite for Nordic language content and the country's position as one of the most highly connected societies in the world.

We have ambitions to expand Viaplay into additional markets in the future, and the Icelandic launch will be an opportunity to showcase the scalability of the platform.

> **"The partnerships reflect our unique content offering as well as our strategic focus on long-term distribution deals that are beneficial for all parties.**

A history of innovation



We are positioned to win

Viaplay is already one of the leading streaming services in the region and has gained market shares during 2019. Viaplay has three differentiating factors that position the service to continue growing faster than the overall streaming market:

Content

Tech

People

A content champion

Being a content champion is about quality as much as quantity. Viewer tastes are highly individual and change over time. Consumer insight is very important but sometimes people don't know what they want until something is presented to them. Viaplay's content strategy therefore spans three major content categories; Original content, acquired content and sports. Each one of these have a number of subcategories such as live sports, international movies and series, kids shows, local language scripted drama and non-scripted reality. Today, Viaplay has category leadership in several of these areas through a combination of investments in acquired and original content. Read more about our content strategy on pages 14–17.

Best in class tech Platform & content discovery

Streaming involves much more than making content available online. Platforms must be stable and scalable with great content discovery, which in turn requires recommendation engines that provide a personalised experience based on individual preferences. The fact that peoples tastes also change means that content can live much longer than has been the case in the traditional broadcasting industry, consumer insight is increasingly becoming consumer science, and the Viaplay team is able to capture and analyse huge amounts of data that can improve the viewing experience and bring greater innovation to the service. In 2019 we also showed over 50,000 live hours of sports with an incredible platform up-time of 99.97%. Read more about our technology strategy on pages 18–21.

A unique culture with the right skill sets

We are making significant investments in attracting, inspiring and retaining the talents needed for success in streaming. Today, we have over 300 developers from around the world in our tech team alone. Our people focus also extends externally, where we use everything from A/B testing and big data analytics, as well as direct customer contact, to understand our customers better. We have recently also changed from a country to a functional operating model, which will speed up decision making and develop skills hubs that can focus even more on understanding customers' current and future wants and needs. Our consumer insights are also reflected in our sustainability strategy, as over 1,500 Viaplay viewers had their say in setting NENT Group's sustainability priorities. Read more about our People on pages 22–25.

Spotlight on Content

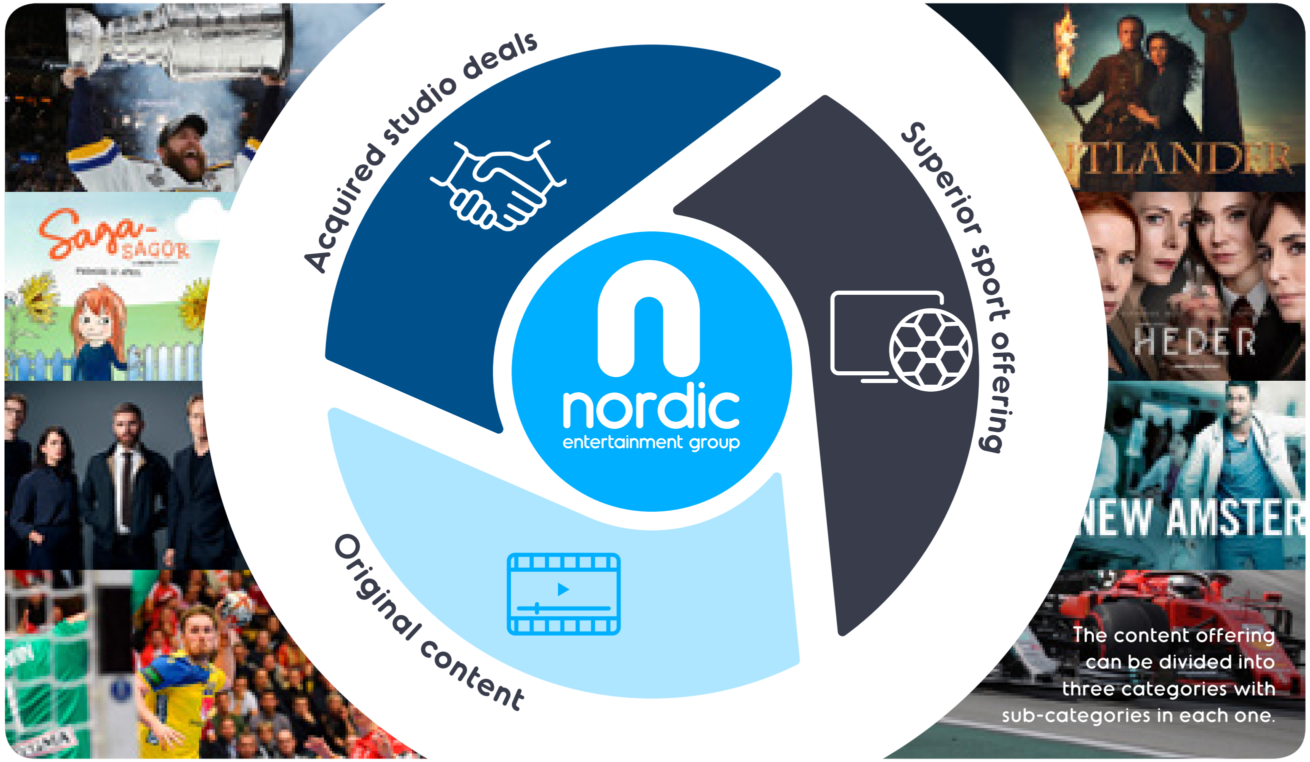
Content is king but viewer tastes vary widely and change over time. Offering a broad and relevant range of content portfolio, and anticipating customers' needs, are vital for our success.

Scalability and flexibility

We are one of Europe's leading content buyers, and the biggest buyer in the Nordic region by some distance. Buying for multiple platforms and territories increases our scalability and flexibility. We now acquire most rights at a fixed price and can use them across all of our different services and territories or resell to third parties. We have transformed the way we acquire content and, as a result, we can constantly optimise our offering according to the latest consumer insights and data analysis. This set-up is a key success factor in the scaling of Viaplay.

Category leadership

We are a content champion in the Nordic region, based on our leadership in the strategically important categories of sports, original programming, and acquired content from local and international studios. Having a broad and relevant product portfolio is essential, and we are also ambitious about developing our category leadership even further. We have the following three major content categories, each of which then have a number of sub-categories.



50,000 live hours of Sports

We have an unrivalled sports rights portfolio. We showed over 50,000 live hours of sports in 2019, including football, ice hockey, motorsport, handball and golf from around the world. Our major sports rights include UEFA Champions League, English Premier League, Danish Superliga, Bundesliga, NHL, Formula 1, UFC, PGA golf, NFL, IIHF Ice Hockey World Championship, IHF World Handball Championship and EHF European Handball Championship. These rights are typically acquired across all media windows and on an exclusive, multi-year and often multi-territory basis from a variety of rights holders.

In 2019, we continued to invest in sports rights, in order to drive future growth. We have signed new agreements to become the exclusive Nordic home of FIS Alpine and cross-country skiing from 2021 to 2026, the Ice Hockey World Championship from 2024 to 2028, ISU speed and figure skating until 2023, and IndyCar racing until 2021. We have also extended key rights such as the Premier League until 2028 (including the Norwegian rights for the first time from 2022), the Open golf championship until 2024, and the Danish Superliga football until 2024.

The addition of winter sports to our portfolio is a particularly important strategic step, since it establishes leadership in an additional key category and one that is particularly popular in Norway.

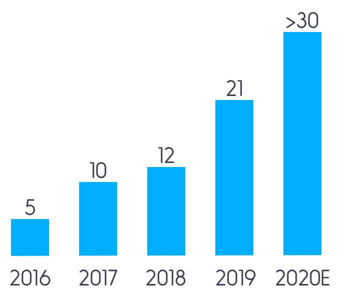
We have also increased our coverage of women's sports, including top-division women's football in the UK, Germany and France, selected international women's football matches, WTA tennis and W Series motorsport. The interest in women's sport is growing all the time and our coverage will continue to lead the way.

Premier League

A large and wide ranging sports offering that is secured for years to come is a key success factor. It creates economies of scale as more subscribers enable us to invest more and further enhance our coverage. Sports broadcasting requires a high degree of craftmanship, including insightful local language commentary, attractive studio shows and the use of social media to boost viewing and fan engagement.

The scale and range of our offering means that we are also not dependent on any single right, so less vulnerable to sports rights inflation and maintain our discipline of never buying rights where we cannot make a good return on our investment. We do also enter into sublicensing agreements from time to time, in order to maximise our monetisation opportunities with rights that we have acquired. Our focus on providing complete on-demand streaming coverage of all events provides much more variety and breadth of coverage than before – from fast emerging sports such as padel tennis to 100% of the upcoming FIS Alpine and cross-country skiing rights.

Number of originals premiered



Original content

Original content (drama shows, documentaries, kids series and feature length movies) is a core part of our customer proposition and a key competitive advantage. This content is typically commissioned by Viaplay, in order to be able to deliver exclusive, high-quality and locally relevant stories to Nordic streaming audiences. Our creative net spans new scripted drama ideas generated internally by NENT Studios, concepts pitched by third party production companies, and new series of established local or international formats.

Since launching our first original series in 2016, we have significantly ramped up our investment in this area and we premiered a total of 21 originals in 2019, with many more in production or development. The response from viewers has been very positive, with originals representing 7 out of the 10 most viewed new series on Viaplay in 2019. There is simply no substitute for local drama. This is a strategic investment area and we feel very comfortable with the long-term returns, given the performance to date and the fact that this content has a long usage life, often runs to multiple series and can also be monetised on our TV


Face to face

channels. The ability to package and sell international rights to these shows around the world is an increasingly important factor in the funding of the originals, with around half of our originals already sold to international partners (distributors, broadcasters and streamers). Among the highest profile originals premiered during 2019 were 'Love Me'; 'Fixi in Playland'; 'Honour'; 'Face to Face'; 'Straight Forward'; 'Saga's Stories'; 'Wisting'; 'The Inner Circle'; and 'Those Who Kill''. Our stories are diverse and offer viewers content with which they can feel culturally and socially connected. They reflect our efforts to increase equality, diversity and inclusion, both on and off the screen, and are an important part of our work to promote the Nordic creative industry and talents.

Our ambition is to premiere more than 30 originals in 2020 and to increase the number to 40 in future years. This will also include an increasing number of exclusive English language productions, some of which will be sourced from the UK-based joint venture that we formed in 2019 with leading independent studio FilmNation Entertainment, as well as from Picturestart, the newly formed studio based in Los Angeles that we acquired a minority shareholding in during the year. In both cases, NENT Group has the first option to the exclusive Nordic media rights for all new productions. In today's highly competitive market for premium drama, this gives us a compelling advantage and complements our investments in local language original content.

We have also added a number of massively popular local non-scripted series, including firm favourites such as 'Paradise Hotel', 'Robinson Ekspeditionen', 'Familien fra Bryggen', 'Masterchef' and 'Efterlyst'. These shows are sourced internally from NENT Studios or externally from third party production companies.

Acquired

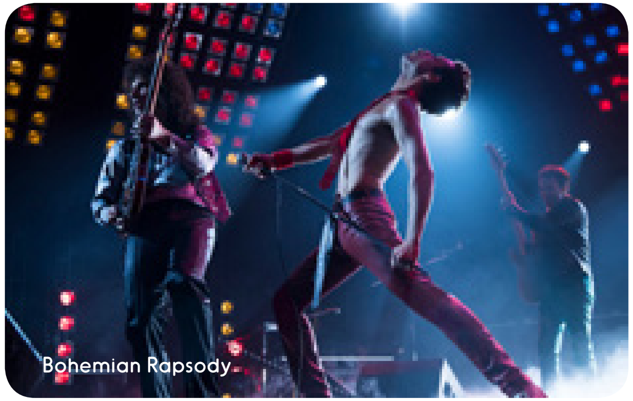
Acquired content is the majority of the content that we show on our channels and services, and comprises premium series and movies from studios all over the world, most notably Disney and 20th Century Studios, MGM, NBCUniversal, Sony Pictures and Viacom. Our studio deals are typically signed on a multi-year and multi-territory basis. First and second pay window deals are usually exclusive and library agreements are usually non-exclusive.

We signed new agreements in 2019 with MGM and NBCUniversal, and have since signed a new long term agreement with Disney. Our new agreements include the co-production of new originals, which Viaplay has the option to stream in the Nordics.

The hottest new movies and series from Hollywood help to attract new subscribers, while the library of previous shows includes a number of evergreen titles that continue to drive viewing and are an important customer retention tool.

Tastes vary so the slate of new releases and the deep library provide customers with an unrivalled choice. We have category leadership in both acquired movies and acquired kids content, and the recent agreements have added further to this leadership position.

Local language originals and live sports are clear differentiating factors for us. However, it is the combination of these categories with acquired content that represents the foundation for our position as the Nordic region's leading entertainment provider.


Bohemian Rapsody

Spotlight on Technology

Streaming involves much more than making content available online. In many cases, viewers don't know what they want until they see it. NENT Group has built a platform that competes with the best in terms of performance, functionality and content discovery.

A proud history of innovation

NENT Group is no stranger to 'firsts.' From launching the Nordic region's first commercial TV channel in 1987 to the region's first satellite TV platform in 1991, we were also the first in Europe to digitalise a TV platform fully and to add progressive download functionality to our set-top boxes. We launched our first streaming service in 2007 and added download-to-go in 2012. Two years later, NENT Group became Europe's first commercial broadcaster to show the Olympics. In 2019, we launched 'Fixi in Playland', a first-of-its kind animated kids series recorded using 3D gaming technologies and with hidden interactive elements in every episode.

A winning approach

A platform agnostic approach that makes our content as broadly available as possible has always been a cornerstone of our strategy. This is an increasingly important success factor as more and more homes become multi-platform and viewers use our services across multiple devices.

Unrivalled performance

We rely on the technical quality of our offering to help differentiate us in a competitive streaming market, and to drive customer value.

We have made significant investments in ensuring our streaming platforms are both robust and resilient. We are confident in our ability to meet the demands put on the service every day. In 2019, our users streamed more than 730 million hours of content, including coverage of more than 50,000 live sports events, with an impressive up-time of 99.97%.

Focus on content discovery

The volume of content offered on our streaming platforms has increased exponentially in recent years. This is great news for our customers, but it also makes a personalised experience even more important. Customers today often face the so-called 'paradox of choice,' where seemingly endless entertainment options make it harder to find something to watch.

Fixi in Playland, programmed to include hidden interactive elements in every episode.

By tailoring our content blocks and post-play recommendations, we aim to strike a balance between showing viewers content similar to previously viewed series and movies, and offering titles they may have overlooked but are likely to enjoy.

We have also invested in embedding dynamic and full-length trailers across the 'in-app' experience. This showcases the depth of our content library while, at the same time, helping consumers make informed decisions about what to watch.

Our launch of Viaplay user profiles in May 2019 has further enhanced the individual experience for customers. A family can now manage up to six unique profiles as part of the same subscription. In doing so, we have been able to refine our personalisation algorithms and create customised homepages that are aligned with viewing preferences.

The platform is getting smarter

We are focused on our customers and on driving engagement by enhancing our offering. As a result, we are shifting away from traditional insight-gathering to more data-driven decision making in our approach to customer intelligence. For example, we use comparative A/B testing in different segments before rolling out new features to all markets. This gives us a better understanding of how customers are likely to respond to changes in the platform.

As a consequence of the content discovery algorithms we have developed, customer viewing levels are increasing. The algorithms use machine learning and artificial intelligence. They are based on individual viewing patterns

User profiles for enhanced individual experiences

The launch of user profiles in May 2019 has further enhanced the individual experience for customers – enabling a family to manage up to six unique profiles as part of the same subscription. In doing so, we have been able refine our personalisation algorithms and build on this strong foundation to customise each homepage according to different viewing preferences.

VR animation technology in StudioV

and simultaneously feed information back into the platform about viewer preferences, which creates a sustainable competitive advantage. We are therefore confident that the user experience we offer will improve even further.

Tech for impact

In today's competitive entertainment landscape, nurturing customer relationships is key to driving loyalty and lowering churn. We use our in-house expertise to develop new and exciting products that reinforce these relationships.

Our new kids' series 'Fixi in Playland', which premiered during 2019, is a clear example of this. The Fixi character is an animated squirrel created using performance capture and virtual reality (VR) animation technology in NENT Group's own VR studio, StudioV.

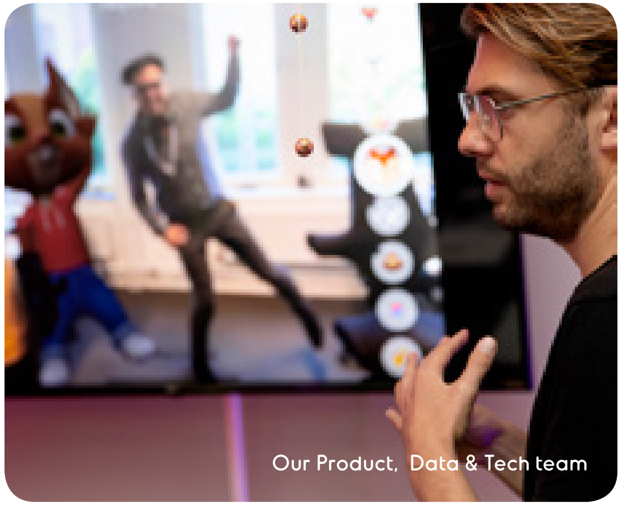
The idea for the series, which targets children aged from 5 to 8 years, came from one of our annual Hack Days. We kept the production in-house and this enabled incredibly fast and agile development – it took just eight months to go from the initial concept to the premiere of the 20-episode first season.

We are excited to see how this production method can change the game in terms of our digital animation pipeline, by returning quality entertainment in a short timeframe. The public reaction to the series has been so positive that work is already underway on a second season to premiere in 2020.

But Fixi has more than commercial value. In the series, she encourages younger viewers to take an interest in technology and to embrace their differences. She also promotes an active lifestyle by getting viewers off the couch through regular dance breaks. As a character and mascot for kids' content on Viaplay, we believe Fixi has the potential to make a really positive impact in Nordic households.

People and products

Our talented Product, Data & Technology team is made up of more than 300 developers from all over the world. Every day, we develop cutting-edge technology that is both stable and scalable. In this work, we focus on people as well as products, particularly on personalising customer experiences. In recent years, we have transformed our skillset away from traditional broadcasting towards computer science and advanced analytics. This helps ensure we can continue to set the pace in the streaming industry.



Our Product, Data & Tech team

Spotlight on People

Our people are our greatest strength. We work to attract and inspire talents who want to grow, develop and contribute in a fun, trusting and appreciative company. Taking care of our people and making sure everyone can be the best version of themselves is essential to our success.

A culture based on our people

Our company has clear values with a high level of buy-in. This is because we have built our purpose and values in a unique way. Instead of a top-down decision, we used a democratic and transparent crowdsourcing process. Every employee was invited to workshops to discover our values together and, through an iterative creative process, everyone could give input on the outcome of these discussions through multiple channels.

This work resulted in four values: Bravery, Equality, Appreciation and Trust – BEAT!

Our focus on individual values and self-leadership is also unique. We believe that creating motivation requires more than organisational values. True motivation and engagement come when people can be themselves at work, while being aligned with our shared values and purpose.

The best version of ourselves

We prioritise our people. We want everyone at our company to grow, and our aim is to provide a safe, fair and inclusive work environment where everyone can thrive and feel empowered to be the best versions of themselves.

This is how we define success, and this is why we have people-focused values. We also believe this is the best way to achieve great results. When our people grow, so does our business. Autonomy and self-leadership allow us to act, fail and recover faster, and stay ahead of the curve in our extremely fast moving industry.

We value everyone's uniqueness – you can just be yourself here. With the 'Hearts of NENT' initiative, we want to highlight the uniqueness of each individual and bring each person's perspective to life, showing what our values mean to our people.

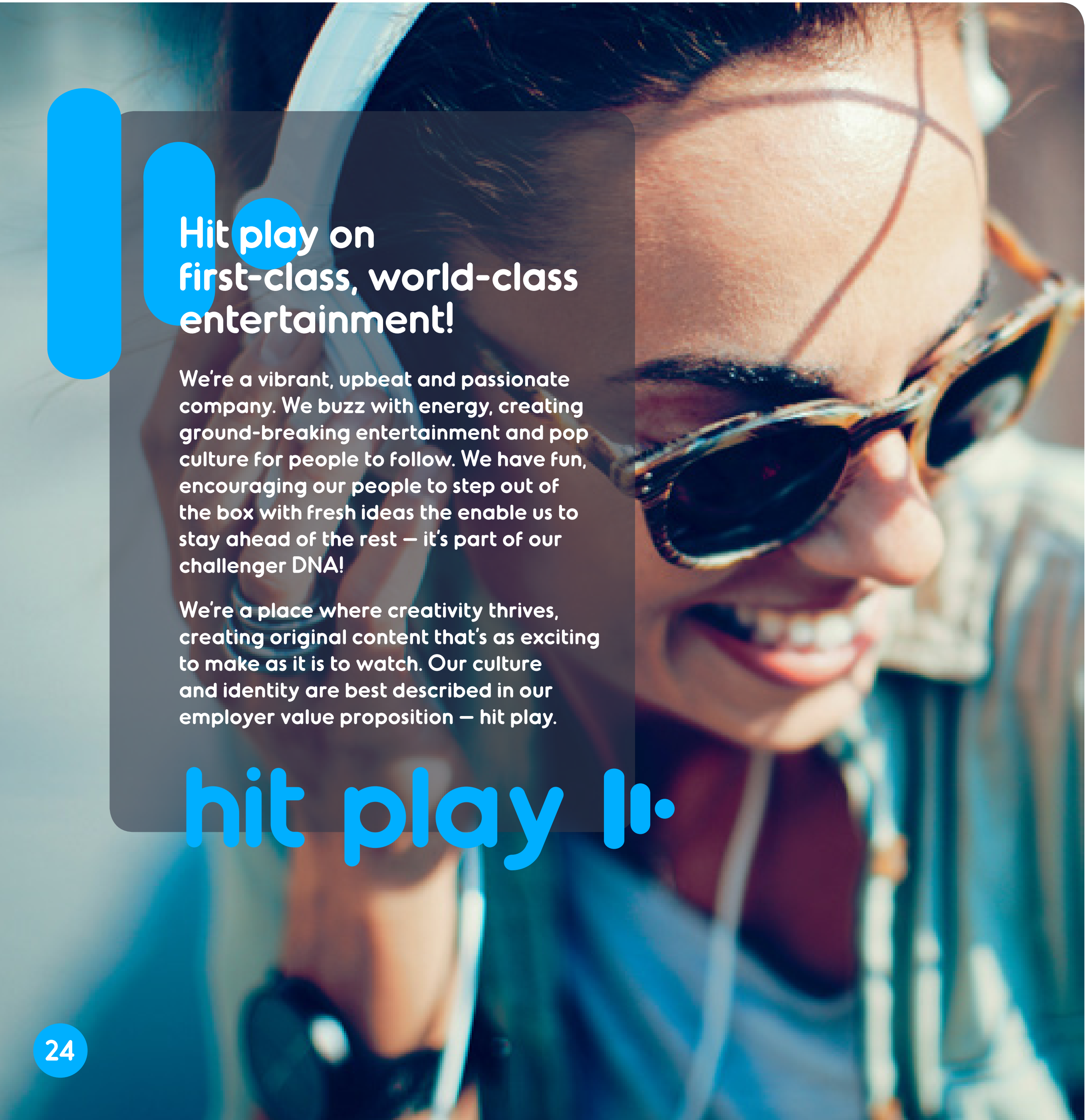
Building a company for the long run

We dare to look beyond short-term goals and to build a company for the future. Financial sustainability is important, since it enables us to take care of our people, customers and shareholders, but we want to do more than simply maximise our short-term profits. Nurturing a culture that helps us attract and develop the best people will ensure we always have the best ideas and talents, which is how we will ultimately meet our high ambitions.

More information about our people and culture can be found on pages 35–36.

"Equality is the basis of our respect for each other

Meygol Tarahomi
CX Dialogue Manager, Viaplay



Hit play on first-class, world-class entertainment!

We're a vibrant, upbeat and passionate company. We buzz with energy, creating ground-breaking entertainment and pop culture for people to follow. We have fun, encouraging our people to step out of the box with fresh ideas the enable us to stay ahead of the rest – it's part of our challenger DNA!

We're a place where creativity thrives, creating original content that's as exciting to make as it is to watch. Our culture and identity are best described in our employer value proposition – hit play.

hit play

Feel the BEAT

When you join us and hit play, you will become part of our culture and learn to live our values. Our values are defined by the beat we all have inside us. Defined by the passion we all share at NENT and how we inspire everyone around us.

Bravery

- I step outside my comfort zone to learn and grow
- I challenge myself, others and the industry
- I keep trying in the face of setbacks
- I dare to ask for help and support

Equality

- I bring my whole self to work
- I ask questions and listen to understand
- I stand up for what I think is right
- I seek co-creation based on diverse perspectives

Appreciation

- I give positive feedback and credit to make people feel valuable
- I give, listen to and learn from constructive feedback
- I get inspiration from celebrating with my team, big and small
- I seek opportunities to pursue my passions, ambitions and strengths

Trust

- I understand the value of learning from mistakes
- I do what I say, I am responsible and accountable
- I am open, honest and straightforward
- I respect and look out for you – I have your back and you have mine

Our people are engaged

We operate in a fast moving industry and we are moving even faster, 2019 was our first year as an independent and separately listed company, and we have moved from a country based to a functional operating model, launched our new values, and announced the proposed merger of our Viasat Consumer business and Telenor's Canal Digital.

We conducted a group wide engagement survey in December 2019 and it is clear from the results that we have a strong foundation from which to build NENT Group moving forward. Here are some highlights from the people who completed the survey (81% of all staff).

87%
are willing to make an extra effort to make NENT Group successful

89%
feel they cooperate well in their teams

90%
feel they are respected by their manager

91%
feel they can be themselves at work

88%
feel that all employees have the same opportunities

75%
challenge the way we do things in order to learn and grow

The percentage equals the share of our people answering 4 or 5 on a 5 point scale.

Our investment proposition

NENT Group is, first and foremost, an investment in Viaplay which is the leading Nordic streaming service. Our market share in streaming is significantly higher than in the traditional pay TV market meaning that we are benefitting from the change in the way people consume content. Scaling Viaplay is simply the best way to drive significant and sustainable shareholder value.

A unique play on the Nordic streaming market

NENT Group is the Nordic region's leading entertainment provider and also the region's leading streaming service. NENT Group's high-profile brands offer both subscription and advertising funded streaming services. Viaplay is the leader in the fast growing subscription funded streaming market. The penetration of streaming services in the Nordic region, and the number of services to which each household subscribes, are both expected to grow significantly over the coming years. The subscription model creates recurring and growing revenues with high incremental margins. In addition, it provides additional benefits such as increased visibility, reduced volatility and more resilient revenue streams.

All success factors already in place

NENT Group is today a content champion in the Nordic region. We offer a unique combination of the broadest and most relevant content, and hold category leadership positions in sports, originals and films.

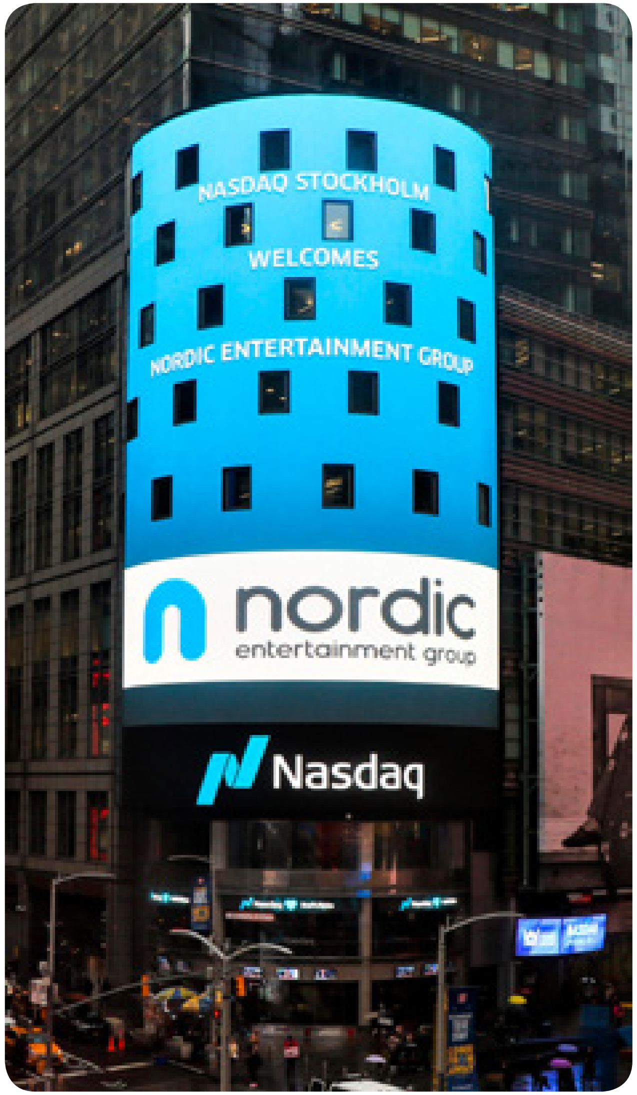
Listing ceremony on 28 March 2019

Viaplay is a world-class streaming platform that offers more functionality than any other service. The platform has also proven to be extremely stable demonstrated by its ability to deliver more than 50,000 hours of live streamed sports every year with almost no down-time. In addition, Viaplay is continually getting smarter by analysing user data and competes with the best when it comes to personalised and relevant content discovery.

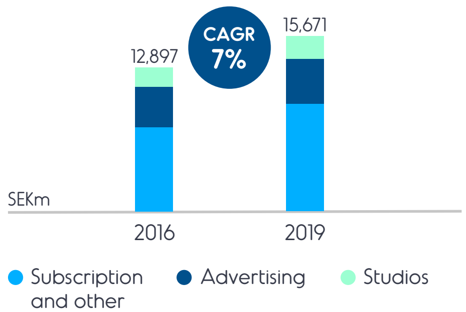
Finally, we have a world-class team with a shared purpose, values and behaviours. We have invested significantly in attracting, motivating and retaining the talents needed to win in streaming, and we have also changed our organisation and operating model during 2019 to accelerate the development of our streaming business further.

A proven track record

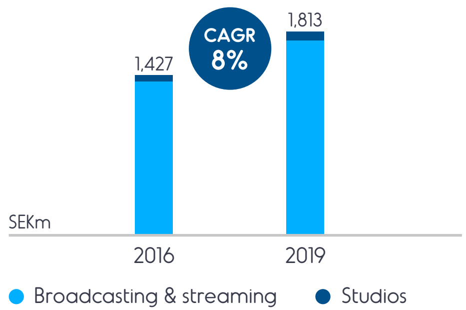
NENT Group has delivered healthy top and bottom line growth, while investing substantially in content, technology and our people, in order to take a leading position in the Nordic streaming market. Our focus is on maximising long term shareholder value by scaling Viaplay. We aim to do so through continued investments in the customer experience and through strategic partnerships such as our recently announced joint venture between Viasat Consumer and Canal Digital, our investment in Picturestart, joint venture with FilmNation Entertainment, and our channel and service distribution deals with the leading regional telecom and broadband partners. NENT Group has a long-term commitment to profitable growth and ongoing dividends.



Net sales



EBIT for combined business segments



Before central operations & IAC

Sustainability

Content

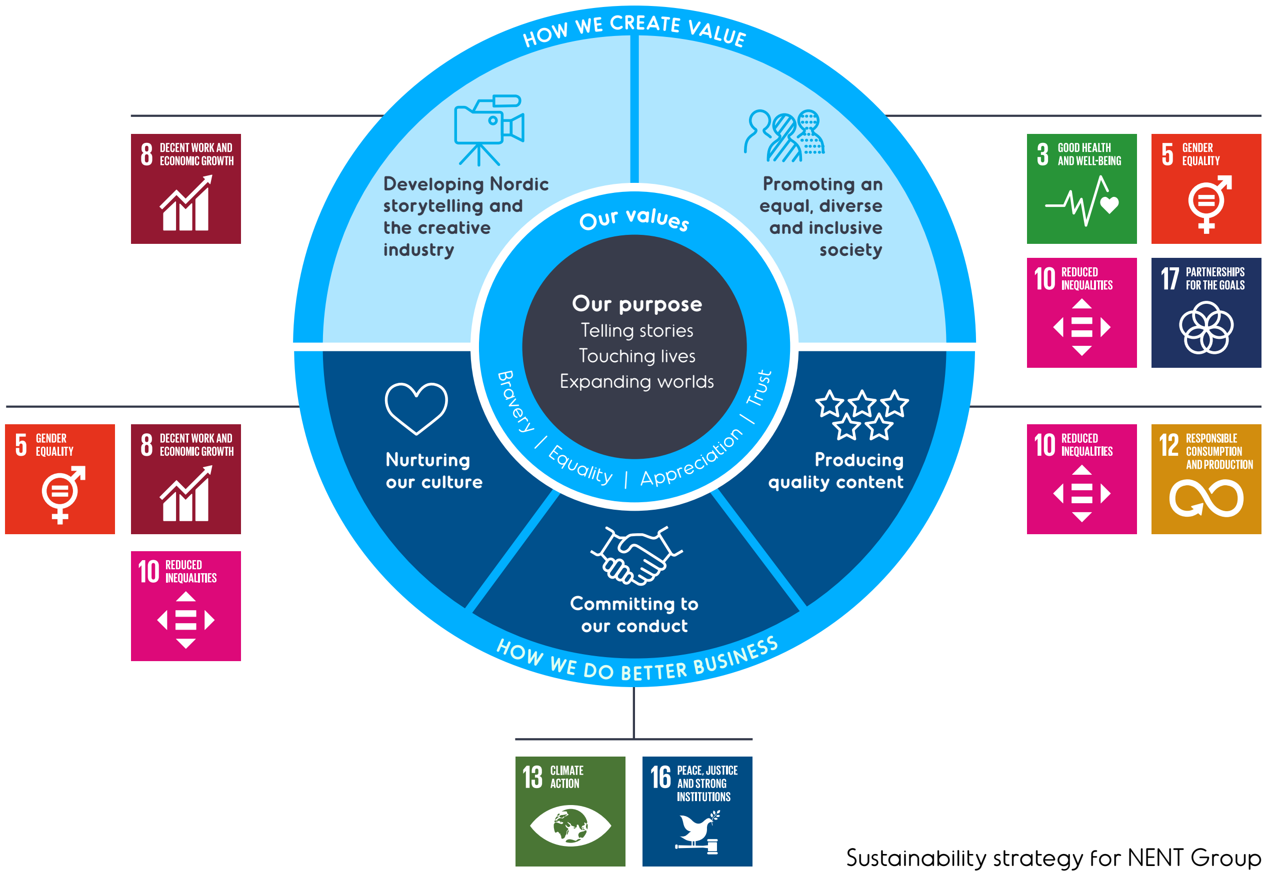
How we create impact

At NENT Group, sustainability is integrated with our business strategy, culture and values. In 2019, we set our sustainability strategy, which will shape how we create value and make a positive impact in the years to come.

Our strategy

Sustainability is integrated with NENT Group's business strategy, culture and values. Our ambition is to make a positive impact in society while doing better business. Our priorities are presented in our sustainability strategy, which consists of five focus areas: developing Nordic storytelling and the creative industry, promoting an equal, diverse and inclusive society, and driving excellence in our culture, conduct and content.

Through these areas, we aim to create value for society as a whole, as well as for our shareholders, customers and employees and for the creative industry. The sustainability strategy was set during 2019 and is based on a thorough stakeholder dialogue that included over 3,000 survey respondents and 55 internal and external meetings held during autumn 2018.



Sustainability strategy for NENT Group

GRI 102-15

Our world and our opportunities

We operate in a fast-changing environment that creates both challenges and opportunities for our business. When setting our sustainability priorities, we considered today's megatrends and the biggest challenges faced by the world and our Nordic society. These include climate change, rapid technology shifts, and a society with increasing levels of inequality and segregation.

As the Nordic region's leading streaming company, we create value by investing in new and diverse talents and promoting Nordic storytelling globally. We have an opportunity to promote a more equal, diverse and inclusive society through our stories and platforms. At the same time, we are focusing on equality, diversity and inclusion (EDI) throughout our entire production value chain.

During productions, we are working to create a more inclusive, safer and fairer environment, and by telling unique stories and reflecting today's diverse society on screen, we are challenging stereotypical attitudes, norms and prejudices. This also increases our relevance by helping us reach a more diverse and broader audience. In short, we can make a positive difference by developing Nordic storytelling and the region's creative community, investing in new and diverse talents, and promoting Nordic storytelling globally.

When it comes to technology shifts, we are at the very forefront of change as a streaming leader. In addition to offering entertainment on demand through a wide range of platforms, we use the latest technologies to create interactive kids content that both educates and entertains while offering safe and trusted experiences.

On climate change, we encourage green conduct amongst our employees, and in our operations to minimise our environmental impact and in that way mitigate climate changes.

NENT Group's sustainability strategy is directly aligned with 8 of the UN's 17 Sustainable Development Goals (SDGs). This highlights our commitment to helping find sustainable solutions to global challenges. This commitment is also reflected in being a signatory member of the 10 principles of the UN Global Compact. We are also committed to the SDG Media Compact and the Women's Empowerment Principles.

Developing Nordic storytelling and the creative industry

We are writing a new chapter for Nordic storytelling and the region's creative industry by investing in original content and promoting local talents.

A new chapter for Nordic storytelling

We are Nordic in origin and global in terms of our themes, partnerships and audiences. We offer a broad and diverse product portfolio that includes some of the best international content available. At the same time, we work closely with local talents to produce critically acclaimed Nordic storytelling. Through the 32 production companies that comprise NENT Studios, we produce series, films and documentaries in every Nordic language. In this way, we engage millions of people every day and provide a platform to promote the Nordic creative industry, along with the region's languages, while contributing to local communities and talents.

In 2019, NENT Group premiered 21 original productions across the Nordic region (10 in 2018). Around half of our originals have been sold internationally in regions such as Europe, North and South America, Oceania and Asia to broadcasting and streaming partners such as the BBC, ARTE and Amazon. We aim to continue this success story by premiering at least 30 original productions over the coming year.

Our content is critically acclaimed. In 2019, we received 11 nominations at Sweden's 'Kristallen' awards, including our kids original series 'Saga's Stories', the factual programmes 'Troll Hunters' and 'Tjafs', and our coverage of the IHF World Handball Championship. In addition, the Danish series 'Chemo Brain', produced by the NENT Studios company Splay One, was shortlisted at the Sundance Film Festival – the first time a Danish series has been recognised at this prestigious event.

We develop the creative community

Creativity contributes to an open, vibrant, and inclusive society. For this reason, we think it is important to create a Nordic hub for creative talents and to invest in and develop the local creative community.

Every year, NENT Group hosts an award ceremony in Denmark highlighting talents from our production companies who create content for the Danish market. The awards cover categories such as talent of the year, Viaplay originals, Viafree originals, programme of the year and innovation.

For new talents, accessing the creative community can be very challenging. We want to change that by developing a recognition concept that connects talents with opportunities in media production, which we are planning to launch in 2020. Giving opportunities to new talents is good for NENT Group as well as the creative community, since we are continuously searching for unique stories and to reach a broader audience.

In brief

See pages 132–134 for details

Goal 2021
- Invest in Nordic storytelling with a global appeal. When doing so we create job opportunities in the local creative industry.

SDG and targets

8 DECENT WORK AND ECONOMIC GROWTH

8.8

Target 2019
- Increase the number of premiered Viaplay originals (from 10 in 2018 to 21 in 2019).

Status

Strategy dimension

Value creation

Better business

Target 2020
- Increase number of premiered Viaplay originals from 21 to at least 30.
- Launch a recognition concept promoting new and diverse talents in the creative industry.

Promoting an equal, diverse and inclusive society

Our work with equality, diversity and inclusion (EDI) starts with our people, shapes our stories and touches our societies. We use our platforms and our reach to inspire, engage and form partnerships that can raise awareness and promote positive change.

A holistic approach to EDI

At NENT Group, we take a holistic and integrated approach in our work with EDI. We want our stories to reflect a plurality of views and to appeal to diverse audiences. In order to achieve this, our company needs to reflect our society.

It is therefore important for us to give a voice to different groups and to be a safe space where people from all backgrounds can express themselves. In 2018, we created EDI working groups focusing on EDI in our workplace, and in our product portfolio and content value chain. The task of these two groups is to continuously identify our EDI challenges and enablers, and to develop an improvement plan and metrics. The goal for this work is to raise our awareness about this topic in the organisation and make it show in our work, both internally and in our content.

To reinforce this work, and to ensure we meet our ambitions and goals, we have appointed a Head of Diversity & Inclusion tasked with leading our efforts to make NENT Group the most equal, diverse and inclusive company in our industry.

Equality in front of and behind the camera

We work for greater diversity including gender balance in the entertainment industry. At the same time, we understand that successfully telling diverse stories requires us to look at our whole value chain.

To get a better insight into just how equal we are today, we mapped the gender balance in our creative value chain for scripted and non-scripted content in our Nordic markets for 2018 and 2019. The mapping covered five key positions in each production: director, writer, producer, cinematographer and lead actress/actor. The results show that we have improved our gender balance for these groups from 46% women in 2018 to 61% women in 2019. The main reason for this is an increased percentage of mainly female producers and actresses in our scripted content. An example is the comedy-drama 'Love Me', starring and written and directed by Josephine Bornebusch.

However, we see room for further improvement, especially when it comes to female directors, cinematographers and writers. We will therefore focus our

In brief

See pages 132–134 for details

Goal 2021

- Increase diversity and inclusion off and on screen.
- Improve gender balance in our content value chain and organisation.
- Raise awareness of diabetes through partnerships.

SDG and targets

3 GOOD HEALTH AND WELL-BEING: 3.4
5 GENDER EQUALITY: 5.1, 5.5
10 REDUCED INEQUALITIES: 10.2, 10.3
17 PARTNERSHIPS FOR THE GOALS: 17.16

Target 2019	Status
Identify EDI challenges and enablers (internally and in content value chain) and develop improvement plan.	●
Map gender balance in content value chain.	●

Strategy dimension

Value creation ✓

Better business

Target 2020

- Include unconscious bias in values training.
- Increase percentage of women in key positions in the creative value chain.
- Establish Diabetes Foundation with at least 4 partners.

efforts on scripted productions while continuing to work on attracting and investing in diverse talents. Our goal for 2021 and onwards is 50/50 gender balance in our scripted productions (baseline: 44% women in 2019). A key activity in this area will be to rollout a recognition concept that aims to help new talents enter the creative industry. We will also include unconscious bias in the roll out of our values training.

In our productions, we are taking the lead in creating a safer and fairer work environment free from any kind of discrimination and sexual harassment. For example, we screen people in key positions in each production to make sure they share our values. We provide information about our whistleblower service to all productions (both at start-up meetings and during set visits) to ensure every-one knows what to do and who to contact in the event of any violations. Creating a safer work environment is an industrywide challenge as many of our creative talents work across the industry.

Our annual employee engagement survey includes questions relating to discrimination, and we follow up the results of the survey throughout the year and take appro-priate measures where required. There have been no reported discrimination incidents in 2019.

NENT Group has been involved in the #metoo discus-sions and we helped initiate an ongoing industry-wide working group with our peers to create a positive path forward. In 2019, we hosted an industry discussion and engaged in forums such as 'Pulse Check' and 'Tystnad tagning' that aim to address issues relating to working environment, diversity and gender in productions.


The Ambassador

We tell diverse and unique stories

We want our stories to be both unique and to reflect society. This means we need to challenge stereotypical ways of depicting people and societies, and to adapt our scripts when needed (for example turning the action man into an action woman). That also means we invest in storytelling that raises societal issues. For example, our original series 'Honour', which is created by and stars some of Sweden's leading female creative talents, explores urgent contemporary themes such as injustice and in-equality, created by and starring a stellar line-up of top female talent. We also believe in the importance of investment in women's sports, including women's hand-ball, top-division football from England, Germany and France, LGPA golf and WTA tennis. Diverse content creates value for society and gives us an opportunity to engage and reach a wider audience.

Positive change through partnerships

In addition to our platforms, we aim to raise awareness and create positive change in society through partner-ships. We are particularly focused on helping to create a more equal, diverse and inclusive society. Examples of our partnerships include:

GRI 203-2

BEAT Diabetes

In the Nordic region, diabetes currently impacts over 1.5 million people, according to the International Diabetes Federation. The region is also home to the highest amount of people with Type 1 diabetes in the world per capita. In response, NENT Group has organised a Diabetes Gala on World Diabetes Day every year since 2017, in collaboration with the Swedish Diabetes Association. During this time, the event has raised over SEK 20 million for research into type I and II diabetes, and set a new record in 2019 by raising over SEK 8 million. In 2020, we will step up our engagement by initiating the pan-Nordic BEAT Diabetes Foundation, an independent entity in which we will invest SEK 2.5 million every year to raise awareness and drive positive change within three areas: health tech, healthy lifestyles, and inclusion and wellbeing. We believe joining the fight against diabetes also contributes to a more inclusive society.

Women in Tech

In Sweden, we are a founding partner of Women in Tech, an annual event that aims to promote equality and to inspire talented women to pursue careers in technology. In 2019, the event took place for the sixth consecutive year on International Women's Day, 8 March, and we hosted a seminar in which some of our leading female tech talents shared their experiences from product development. For the second year in a row, we also streamed the event free on Viafree in order that more people could take part.

Women in Tech

Hello World

We believe in cultivating interest in technology amongst both boys and girls at an early age. As a result, we partner with Hello World to sponsor talented kids in learning digital skills.

Locker Room Talk

The sports world is not always equal, diverse or inclusive. This is why our studio programmes raised awareness of homophobic issues in Danish Superliga football, and why we sponsor and collaborate with Locker Room Talk, an organisation that aims to educate boys in fairness and equality. During the year, we have used our platforms and programmes, such as our NHL ice hockey studio, to discuss these issues.

Reach for Change and additional partnerships

In 2019, we teamed up with Reach for Change to help social entrepreneurs develop solutions that help children lead healthy lives. We have also been engaged with Generation PEP, which aims to inspire children to be more active. In Norway, we supported #SheGotThis in a quest to achieve a more gender equal society. Splay One Norway hosted an auction with the Red Cross to highlight the problem of loneliness amongst youth, raising over EUR 4,000 for the cause and reaching over 20,000 unique viewers.

We have also donated airtime to organisations with an important cause, giving them the possibility to reach a larger audience with their important messages. In total in 2019, we have donated airtime in the value of over SEK 45 million to e.g. Red Cross, UNICEF, SOS Children's villages UNHCR and Reach for Change.

Nurturing our culture

We believe equal opportunities and inclusion for our people will fuel our success. Our values build the foundation of our culture and help creating an open and engaging workplace that aims to inspire employees, audiences, and creates long-term business value.

The best version of ourselves

We want everybody at NENT Group to be the best version of themselves. This is the only way we can continue to attract the best talents and deliver the best results in everything we do. Our culture is, in short, the key to our sustainability and success.

We operate in a dynamic industry and in 2019 the pace of change for our people was particularly high. During the year, we completed our split from Modern Times Group and moved from a country-based to a functional operating model. As a result, our most recent annual Engagement Survey, carried out in December 2019 with a response rate of 81%, shows a slight decline in both the Engagement Index (from 77% to 76%) and the Team Efficiency Index (from 78% to 77%). Nevertheless, these are still high numbers. Our new psychosocial Working Environment Index (76%; global benchmark 73%) was also positive. Overall, we have both room for improvement and a solid foundation on which to build.

Integrating our values – creating our culture

We believe self-leadership is vital for professional and personal growth. When we are empowered to act, collaborate and trust in each other's strengths, our teams become even greater than the sum of their parts. In 2019, our people came together to create four shared values for NENT Group. We call it 'the BEAT': Bravery, Equality, Appreciation and Trust. We also rolled out values training across the company. The high scores in the BEAT Index in this year's Engagement Survey show we are on the right track with high scores on questions like "do you feel you can be yourself at work" and "do you give positive feedback in your team" (see more info on page 25).

In 2020, we will work even harder to build an inclusive and positive culture. We will launch a new Employer Value Proposition (EVP) while continuing to integrate our values into our daily activities. For example, we will review our talent acquisition and succession planning processes from an equality perspective. We have also recently recruited NENT Group's first-ever Head of Diversity and Inclusion.

In brief

See pages 132–134 for details

Goal 2021
- Ensure all managers have tools and knowledge to work for trust and inclusiveness in their teams.
- Raise employee rating of health, safety and wellbeing at the workplace from 76% in 2019 to 78% in 2021 in the Engagement Survey.

SDG and targets

5.5 | 8.8 | 10.3

Target 2019	Status
Develop culture and values training for all employees.	●
Raise awareness of travel and workplace security.	●

Strategy dimension

Value creation

Better business ✓

Target 2020
- Provide values training for at least 80% of all employees.
- Review talent acquisition and succession planning processes from an equality perspective.
- Identify challenges and enablers for a healthier and safer workplace.

GRI 103-1 | GRI 103-2 | GRI 103-3

Developing our people

Every year, we conduct training for direct and indirect managers, and each function carries out additional training for their people. We also operate the one-year Challenger program to reward and acknowledge top talents across the organisation. In 2019, 76% of our people received a performance and career development review. In 2020 we will keep focusing on the implementation of our values building an inclusive and engaging culture. In return we can continue delivering the best experience for current and future audience.

Staying safe at work

The safety and security of NENT Group's employees and assets is of high importance. For this reason we have a Risk and Security function working closely with all other functions in the organisation to identify potential risks, find ways to mitigate them, train teams and implement processes, systems or insurance policies that protect both the employees and the business. In 2019 we had 5 reported incidents with connection to safety and security and we have taken relevant measures for all of them.

In 2020, offering healthy and safe workplaces will continue to be a top priority at NENT Group. We will focus on identifying and acting upon challenges and enablers in this area, and on raising awareness through communication and training.

GRI 404-3

Committing to our conduct

We conduct business responsibly and with integrity, and we expect our suppliers and partners to do the same. Keeping information and data relating to our business, customers and stakeholders safe is a top priority. We work hard to minimise our environmental footprint and we raise awareness of eco-friendly behaviour across the organisation.

Our governing framework

In 2018, NENT Group established a Code of Conduct (CoC) for our employees along with a Supplier CoC. Together with our Group policies and directives, these documents constitute a framework that defines how we do (and do not do) business and helps ensure we do not breach any regulations and live our values: Bravery, Equality, Appreciation and Trust. The framework is based on accepted standards and principles, including those relating to human rights, and it is subject to regular reviews and follow-ups.

Implementing our framework

NENT Group operates in a fast-moving industry and we have also carried out a major reorganisation in 2019. In this context, it is even more important to ensure that our governing framework is implemented and sustained in every part of the organisation. We have evaluated the implementation of the CoC throughout the year and have found that 100% of new employees have signed the Code.

Every other year, our employees must complete e-learnings covering our CoC (including human rights, anti-bribery & corruption, asset/data protection, and competition). These e-learnings were rolled out in 2018 and will be rolled out again in 2020. From 2018 to the end of 2019, 88% of the employees had done the e-learning. During 2019, we conducted compliance workshops, which inter alia included competition and AB&C, for all leadership teams. We are planning to launch risk and compliance awareness workshops for our new management teams in 2020 and relevant parts of our sales staff will receive targeted ethical sales training.

It is important that our suppliers and business partners conduct business responsibly. We have established routines designed to track that our major suppliers support our Supplier CoC. We are in the process of reviewing the implementation of our Supplier CoC and improving our processes in this area. In 2020, we will identify our high-risk suppliers and conduct a detailed follow-up that aims to make sure their businesses are aligned with our Supplier CoC.

In brief

See pages 132–134 for details

Goal 2021

- Raise awareness of our Code of Conduct (CoC) and values (including data privacy).
- Address and engage with all identified high-risk suppliers to ensure committment to our ethical standards.
- Reduce total CO_2 emissions from business travel, facilities and energy use by 10% (base year 2019).

SDG and targets

13.3 | 16.5

Target 2019	Status
Evaluate CoC rollout programme.	●
Improve data protection management.	●
Set launch plan for green awareness week and green initiatives.	●

Strategy dimension

- Value creation
- Better business ✓

Target 2020

- Increase employee awareness of CoC.
- Raise supplier awareness of Supplier CoC.
- Reduce total CO_2 emissions from business travel, facilities and energy use by 5% (base year 2019).

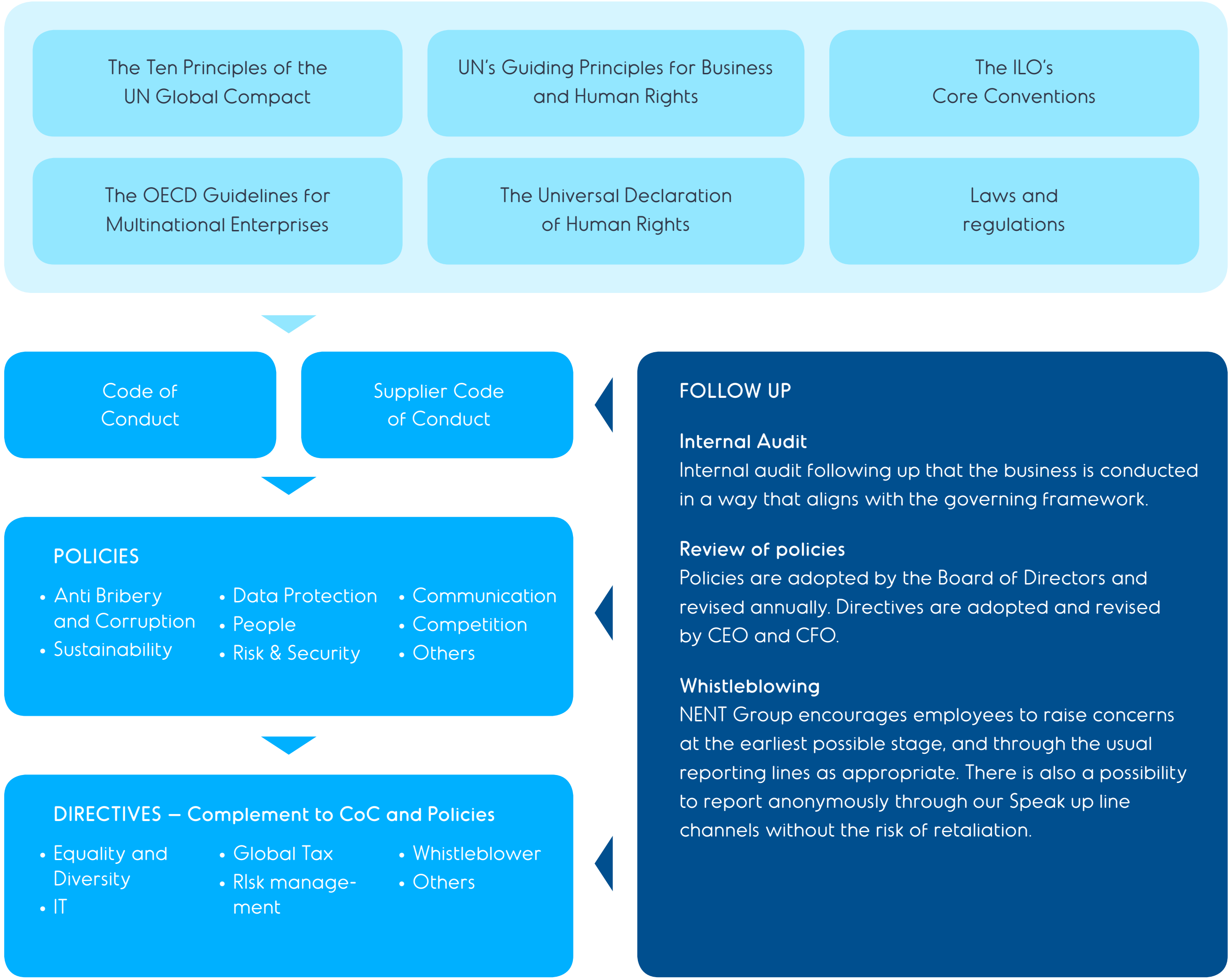
GRI 102-16 | GRI 102-17 | GRI 103-1 | GRI 103-2 | GRI 103-3 | GRI 205-2 | GRI 205-3 | GRI 412-2

In 2019, NENT had zero incidents of corruption. One whistleblower-related matter was reported where an in-depth investigation was initiated. The matter related to a potential conflict of interest and was resolved during the year. We encourage our employees to report any concerns and we aim to raise awareness of our whistle-blower process in 2020.

Protecting our data and content

As part of NENT Group's new organisational model, we have reviewed and updated our Data Protection Management network in order to be better equipped to assess and handle data privacy matters. NENT Group's Data Protection Officer is now supported by a network of full-time dedicated Data Protection Managers across the organisation. In 2019, we reviewed and improved our Data Protection & Security Management system, which inter alia contains information about the personal data we process within the organisation.

Protecting our content from piracy activities is a priority for us. Our work managing this risk is structured within our Information Security department, but also closely tied to our legal, technical and operational entities. We continuously review this risk and take appropriate measures. We also cooperate with specialised external organisations (such as APAA and NCP).



NENT Group's Governing Framework

Thinking and acting greener

Our environmental efforts are focused on two areas: changing behaviours by raising awareness, and taking action to reduce CO_2 emissions from business travel and energy consumption. We apply the precautionary principle when assessing the environmental and health impact of our operations.

During 2019, we initiated a Green Working Group with representatives from across the organisation. The aim is to raise environmental awareness and inspire our employees to embrace greener behaviour. We are kicking off a Green Awareness Week in 2020 throughout all markets, with the intention of informing, engaging and inspiring our teams to contribute proactively to making NENT Group a greener business. We also started an Energy Consumption Network focused on reducing CO_2 emissions generated by energy consumption in our facilities. When it comes to business travel, we implemented green travel tips on our intranet that aim to nudge people into choosing eco-friendlier travel alternatives, such as taking the train instead of flying to destinations in the Nordic region. Our travel booking system also recommends greener hotels.

We manage our environmental impact

We measure our carbon footprint from travel, energy consumption and office materials by applying the industry-standard Greenhouse Gas Protocol. In 2019, our climate impact totalled 7,484 tonnes of CO_2e equivalent. About 74% of these emissions came from business travel, with air travel representing 63% of our total emissions. Almost all remaining emissions came from energy consumption in our facilities (20%).

We monitor our carbon footprint for 100% of our operations. Our Group Sustainability Policy covers environmental issues and sets out our preventative approach to managing our carbon footprint. Because business travel is our biggest emission factor, in 2019 we updated our draft Group Travel Directive to include more sustainable travel practices, such as train travel for shorter distances, increased use of video conferencing, and booking direct flights for long-haul destinations.

Small efforts make a difference

We want our facilities to be sustainable as well as fun places to work. In Sweden, our main office is a green building, and both the coffee and cleaning products used are green certified. In Denmark, we use CO_2 neutral electricity and purchase about 80% fruit and vegetables compared with below 20% meat, all having our CO_2 footprint in mind. In Norway, we use two electric bicycles for travel to meetings, while one of our Norwegian NENT Studios offices uses renewable hydropower. The NENT Studios office in Stockholm also uses renewable energy. In Finland, the share of biogas in our heating supply increased during 2019, while in the UK, we use solar panels, and our electronic equipment has a sleep mode, similar to our main Swedish office where our lighting system has sleeping mode.

Our efforts also cover office waste recycling in Sweden, Norway, Denmark and the UK, and we work on replacing all paper cups and plastic cutlery with wooden, metal and porcelain alternatives, which has already been done in the UK, Denmark and one of our NENT Studios offices in Norway.

GRI 102-11 | GRI 103-1 | GRI 103-2 | GRI 103-3

Producing quality content

We follow responsible sourcing, production and advertising practices, and comply with Ofcom's regulations protecting minors and minorities. We are working to bring down barriers through subtitling and dubbing so our content is more easily accessible.

A proactive approach to broadcast compliance

Most of NENT Group's broadcast licenses are held in the UK, where the regulator Ofcom sets out clear rules on programme content, sponsorship, product placement, fairness and privacy through its Broadcasting Code. Viewers can file a complaint relating to our linear channels or streaming services (including advertising) at any time, either to the regulator or via our websites. We record details of every complaint received, and the scope of complaints covers both original, acquired, and advertising content.

In the event of a complaint, Ofcom will request a copy of the content and will assess both the specific subject of the complaint and the programme as a whole. For example, if a viewer complains about violent content in a programme, the regulator will also check sponsorships and product placement in the same programme. This ensures effective monitoring and means we assess all complaints and treat them equally.

We also make our own assessment of the content to ensure our pre-broadcast compliance procedures have been followed and are fit for purpose.

We require all advertising shown on our channels and services to follow Ofcom's rules, and all commercial content is approved by our Content Compliance Team prior to broadcast. If necessary, we adjust the content. Our team regularly reviews Ofcom's bulletins detailing 'in breach' material on other services, along with the regulator's guidance on how broadcasting rules should be interpreted. We also work to ensure continued adherence to regulations through annual training for all relevant internal and external staff. In 2019, we received 7 programme content complaints, 5 of which were not upheld, and 2 still pending at the year end.

Living our values

We incorporate the Ofcom Broadcasting Code in our agreements related to content production, and NENT Group's Code of Conduct is always included in agreements with production companies and forms part of the agenda at every start-up meeting for a new project.

All our original productions are screened before broadcast on our linear channels. Our Viaplay team frequently consults our Content Compliance Team and

In brief

See pages 132–134 for details

Goal 2021
- Improve the family experience on Viaplay by offering safe & trusted digital experiences.
- Increase content accessibility beyond regulatory requirements.

SDG and targets

10 REDUCED INEQUALITIES — 10.2
12 RESPONSIBLE CONSUMPTION AND PRODUCTION — 12.6

Target 2019	Status
Create Editorial Guidelines.	●
Broadcast content on our channels with audio descriptions (10%) and subtitles (70%).	●

Strategy dimension
- Value creation
- Better business ✓

Target 2020
- Establish kids and parents focus groups for all our kids original productions to ensure our content is responsible, educational and entertaining.
- Introduce audio descriptions and signed language content to our streaming platforms.

we are currently establishing a process to ensure all Viaplay originals are reviewed by the Content Compliance Team. Edits are all reviewed and approved multiple times before a final sign off at each stage of the production.

We stand up for freedom of expression, privacy and editorial independence, and in 2019 we created editorial guidelines for all NENT Group's content. In particular, we promote diversity and plurality in our content: more information can be found on page 32.

Safe and trusted entertainment for everyone

We help our viewers make informed decisions about what to watch. We screen all sensitive content and apply appropriate scheduling restrictions to protect younger viewers. We provide on-screen warnings if a series or film contains potentially offensive, sexual or violent content. In addition, we do not show adult content on any of our platforms.

In 2017, our research found that parents feel safer letting their children use Viaplay than any other streaming service. Parents can set the Viaplay kids' section as a default, control access to other content via a pin code, and create dedicated kids profiles that filter out unsuitable content. As we want both the kids and their parents to feel safe when consuming our content, we work with responsible distributors and producers to make sure we do not publish content that goes against our values. In addition, our Kids principles provide us with moral guidelines, emotional insights and guides our work.

Making our content accessible

Ofcom's regulations require us to broadcast a certain amount of content with audio descriptions (10%) and subtitles (60%). In 2019, we exceeded these targets on all our free-TV channels in Sweden and Denmark, with 18% of content including audio descriptions and 95% including subtitles. We have also introduced sign language captioning to TV3 in Sweden. In 2019, 3% of content on the channel included sign language captioning, and 29% included hard of hearing subtitling.

To further improve content accessibility, in 2020 we will introduce audio descriptions and signed language content onto our on-demand platforms. Also, launching Viaplay in Iceland in the first half of 2020 will allow our Viaplay subscribers in Iceland to enjoy the benefits of the EU Portability Regulation.

Educating, entertaining and responsible platforms

Kids are one of our main audiences, and we want to offer content that both educates and entertains.

Examples in 2019 include our original kids' series 'Fixi in Playland', which mixes animation with virtual reality and encourages kids to take an interest in technology and join Fixi for a physical exercise. Fixi is an animated squirrel with a robotic arm; so besides promoting an active lifestyle and tech knowledge learning, she also visually encourages viewers to embrace the way they are. Our third season of 'The Great Escape' which won Sweden's Kristallen Awards for Children's Programme of 2017, aims to inspire kids to learn more about maths and chemistry. Moving forward, this series will also focus on climate change and saving the oceans. Another of our kids' originals, Peppy Pals, combines engaging entertainment with focus on developing emotional and social intelligence. In 2020, we will premiere 'Mia's Magic Playground', an animated series based on the popular online concept 'Little Baby Bum', in which the lead characters explore an imaginary land that contains lessons about life for the real world.


Mia's magic playground

To ensure we tell understandable and relevant stories, we include kids in the creation of our content. In turn, this process helps kids to analyse, evaluate and critically consume our content. 'Fixi in Playland' was developed together with a school class of 8 year-olds, and we have a focus panel that includes 60 kids aged up to 12 years to help us assess our kids' content and product initiatives. We also use research and surveys to make sure our content resonates with different age groups.

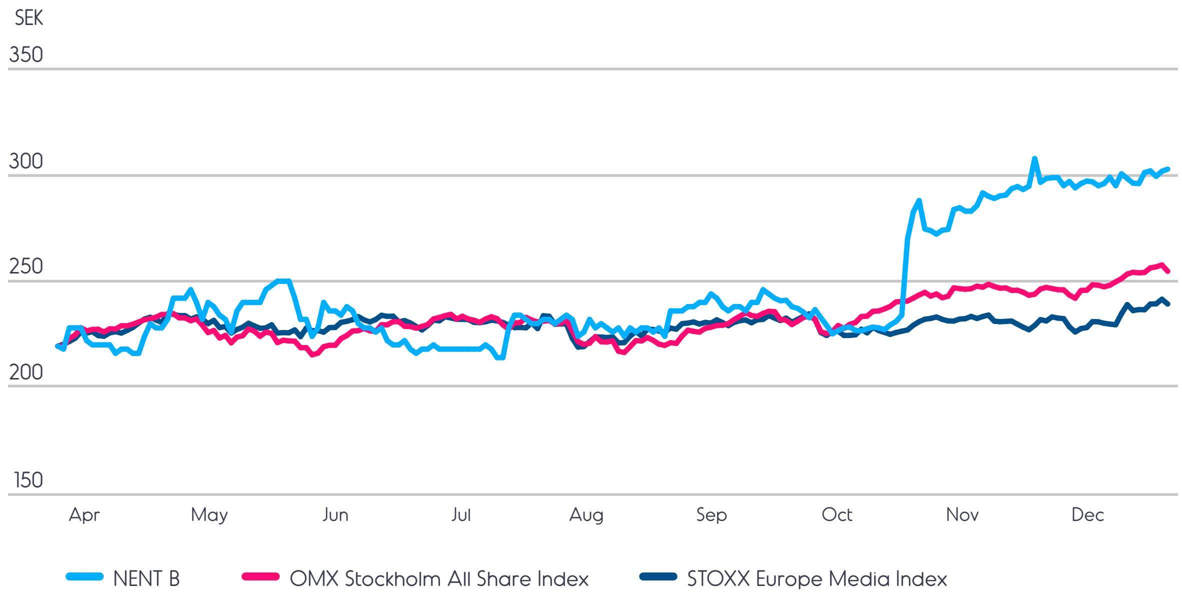
In 2020, we will expand our annual survey that focuses on the streaming service requirements of kids and their parents. We will also establish additional focus groups for our kids' original content.

GRI 103-1 | GRI 103-2 | GRI 103-3 | M4 | M6 | M7

The NENT Group share

From listing on Nasdaq Stockholm on 28 March, 2019 to year end, our share price increased by 38%, compared to 16% for the OMX Stockholm All Share Index (OMXSPI) and 9% for STOXX Europe Media Index.

Share price development 28 March–31 December 2019



Share price performance and total return

NENT Group's shares were listed on Nasdaq Stockholm's Large Cap list under the symbols 'NENT A' and 'NENT B' on 28 March 2019. The share price at the end of the first day of trading was SEK 219.4 for the B share. The price of NENT Group's B share increased by 38% from the listing and ended the year at SEK 302.8, corresponding to a market capitalisation of SEK 20.4 billion. The parent company paid an ordinary dividend of SEK 6.50 per share to shareholders in 2019, resulting in a total shareholder return of 41% since listing. The corresponding performance for the OMX Stockholm Return Index (OMXGI) was 20% for the same period.

Dividend and dividend policy

The Board of Directors is not proposing the payment of a cash dividend for 2019. This is due to the uncertainty caused by the spread of the Coronavirus, and its impact on the operating performance and financial position of the Company.

NENT Group's dividend policy to distribute an annual cash dividend of between 30% and 50% of adjusted net profit remains unchanged for future years.

GRI 102-5

Shares and share capital

The Group's share capital amounted to SEK 135m at the end of the year.

The total number of issued shares at the end of 2019 was 67,342,244, comprising 545,662 Class A shares and 66,796,582 Class B shares. The quota value is SEK 2.00 per share.

	Class A shares	Class B shares	Total
Issued shares as of 31 December 2019	545,662	66,796,582	67,342,244

Voting rights

Each Class A share is entitled to 10 voting rights. Each Class B share is entitled to one voting right.

Ownership structure

The total number of shareholders according to the share register held by Euroclear Sweden AB (Swedish Securities Centre) was 60,270 at the end of 2019. The shares held by the 10 largest shareholders corresponded to approximately 47% of the share capital and 45% of the voting rights. Swedish institutions and mutual funds owned approximately 30% of the share capital, international investors owned approximately 50% and Swedish private investors owned approximately 11%. Other/anonymous ownership was 9%.

Share information

Marketplace	Nasdaq Stockholm, Large Cap segment
Ticker	NENT A, NENT B
ISIN code (A share)	SE0012324226
ISIN code (B share)	SE0012116390
Market cap as of 31 December 2019	20.4 SEK bn
Share price as of 31 December 2019	303 SEK
Share price development	
28 March–31 December 2019	38%
Highest closing price during the year	308 SEK
Lowest closing price during the year	214 SEK

Analysts covering NENT Group

Company	Name	E-mail
Carnegie	Mikael Laséen	mikael.laseen@carnegie.se
Citi	Thomas Singlehurst	thomas.singlehurst@citi.com
DNB	Martin Arnell	martin.arnell@dnb.se
Handelsbanken	Fredrik Olsson	frol16@handelsbanken.se
Kepler Cheuvreux	Stefan Billing	sbilling@keplercheuvreux.com
Morgan Stanley	Omar Sheikh	omar.sheikh@morganstanley.com
Nordea	Erik Lindholm-Röjestål	erik.lindholm-rojestal@nordea.com
SEB	Johanna Ahlqvist	johanna.ahlqvist@seb.se

Share buy-backs

The 2019 Annual General Meeting resolved to authorise the Board to (i) issue at most 500,000 own Class C shares and (ii) to resolve to repurchase own Class C shares. Class C shares held by the company should be convertible to B-shares, when so decided by the Board, in order to carry out the resolutions regarding the delivery of shares to participants in the LTIP 2019. The Board resolved to issue and repurchase 500,000 class C shares after the reporting period. There were no Class C shares issued in 2019.

Share related long-term incentive plans

If all share awards granted to senior executives and key employees as of 31 December 2019 were exercised and all shares awarded, the outstanding shares of the Company would increase by 332,902 Class B shares and be equivalent to a dilution of 0.49% of the capital and 0.46% of the related voting rights as at the end of 2019. Further details about the programmes can be found in note 7.

Outstanding share rights granted	
LTIP 2019	332,902

Reclassifications

According to the Articles of Association, owners of Class A shares are entitled to conversion to Class B shares. In 2019, no Class A shares were converted to Class B shares. More information can be found in the Articles of Association on www.nentgroup.com.

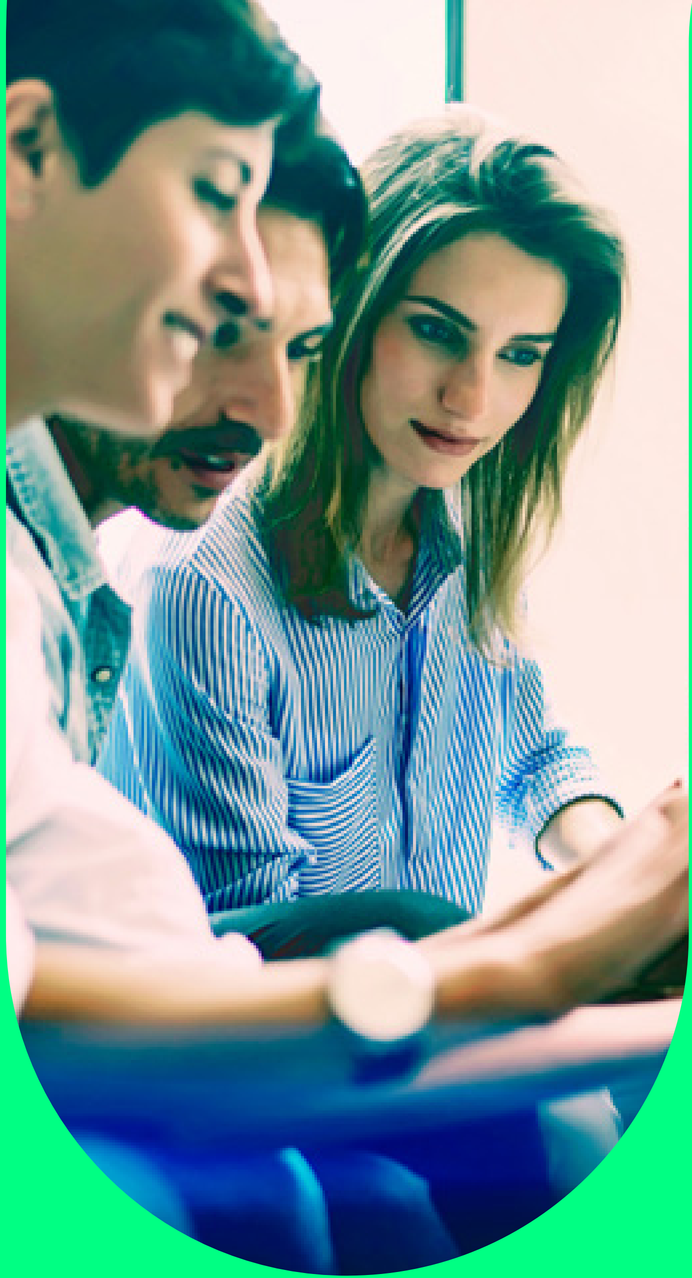
Shareholders by geography

Shareholders as of 31 December 2019

Name	Class A Shares	Class B Shares	Total	Capital	Votes
Norges Bank		6,284,117	6,284,117	9.3%	8.7%
Swedbank Robur Funds		5,168,112	5,168,112	7.7%	7.2%
Nordea Funds		4,511,659	4,511,659	6.7%	6.2%
TimesSquare Capital Management		3,286,302	3,286,302	4.9%	4.5%
Marathon Asset Management		2,671,473	2,671,473	4.0%	3.7%
Handelsbanken Funds		2,190,000	2,190,000	3.3%	3.0%
Lannebo Funds		1,888,285	1,888,285	2.8%	2.6%
Vanguard		1,873,955	1,873,955	2.8%	2.6%
Skandia Life	159,315	1,621,036	1,780,351	2.6%	4.4%
Lansdowne Partners		1,676,085	1,676,085	2.5%	2.3%
Other	386,347	35,625,558	36,011,905	53.5%	54.7%
Total outstanding shares	**545,662**	**66,796,582**	**67,342,244**	**100%**	**100%**

Source: Euroclear and Modular Finance. The table may reflect aggregate shareholdings of each shareholder.

Governance report



Content

Governance and responsibility

Corporate Governance

Corporate Governance in Nordic Entertainment Group AB ("NENT Group") is based on Swedish legislation, the Rulebook for Issuer's on Nasdaq Stockholm and the Swedish Code of Corporate Governance (the "Code"), see www.corporategovernanceboard.se. During 2019, NENT Group has been compliant with the Code and the Rule Book for Issuers on Nasdaq Stockholm and the generally accepted principles in the securities market.

Shareholders

For information about the ownership structure, share capital and the NENT Group share, please refer to the Section "The NENT Group share" on pages 42–44.

Information regularly provided to shareholders includes interim reports and full year reports, Annual Reports and press releases on significant events occurring during the year. All reports, press releases and other information can be found at www.nentgroup.com.

Annual General Meeting

The Swedish Companies Act (2005:551) (the "Swedish Companies Act") and the Articles of Association determine how the notice to the Annual General Meeting and extraordinary general meetings shall occur, and who has the right to participate in and vote at the meeting. There are no restrictions on the number of votes each shareholder may cast at the general meeting.

Class A shares entitle to ten votes, whereas Class B shares entitle to one vote. Distance participation and voting at the general meeting is not possible.

For information on authorisations approved by the Annual General Meeting for the Board to resolve on share buy-backs, please refer to the Section "The NENT Group share" on pages 42–44.

The Nomination Committee

The Nomination Committee consists of representatives of some of NENT Group's largest shareholders, and its responsibilities include:

- To evaluate the Board of Directors' work and composition
- To submit proposals to the Annual General Meeting regarding the election of the Board of Directors and the Chairman of the Board
- To prepare proposals regarding the election of Auditors in cooperation with the Audit Committee (when appropriate)
- To prepare proposals regarding the fees to be paid to the Board of Directors and to the Company's Auditors
- To prepare proposals for the Chairman of the Annual General Meeting
- To prepare proposals for the administration and order of appointment of the Nomination Committee for the Annual General Meeting

In accordance with the resolution of the 2019 Annual General Meeting of NENT Group shareholders, the Chairman of the NENT Group Board of Directors has convened a Nomination Committee to prepare proposals for the 2020 Annual General Meeting.

The Nomination Committee comprises David Chance, Chairman of the NENT Group Board of Directors; Erik Durhan, appointed by Nordea Funds;Joachim Spetz, appointed by Swedbank Robur Funds; and Oskar Börjesson, appointed by Skandia Life. The three shareholders who have appointed representatives to the Nomination Committee hold approximately 18 percent of the total voting rights in NENT Group. The members of the Nomination Committee appointed Erik Durhan as Committee Chairman at their first meeting.

Information about how shareholders can submit proposals to the Nomination Committee has been published on https://www.nentgroup.com/about/corporate-governance/nomination-committee, where the Nomination Committee's motivated statement regarding its proposal to the Annual General Meeting and a brief presentation of its work will also be published well in advance of the Annual General Meeting on 19 May 2020.

In its work, the Nomination Committee applies Section III, 4.1 of the Swedish Corporate Governance Code as its diversity policy. Accordingly, the Nomination Committee gives particular consideration to the importance of an increased diversity on the Board, including gender, age and nationality, as well as depth of experiences, professional backgrounds and business disciplines. Further information may be found in the Nomination Committee's motivated statement regarding the proposal for the Board which was given in connection with the 2019 Annual General Meeting.

The Board of Directors

Board members are elected at the Annual General Meeting for a period ending at the close of the next Annual General Meeting. The Articles of Association contains no restrictions pertaining to the eligibility of Board members. According to the Articles of Association, the number of Board members can be no less than three and no more than nine members as elected at the Annual General Meeting.

The Board of Directors of Nordic Entertainment Group AB has during the year comprised six Non-Executive Directors. The members of the Board of Directors were David Chance, Simon Duffy, Natalie Tydeman, Kristina Schauman, Anders Borg, and Henrik Clausen, who were all elected at NENT Group's first Annual General Meeting in 2019. In 2019, the Board of NENT Group complied with the Code's provision that the majority of members shall be independent in relation to the company and its management, and that at least two of them also shall be independent in relation to the company's major shareholders (i.e. those with a holding exceeding 10%). Biographical information on each Board member is provided on pages 51–52.

Responsibilities and Duties of the Board of Directors

NENT Group's Board of Directors is responsible for the overall strategy of the Group and for organising its administration in accordance with the Swedish Companies Act.

The Board's work and delegation procedures, instructions for the Chief Executive Officer, and reporting instructions are updated and approved at least annually.

A Remuneration Committee and an Audit Committee have been established within the Board. These committees are preparatory bodies of the Board and do not reduce the Board's overall responsibility for the governance of the Company and decisions taken.

The work of the Board

During the year, the Board of Directors held fourteen Board meetings. Prior to each ordinary Board meeting, the 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 Chief Executive Officer presents matters for discussion at the meetings, and the Company's Chief Financial Officer and other members of management also participate and present specific matters. The Group General Counsel is the Board secretary.

The attendance of Board members at Board and committee meetings is presented in the table on page 52.

Important issues addressed during the year include strategic issues, with a particular focus on structural changes (such as the completion of the distribution of shares and the listing of Nordic Entertainment Group on Nasdaq Stockholm, the decision to create a joint venture between Viasat Consumer and Canal Digital, and the implementation of NENT Group's new organisation and operating model).

Ensuring Quality in Financial Reporting

The reporting instructions approved annually by the Board include detailed instructions on the type of financial reports and similar information which are to be submitted to the Board. In addition to the interim reports, the year-end and the annual report, the Board reviews and evaluates comprehensive financial information regarding the Group as a whole and the entities within the Group.

The Board also reviews, primarily through the Audit Committee, the most important accounting principles applied by the Group in financial reporting, as well as major changes in these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control and financial reporting processes, as well as internal audit reports submitted by the Group's internal audit function. The Group's external auditors report to the Board as necessary. The external auditor also attends the meetings of the Audit Committee. Minutes are taken at all meetings and are made available to all Board members and to the auditor.

Evaluation of the Board of Directors and the Chief Executive Officer

The Board complies with an annual performance review process to assess how well the Board, its committees and processes are functioning and how they might be improved.

The review focus on whether the Board is adding value to the organisation and on enhancing its performance through examination of Board structure and composition, its operation and effectiveness, and its role in monitoring the execution of agreed strategies. The survey also includes an individual performance review. Answer options include both a quantitative ranking system as well as an opportunity to provide any relevant comments, particularly in relation to ideas for improvement. At the Q4 Board Meeting the Chairman provides the full Board with a report of the outcome of the Board evaluation process. A summary is also presented by the Chairman and discussed with the Nomination Committee.

In addition, a more extensive Board evaluation will be undertaken either by an independent Board member or an external consultant at least every three years. NENT Group is planning to carry out an extensive board evaluation in the year 2020.

Remuneration Committee

During the year, the Remuneration Committee comprised Natalie Tydeman as Chairman, David Chance, and Henrik Clausen. The Remuneration Committee's assignments are stipulated in Section III, 9.1 of the Code, and comprise issues concerning salaries, pension terms and conditions, incentive programs and other conditions of employment for the senior executives. The guidelines applied by the Group in 2019 are presented in note 7 for the Group. Minutes are kept at the Remuneration Committee's meetings and are reported to the Board at its next meeting.

Audit Committee

During the year, the Audit Committee comprised Simon Duffy as Chairman, Kristina Schauman and Anders Borg. The Audit Committee's assignments are stipulated in Chapter 8, Section 49b of the Swedish Companies Act. The Audit Committee's tasks include monitoring NENT Group financial reporting and the efficiency of NENT Group internal controls and internal audits, as well as maintaining frequent contacts with the external and internal auditors. The Audit Committee's work primarily focuses on the quality and accuracy of the Group's financial accounting and the accompanying reporting, as well as the internal financial controls within NENT Group. Furthermore, the Audit Committee evaluates the auditors' work, qualifications and independence. The Audit Committee monitors the development of relevant accounting policies and requirements, discusses other significant issues connected with NENT Group financial reporting and reports its observations to the Board. Minutes are kept at the Audit Committee's meetings and are reported to the Board at its next meeting.

Remuneration of Board Members

The remuneration to the Board members for Board work, and work in the committees of the Board, is proposed by the Nomination Committee and approved by the Annual General Meeting. The Nomination Committee proposal is based on benchmarking of peer group company compensation and company size. Information on the remuneration to Board members is provided in note 7. Board members do not participate in the Group's incentive plans.

External Auditors

KPMG was elected as NENT Group's auditor for the financial year 2019 for a term-of-office ending at the end of the 2020 Annual General Meeting. KPMG was chosen as the Group's external auditor in connection with the listing and was previously MTG's external auditor since 1997. Joakim Thilstedt, Authorised Public Accountant, has been responsible for the audit on behalf of KPMG of NENT Group since the listing and for MTG since December 2013. Audit assignments have involved the examination of the Annual Report and financial accounting, the administration by the Board and the CEO, other tasks related to the duties of a company auditor, and consultation or other services that may result from observations noted during such examination or the implementation of such other tasks. All other tasks are defined as other assignments.

The auditor reports its findings to the shareholders by means of the auditors' report, which is presented to the Annual General Meeting. In addition, the auditors' report detailed findings at each of the ordinary meetings of the Audit Committee and to the full Board as necessary.

KPMG provided certain additional services in 2019. These services comprised work in relation to the split of MTG and Nordic Entertainment Group, tax compliance work, advice on accounting issues, and advice on processes and internal controls and other assignments of a similar kind and closely related to the auditing process. For more detailed information concerning the auditors' fees, see note 27.

Pre-approval of Policies and Procedures for Non-audit related Services

In order to ensure the auditor's independence, the Audit Committee has established pre-approval policies and procedures for non-audit related services to be performed by the external auditor. The policy was approved in November 2019 by the Audit Committee.

Executive Management

At year-end of 2019, the members of the Executive Management in NENT Group included Chief Executive Officer Anders Jensen, Chief Financial Officer Gabriel Catrina and six other members. Biographical information, including shareholding as of 31 December 2019, on each member of the Group Executive Management is provided on pages 53–54.

Chief Executive Officer

The CEO is responsible for the ongoing management of the Company in accordance with the instructions established by the Board.

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 Executive Management team.

The Board evaluates the performance of the CEO on a regular basis. The Board also holds a meeting to evaluate the CEO's performance, without the attendance of the CEO or any other member of management. The CEO and the Executive Management, supported by the various employee functions, are responsible for the adherence to the Group's overall strategy, financial and business control, financing, capital structure, risk management and acquisitions. Among other tasks, this includes preparation of financial reports information to and communication with the stock market. NENT Group has established a Steering Document Framework consisting of Codes of Conduct, Group policies, and directives, expressing our values and commitment to conduct business in full compliance with laws and regulations, international initiatives and standards.

Sustainability Governance

NENT Group's sustainability work is a central part of the company's business and governance. It is based upon our purpose, values, culture and business strategy and includes our sustainability strategy, policy framework and initiatives. Reporting is conducted in accordance with the core level of the GRI standards, and is reviewed and approved by the Board of Directors. Responsibility for the overarching sustainability strategy, goals, actions and follow-up rests with the Head of Sustainability and the Board of Directors. The Board monitors the work through regular updates from the Head of Sustainability (at least twice a year), which also includes information on sustainability trends, risks and developments. For integrated work, the functions and individual entities in the group have operational responsibility for implementing and meeting relevant goals and targets. In addition, working groups have been established for driving improvement across the business and markets. Progress in the sustainability work is reported as an integrated part of the Annual and Sustainability Report 2019.

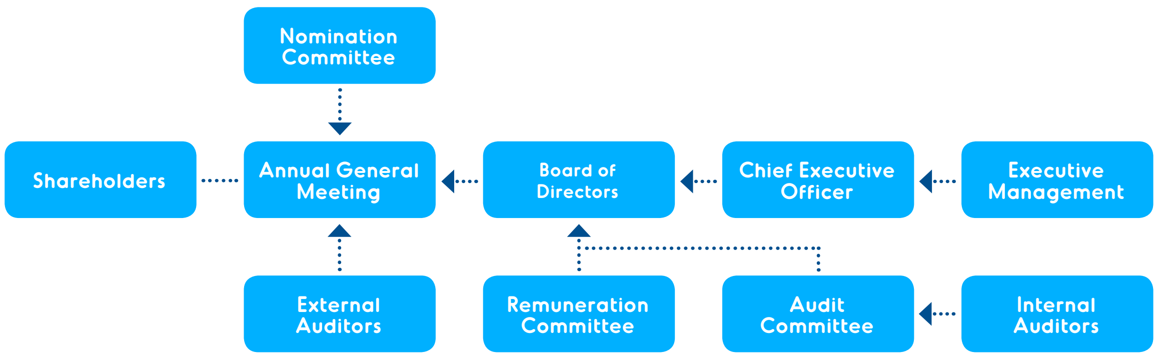
Executive remuneration

The existing guidelines for remuneration to senior executives approved at the 2019 Annual General Meeting, as well as information regarding the application of, and the deviations from, the existing guidelines and remuneration for the senior executives paid out during 2019, can be found in note 7 for the Group. Senior executives covered by these guidelines include the members of Group Executive Management.

Proposal for 2020 executive remuneration guidelines

The Board's proposed guidelines for determining remuneration to the CEO and other members of Group Executive Management (the "GEM members") can be found in the Administration report on pages 64–66.

Governance structure



GRI 102-18 | GRI 102-20 | GRI 102-26 | GRI 102-27 | GRI 102-31 | GRI 102-32 | GRI 102-35 | GRI 102-36

Internal control report

The processes for internal control, risk assessment, control activities, information and communication, and monitoring regarding the financial reporting are designed to ensure reliable overall financial reporting and external financial statements in accordance with International Financial Reporting Standards, applicable laws and regulations and other requirements for listed companies on Nasdaq Stockholm. This process involves the Board, Executive Management and other personnel.

Control environment

The Board has specified a set of instructions and working processes regarding the roles and responsibilities of the Chief Executive Officer and the Board committees. The Board also has a number of established basic guidelines, which are important for its work on internal control activities. This includes monitoring performance against plans and prior years. The Audit Committee assists the Board in overseeing various issues such as monitoring internal audit and establishing accounting policies applied by the Group.

The responsibility for maintaining an effective control environment and internal control over financial reporting is delegated to the Chief Executive Officer. Other Executive Managers at various levels have respective responsibilities. The Executive Management regularly reports to the Board according to established routines and in addition to the Audit Committee's reports. Defined responsibilities, instructions, guidelines, manuals and policies together with laws and regulations form the control environment. All employees are accountable for compliance with these guidelines.

Risk assessment and control activities

The Company has prepared a model for assessing risks in all segments in which a number of items are identified and analysed. These risks are reviewed regularly by the Board of Directors and by the Audit Committee, and include both the risk of losing assets as well as irregularities and fraud. The process involves all Group companies, segments and business units. Overall coordination is conducted centrally by the Group's Risk Management function. In addition, a Risk Committee comprising Group top management representatives is tasked with providing a group-wide overview and a basis for decision-making regarding risk management. Risk management is performed through an appropriate balance between preventive and risk-reducing measures. The most important aspects are regulation compliance, license requirements, legal change, information and IT security, political and economic risks. The respective managers are in charge of risk management in the Group's companies, segments and business units. The responsibility encompasses the day-to-day work focused on operational and other relevant risks, and on leading risk management activities in their own areas of responsibility. The managers are supported by central Group functions.

Information and communication

Guidelines used in the Company's financial reporting are updated and communicated to the employees concerned on an ongoing basis. There are formal as well as informal information channels to the Executive Management and to the Board of Directors for information from the employees identified as significant. Guidelines for external communication ensure that the Company applies the highest standards for providing accurate information to the capital markets.

Follow-up

The Board of Directors regularly evaluates the information provided by the Executive Management and the Audit Committee. The Board receives regular updates of the Group's development between the meetings. The Group's financial position, strategies and investments are discussed at every Board meeting. The Audit Committee reviews the quarterly reports prior to publication. The Audit Committee is also responsible for following up on internal control activities. This work includes ensuring that measures are taken to deal with any inaccuracy and following up suggestions for actions emerging from the internal and external audits.

The Company has an independent internal audit function responsible for the evaluation of risk management and internal control activities. This work includes scrutinising the application of established routines and guidelines. The internal audit function plans its work in cooperation with the Audit Committee and reports the result of its reviews to the Audit Committee. The external auditors report to the Audit Committee at each ordinary meeting of the Committee.

Board of Directors

David Chance

Chairman of the Board

American and British, born 1957. Elected September 2018

David was Deputy Managing Director of the BSkyB Group between 1993 and 1998, and has also served as a Non-Executive Director of ITV plc and O2 plc. David is also Chairman of Modern Times Group MTG AB, a Non-Executive Director of PCCW Limited (Hong Kong) and Chairman of its NOW TV media group. David has a BA in Psychology, BSc in Industrial Relations and an MBA from the University of North Carolina.

- Member of the Remuneration Committee.
- Independent of the Company and management and independent of major shareholders.

Direct or related person ownership: 3,565 Class B shares

Natalie Tydeman

Non-Executive Director

British, born 1971. Elected July 2018

Natalie is a private equity investor at v t partners. She was previously a Senior Partner at GMT Communications Partners. Natalie helped launch Excite in Europe, built Discovery Communications' European internet operations, was Managing Director of Fox Kids Europe's Online & Interactive division and was Senior Vice President at Fremantle Media. Natalie is also a Non-Executive Director of Modern Times Group MTG AB and a Trustee of Nesta, where she chairs the Venture Investment Committee and Nesta Investment Management. Natalie is a graduate of the University of Oxford and Harvard Business School.

- Chairman of the Remuneration Committee.
- Independent of the Company and management and independent of the major shareholders.

Direct or related person ownership: 0 Class B shares

Anders Borg

Non-Executive Director

Swedish, born 1968. Elected September 2018

Anders was Sweden's Minister of Finance from 2006 to 2014. Anders is also Chairman of Sehlhall Fastigheter AB's Board of Directors and a member of the Board of Directors of Stena International, Rud-Pedersen Group, as well as senior advisor to IPsoft, Amundi, Kinnevik, Nordic Capital and East Capital. Anders has served on the Boards of a number of companies in the telecommunication, fintech and public administration sectors. Anders has previously worked for Citigroup, ABN AMRO, SEB, Alfred Berg, Tele2 and Millicom and has been an active member of the World Economic Forum for many years. Anders' educational background is in economics, economic history, political science and philosophy from the universities of Stockholm and Uppsala.

- Member of the Audit Committee.
- Independent of the Company and management and independent of the major shareholders.

Direct or related person ownership: 5,238 Class B shares

Simon Duffy

Non-Executive Director

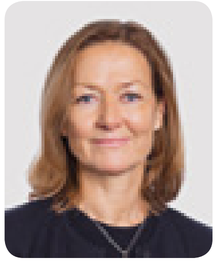
British, born 1949. Elected July 2018

Simon has been Executive Chairman of Tradus plc and Executive Vice-Chairman of ntl:Telewest, having joined ntl in 2003 as CEO. Simon has also served as CFO of Orange SA, CEO of End2End AS, and CEO and Deputy Chairman of WorldOnline International BV, and has held senior positions at EMI Group plc and Guinness plc. Simon has also been Chairman of Bwinparty digital entertainment plc and Mblox Inc and a Non-Executive Director of Millicom International Cellular and Avito AB. Simon is Non-Executive Chairman of YouView TV Ltd and Telit Communications Plc,, as well as a Non-Executive Director of Wizz Air Holdings Plc and Modern Times Group MTG AB. Simon holds a Masters from the University of Oxford and an MBA from Harvard Business School.

- Chairman of the Audit Committee.
- Independent of the Company and management and independent of the major shareholders.

Direct or related person ownership: 1,750 Class B shares

GRI 102-23



Kristina Schauman

Non-Executive Director
Swedish, born 1965. Elected September 2018

Kristina is a partner and owner of Calea AB and was a Board member of Apoteket AB from 2009–2018, including a period as acting CEO and CFO. Kristina previously served as CFO of Carnegie Investment Bank AB and OMX AB, and held finance roles at Investor AB, ABB and Stora Finance. Kristina is a Board member of Coor Service Management Holding AB, BillerudKorsnäs AB, ÅF Pöyry AB, BEWiSynbra Group AB and Diaverum AB. Kristina holds a degree in Business Administration and Economics from Stockholm School of Economics.

- Member of the Audit Committee.
- Independent of the Company and management and independent of the major shareholders.

Direct or related person ownership: 3,000 Class B shares

Henrik Clausen

Non-Executive Director
Danish, born 1963. Elected September 2018, resigned February 2020

Henrik has been President & CEO of Bang Olufsen, EVP of Strategy & Digital for Telenor Group, CEO of Malaysia listed Digi, CEO of Telenor Denmark and CEO of Cybercity. Henrik previously worked at Aarsø Nielsen & Partners, A.T. Kearney and Accenture. He is also a member of the Board of Directors of the Technical University of Denmark. Henrik holds a Masters in Electrical Engineering from the Technical University of Denmark, a degree in International Trade from Copenhagen Business School and an MBA from INSEAD.

- Member of the Remuneration Committee.until resignation.
- Independent of the Company and management and independent of the major shareholders.

Direct or related person ownership: 1,330 Class B shares

Board of Directors and attendance at Board and Committee meetings 2019

Board of Directors	Board meeting attendance[1]	Audit Committee attendance[2]	Remuneration Committee attendance[3]	Independent of major shareholders	Independent of company and its management
David Chance	14/14	–	5/5	Yes	Yes
Simon Duffy	14/14	6/6	–	Yes	Yes
Anders Borg	14/14	5/6	–	Yes	Yes
Henrik Clausen	12/14	–	4/5	Yes	Yes
Natalie Tydeman	12/14	–	5/5	Yes	Yes
Kristina Schauman	13/14	6/6	–	Yes	Yes

1) The total number of meetings during 2019 were fourteen, of which seven were held prior to the Annual General Meeting held on 22 May 2019 and seven were held following the 2019 Annual General Meeting.
2) The total number of Audit Committee meetings during 2019 were six, of which two were held prior to the Annual General Meeting held on 22 May 2019 and four were held following the 2019 Annual General Meeting.
3) The total number of Remuneration Committee meetings during 2019 were five, of which two were held prior to the Annual General Meeting held on 22 May 2019 and three were held following the 2019 Annual General Meeting.

All shareholdings reported as per 31 December 2019.

Group Executive management

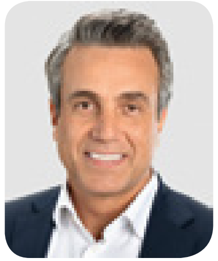
Anders Jensen

President & CEO

Swedish, born 1969

Anders was appointed President and CEO on 23 March 2018. He was previously EVP & CEO of Nordic Entertainment at MTG, having joined the company in 2014. His earlier roles include Senior EVP and CEO of the consumer division at TDC Group; CEO of Telenor Hungary; CEO of Grameenphone in Bangladesh; and Chief Marketing Officer of Vodafone/Telenor in Sweden. Anders is a board member of the Los Angeles-based studio Picturestart.

Direct or related person ownership: 31,507 Class B shares



Gabriel Catrina

EVP & Chief Financial Officer and Head of Strategy & M&A

Argentinian, born 1974

Gabriel was appointed CFO on 29 May 2018, a role he combines with his position as EVP, Head of Strategy & M&A. He joined MTG in 2013 and was previously Chief Strategy Officer. His earlier roles include Head of Booz & Company's Media, Communications and Technology Practice in the Nordic region; CFO and COO of Educ.ar; and VP of Business Development, Europe & Latin America, for TCS. Gabriel has an MBA from Stockholm School of Economics and an MSc in Business Administration from UCC in Argentina.

Direct or related person ownership: 11,203 Class B shares

Filippa Wallestam

EVP & Chief Content Officer

Swedish, born 1983

Filippa was appointed EVP and Chief Content Officer on 1 October 2019. Prior to that, Filippa was EVP and CEO of NENT Group Sweden. Filippa joined MTG in June 2014 as Head of Strategy for free-TV and radio in Sweden, Norway and Denmark. She previously worked at Boston Consulting Group in London and New York, and at Daily Mail General Trust. Filippa holds an MSc in Economics and Business Administration from Stockholm School of Economics.

Direct or related person ownership: 3,121 Class B shares

Kaj af Kleen

EVP & Chief Technology & Product Officer

Swedish, born 1982

Kaj was appointed EVP and Chief Technology & Product Officer on 1 October 2019. His previous positions include SVP and Group Chief Technology & Product Officer and CTO of Viaplay. Kaj joined the company as a Management Trainee in 2007 and he is a board member of Soundation. Kaj holds a Masters in Industrial Engineering from Luleå University of Technology and an MBA from the University of Oxford.

Direct or related person ownership: 4,009 Class B shares

Kim Poder

EVP & Chief Commercial Officer
Danish, born 1968

Kim was appointed EVP and Chief Commercial Officer on 1 October 2019. Prior to that, Kim was EVP and Group Chief Commercial Officer and CEO of NENT Group Denmark. Kim joined MTG in 1999 and has held positions including CEO of Viasat Denmark and Finland, CEO of TV3 -Denmark and CEO of MTG Denmark. Kim was previously Media Director at Omnicom Media Direction and a Media Analyst at Gallup. He holds a Masters in Economics and Business Administration from Copenhagen Business School.

Direct or related person ownership: 12,126 Class B shares

Matthew Hooper

EVP & Chief Corporate Affairs Officer
British, born 1970

Matthew was appointed EVP and Chief Corporate Affairs Officer on 1 October 2019. He was previously EVP and Group Head of Corporate Affairs and CEO of NENT Group UK. Before that, he served as EVP and Head of Corporate Communications at MTG. Prior to joining MTG in 2011, Matthew was a co-founder and Managing Partner of Shared Value Limited, and a Board Director of Shandwick Consultants Limited. Matthew is a Masters graduate of the University of Oxford.

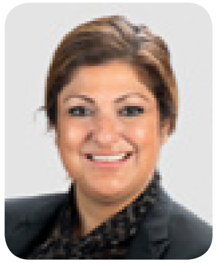
Direct or related person ownership: 20,467 Class B shares

Mia Suazo Eriksson

EVP & Chief Marketing Officer
Swedish, born 1977

Mia was appointed EVP and Chief Marketing Officer on 1 October 2019. She was previously VP of Marketing & Communications at NENT Group Sweden. Before joining MTG in 2015, Mia spent 14 years in New York where she held a range of marketing, production and creative roles at VIACOM and studied International Marketing at Pace University.

Direct or related person ownership: 68 Class B shares



Sahar Kupersmidt

EVP & Chief People & Culture Officer
Swedish, born 1977

Sahar was appointed EVP and Chief People & Culture Officer on 1 October 2019. She joined MTG in 2007 and has held several leadership roles including SVP and Head of Nordic DTH TV. She was a member of Viasat Sweden's leadership team from 2012–2018 and MTG Sweden's leadership team from 2015–2018. Sahar is the sponsor of NENT Group's Challengers talent program and in 2018 was named Female Role Model of the Year at Sweden's Telekomgala industry awards.

Direct or related person ownership: 1,078 Class B shares

All shareholdings reported as per 31 December 2019.

Other members of Group Executive Management during 2019 From 1 October, NENT Group moved to a new operating model and the new set-up is based on specialities that operate across the Group in areas such as people, sales, content, marketing and technology. The Executive Management team was reduced from 15 to eight members. The following people were members of General Executive Management during 2019 but were not part of the Group Executive Management at the year-end: Morten Mogensen, Jakob Mejlhede Andersen, Kim Mikkelsen, Jonas Gustafsson, Mathias Norrback, Alexander Bastin, Jennie Jacobs, Susan Gustafsson, and Vegard Klubbenes Drogseth.

Risks and risk management

Competitive risks

Competition for viewers, subscribers, advertising and distribution is intense from broadcasters, cable and broadband networks, satellite and terrestrial platforms, online and mobile operators, movie studios and independent content producers and distributors, video gaming sites and other media, as well as pirated content. The Company's ability to compete successfully is dependent on a number of factors, including the ability to adapt to new technologies and product innovations, to achieve widespread distribution, and to develop quality content and user communities in a sustainable manner. The Company currently depends on a number of third-party network operators for the distribution of programming, which represents a significant proportion of its revenues.

NENT Group is also increasingly reliant on a wide variety of technological platforms and could therefore face the risk of new market entrants, as well as new ways of distributing content. This could mean significant changes for the entertainment industry and could potentially cause disruption to established contracts and negotiation structures, as well as to business practices, technological standards for distribution of content, and ways in which advertising is traded and sold in the online environment. The increasing shift towards online viewing and platforms could also potentially make the Group a target for cyberattacks, intrusions, disruptions or denials of service.

Economic and political risks

Substantial foreign exchange rate movements can cause impacts on the Group's income statements, financial position and cash flows. NENT Group hedges the main part of its US dollar denominated contracted outflow on a 16–36-month forward basis in order to reduce the impact of short-term currency transaction effects on the Group's cost base. The Group's equity is not hedged.

Tax related risks

NENT Group operates through subsidiaries resident in different jurisdictions. The business is conducted in accordance with NENT Group's understanding or interpretation of applicable tax laws, tax treaties, other tax regulations and requirements from the tax authorities concerned. Amended laws, agreements and other regulations may affect the tax position of the Group as well as if the tax authorities disagree with the Group's interpretation of existing tax rules.

Regulatory risks

The Group's businesses are regulated in many different jurisdictions. The regimes that regulate the Group's business include both European Union and national laws and regulations related to broadcasting, telecommunications, competition (antitrust) and taxation. Changes in such laws and regulations, particularly in relation to licensing requirements, access requirements, programming transmission and spectrum specifications, consumer protection, taxation or other aspects of the Group's business, or those of any of its competitors, could have a materially adverse effect on the Group's business, financial condition or operational results.

Current potential changes in EU law that may have an adverse impact on the Group's business include the following:

- During the last European Commission's (the "Commission") mandate from 2015–2019, several legislative initiatives were passed as part of the Commission's Digital Single Market (the "DSM") strategy. These include the revised Copyright Directive 2018, the revised Audiovisual Media Services Directive 2018, the Online Broadcasters' Directive 2019 and the Geoblocking Regulation 2018. The impact of these initiatives on the Group's business activities is discussed in further detail below.
- In May 2016, as part of the DSM Strategy, the Commission published a proposal to amend certain provisions of the Audiovisual Media Services Directive to reflect market, consumer and technological changes in the 10 years since the Directive was last updated. The Directive was finalised in May 2018 and will come into force in October 2020. The new Directive is not likely to pose any significant risk on the Group's business activities.
- In September 2016, as part of the DSM Strategy, the Commission published a proposal for a Regulation on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations. The Proposal extends certain principles of the 1993 Satellite and Cable Directive to the online environment. The Proposal was renamed the "Online Content Directive" and was finalised by the EU institutions in February 2019. The Directive could pose a risk to the Group's business in its current form, especially provisions relating to joint liability for "direct injection" transmission which could result in higher levels of music royalties being paid.
- On 14 September 2016, the Commission published its proposal for a Directive on copyright in the Digital Single Market. This Proposal aims at modernising the copyright framework dating back to 2001 by allowing wider online availability of content across the EU, adapting exceptions and limitations to the digital world, and achieving a well-

functioning DSM. Article 17 of the Directive proposes to tackle the "investment or value gap" by making online content sharing service providers liable for copyright protected content uploaded illegally by its users. Once implemented, this Article will be positive for the Group's business activities as it will strengthen the Group's content protection enforcement. The new Copyright Directive also includes provisions that improve remuneration and transparency for authors and performers. These pose a small risk to the Group's studio/production business.

- EU's new General Data Protection Regulation entered into force on 25 May 2018, replacing the EU Data Protection Directive 95/46/EC. The new regulation has resulted in changes to how the Group deals with the personal data of EU citizens. NENT has implemented changes to its data protection policies, procedures and processes in order to become compliant with the regulation.
- On 23 June 2016 the UK voted to leave the European Union. The UK triggered Article 50 of the Treaty on European Union in March 2017, with an initial deadline to leave the EU by 31 March 2019. The EU agreed subsequent extensions to the Brexit deadline, and the UK left the European Union on 31 January 2020. A UK-EU Withdrawal Agreement was approved and ratified by both the UK and European Parliament prior to the UK's exit, thereby guaranteeing a transition period until 31 December 2020. During this transition period there is legal status quo in terms of trade between the UK and EU. Since the audiovisual sector will not be part of a future trade deal between the UK and the EU, the Group's UK (Ofcom) broadcasting licences will no longer be valid for broadcasting the Group's TV channels and VOD services into the EU after the end of the transition period. In December 2018, the Group's Board approved the Group's Brexit Contingency Plan, which will see the Group applying for broadcasting licences in Sweden whilst maintaining its UK operations as they currently are today.
- On 3 December 2018, the Commission's Geo-blocking Regulation came into force and put an end to geographically based restrictions which would undermine online shopping and cross-border sales in the Digital Single Market. The audio-visual industry was excluded from the scope of the Geo-blocking Regulation but is specifically included in the "Review Clause" (Article 9). The Review Clause will be triggered on March 3, 2020. If the audio-visual industry is included within the Geo-blocking Regulation, this will have a significant negative impact on the Group's streaming and content business.

Financial risk management and financial policy

NENT Group is reliant on access to financing and is therefore exposed to risks associated with disruptions in the financial markets, which could make it more difficult and/or more expensive to obtain financing in the future. Potential events affecting this may include the adoption of new regulations, implementation of recently enacted laws or new interpretations, or the enforcement of existing laws and regulations applicable to financial institutions, the financial markets or the financial services industry, which could result in a reduction in the amount of available credit or increases in the cost of credit. The Group's existing credit facilities are currently considered sufficient.

The Group's financial risk management is centralised to the parent company to capitalise on economies of scale and synergy effects, as well as to minimise operational risks. The Group's financial policy is subject to review and approval by the Board of Directors and constitutes a framework of guidelines and rules for financial risk management and financial activities in general. The Group's financial risks are continuously evaluated and monitored to ensure compliance with the Group's financial policy. The exposures are described in note 22.

Foreign exchange risk

Foreign exchange risk is divided into transaction exposure and translation exposure.

Transaction exposure

Transaction exposure is hedged mainly for unmatched contracted programme acquisition outflows through forward exchange agreements based on a maximum of 36 months forward.

Translation exposure

Translation exposure arises from the conversion of the Group's subsidiaries and associated companies' earnings and balance sheets into the Swedish krona reporting currency from other currencies. Since many of the subsidiaries report in currencies other than Swedish krona, the Group is exposed to exchange rate fluctuations. Translation exposure is not hedged.

Interest rate risk

NENT Group's sources of funding are primarily shareholders' equity, cash flows from operations and external borrowing. Interest-bearing debt exposes the Group to interest rate risk.

Financing and refinancing risk

External borrowing is managed centrally in accordance with the Group's financial policies. Loans are primarily taken up by the parent company and transferred to subsidiaries as internal loans or capital injections. There are also companies who have external loans and/or overdraft facilities connected directly to these companies.

The refinancing risk is managed by seeking to diversify funding sources and maturities, and by typically initiating the refinancing of all loans 12 months prior to maturity.

Credit risk

The credit risk with respect to NENT Group's trade receivables is diversified among a large number of customers, both private individuals and companies. High credit ratings are required for all material credit sales and solvency information is obtained to reduce the risk of bad debt.

Insurable risks

The parent company ensures that the Group has sufficient insurance cover, including business interruption, director and officer liabilities, and asset losses. This cover comprises corporate umbrella solutions to cover most territories.

Sustainability risk management

The Company's sustainability-related risks described in this report are managed in accordance with NENT Group's risk management framework, which is integrated in the Company's operational processes. The short and long-term sustainability goals are aligned with NENT Group's sustainability work, risks and mitigating actions. Identification of sustainability risks is performed throughout the year by the sustainability team in stakeholder dialogues, audits and working processes. NENT Group's sustainability risks are followed up in regular updates to the Board of Directors (at least twice a year) and monitored in the Governance Risks Compliance (GRC) Committee.

Main sustainability risks include:

- Breach of applicable data privacy protection regulations
- Illegal access, distribution and consumption of our content through piracy activities
- Provision of safe and fair work environment
- Application of human rights and labour standards in the value chain and in productions.

Read more how the Group mitigates these risks in the sustainability section on pages 29–41.

People and social issues, data protection and human rights are covered in the sustainability strategy, and Group policies and directives. Read more on page 37–38 about how NENT Group address risks in these areas, and implement and follow-up through the governance framework, which also covers prevention of corruption.

NENT Group's Supplier Code of Conduct outlines the standards the Group expects from suppliers, and the Group has a clear goal to address and engage with all identified high-risk suppliers, to ensure commitment to the Group's ethical standards by 2021.

Protecting the Group's content from piracy activities is a priority, and managing this risk is structured within the Information Security Department. NENT Group also cooperate with specialised external organisations such as the Audio-visual Anti-piracy Alliance and the Nordic Content Protection body.

Environmental issues are not a principal focus of the sustainability strategy; however, the Group takes action to minimise its negative environmental impact. Read more on page 39.

Covid-19

The outbreak of the Covid-19 virus in China and its subsequent pandemic spread to the rest of the world after the end of the reporting period does constitute a substantial risk for NENT Group's people, operations and financial performance and position. Extensive measures have been taken to safeguard employees and to ensure the continuity of the business. The primary risks are to the health and wellbeing of the workforce and talents, reductions in advertising spending, the inability to produce programming, the cancellation of events or shows to be shown on NENT Group's channels or services that drive subscription and advertising revenues, the reduction in the value of NENT Group's publicly traded securities, and the ability to raise finance in the capital markets. The human and economic effects of the very recent pandemic are not yet known but NENT Group is taking all possible actions to evaluate and mitigate the risks that are arising, and will announce the impacts as and when they become clear, as well as further actions to be taken.

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Nordic Entertainment Group AB, corporate identity number 559124-6847

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2019 on pages 45–57 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 2 April 2020
KPMG AB

Joakim Thilstedt
Authorised Public Accountant and Auditor in Charge

Hök Olov Forsberg
Authorised Public Accountant

Administration report

Content

Administration report

The Board of Directors and President and CEO of Nordic Entertainment Group AB (publ), with corporate registration number 559124-6847 and registered office in Stockholm Sweden, hereby submit the annual report and consolidated accounts for the 2019 financial year.

Operations and market

NENT Group is one of the leading entertainment providers in the Nordic region. The Group provides broadcast TV and streaming services in Sweden, Denmark, Norway and Finland, with satellite pay-TV platforms, TV channels and video streaming services in each country; commercial free-TV channels in all countries except Finland; commercial radio networks and streaming services in Sweden and Norway; and a bundled TV and broadband offering in Sweden. The majority of NENT Group's broadcasting and streaming licences are held in the UK, from where it acquires, and makes editorial decisions regarding, a substantial proportion of the content for its services.

NENT Group also creates, produces and distributes television shows, commercials, feature films and branded content. The majority of the production business lies within the NENT Studios, where the Group produces content for broadcasters, streamers, distributors and advertisers. The majority of NENT Studios activities are in the Nordic region but it also operates production companies in other European countries and sells content to customers worldwide.

NENT Group primarily derive revenues from subscription fees and the sale of advertising space. Subscription revenues are derived by offering pay-TV packages and streaming services direct to consumers for a subscription fee, or by making these channels and services available in third party networks in return for a carriage fee or revenue share. Advertising revenues are generated by selling advertising time and space on TV and radio channels as well as streaming services.

NENT Group changed to a new organisation and operating model from 1 October. Instead of a country operating model the Group is now focused on specialities that operate across the company in areas such as people, sales, content, marketing and technology. This led to a smaller and more focused Group Executive Management team and also resulted in staff reductions. In 2019, the Group's average number of employees was 1,844 (1,724). As the staff reduction occurred at the end of the year, this did not affect the Group's average number of employees.

An exciting year

2019 was an exciting year for NENT Group. The Group delivered 6% organic sales growth, both business segments grow its operating profits and the Viaplay subscriber growth, which is the single most important KPI, accelerated to 25 percent. In the midst of this the Group launched a new brand, set its new purpose and values, published the listing prospectus and successfully listed its shares on Nasdaq Stockholm on 28 March. The listing of NENT Group followed the decision to split MTG (Modern Times Group MTG AB (publ)) into two separate companies.

Significant events after the reporting period

Significant events after the reporting period are described in note 30 on page 116.

Significant events in 2019 by quarter

Q1

- The formation of a new UK-based joint venture with FilmNation Entertainment was announced, which will develop, produce and finance premium scripted television content for global audiences.
- New distribution partnerships were signed with Boxer, YouSee and Stofa.
- Extended its exclusive content partnership with NBCUniversal and also entered into a three-year deal with Metro Goldwyn Mayer.
- A medium term note programme was established, enabling NENT Group to issue notes up to SEK 4bn to the Swedish capital market.
- On 28 March 2019, NENT Group's shares started trading on Nasdaq Stockholm. This followed the decision to split MTG into two separate companies.

Q2

- Acquired the exclusive media rights to a comprehensive range of the world's leading winter sports competitions. The landmark five-year deal secures the hugely popular FIS Alpine Ski World Cup and FIS Cross Country World Cup and much more from 2021.
- Invested in a minority stake in new US studio Picturestart, which will create, co-finance and produce premium scripted content for young adult viewers around the world.
- SEK 1.5bn was raised by issuing 3 and 5 year senior unsecured bonds.
- Extended Nordic rights to Danish Superliga football to 2024.
- Extended Swedish distribution agreements with Telia and Tele2.

Q3

- Acquired exclusive rights to the ISU ice skating for the next four seasons and women's football rights from England, Germany and France.
- Announced the intention to launch Viaplay in Iceland in the first half of 2020.
- Announced a new organisation and operating model. The new set-up is based on specialties that operate across the Group in areas such as people, sales, content, marketing and technology.

Q4

- Acquired exclusive Nordic rights to IIHF Ice Hockey World Championship from 2024 to 2028.
- Entered into an agreement with Telenor to form a 50/50 joint venture between Viasat Consumer (satellite pay-TV and broadband-TV operations) and Canal Digital (satellite pay-TV). The combination is expected to yield annual cost synergies of approximately SEK 650m and is subject to regulatory approvals and expected to be completed during the first half of 2020.
- Extended Nordic distribution agreements with Telenor.
- Announced the financial effects from the new organisation and operating model, including restructuring and redundancy costs of SEK 190m with expected saving of approximately SEK 250m . The Group also announced write-downs totaling SEK 541m of content related assets.
- Extended exclusive rights to UFC, the world's premier MMA organisation.

Financial performance 2019

Net sales
Net sales were up 7.6% to SEK 15,671m (14,568) following 6.4% organic growth and a 1.1% FX contribution.

Operating expenditure before items affecting comparability
The Group's operating costs excluding items affecting comparability increased to SEK 14,126m (13,024). The increase was driven primarily by the ongoing investment in digital expansion and Viaplay. Depreciation and amortisation charges increased to SEK –336m (–202), mainly reflected by amortisation of Right of use assets, the investments in radio licenses in Sweden and the Viaplay and Viafree platforms. Impairment charges amounted to SEK –7m (–7).

Operating income and items affecting comparability
Operating income for the combined business segments increased by 6% to SEK 1,813m (1,706). Operating income before IAC amounted to SEK 1,545m (1,544). The central operation costs included initial advisory costs of SEK 24m related to the proposed Viasat Consumer / Canal Digital combination. Items affecting comparability amounted to SEK –787m (–40) and reflected SEK 190m of restructuring and redundancy costs as well as an write downs of SEK 541m relating to free-TV content and other assets that have limited remaining value. See note 8 on page 92 for a comprehensive list of items affecting comparability.

Net interest and other financial items
Net interest and other financial items totalled SEK –46m (–52). Net interest amounted to SEK –37m (–37), of which SEK –18m (0) related to the interest on net lease liabilities. Other financial items amounted to SEK –9m (–15) and mainly comprised the impact of exchange rate differences on financial items.

Tax
Tax charges amounted to SEK –122m (–160), corresponding to an effective tax rate of 17% (11).

Net income and earnings per share
Net income totalled SEK 590m (1,292), with basic earnings per share of SEK 8.77 (19.24) and diluted earnings per share of SEK 8.74 (19.09).

Financial overview

SEKm	2019	2018
Net sales	15,671	14,568
Organic growth	6.4%	3.8%
Change in reported net sales	7.6%	6.4%
Operating income – Business segments	1,813	1,706
Central operations	–268	–162
Operating income before IAC	1,545	1,544
Items affecting comparability (IAC)	–787	–40
Operating income	758	1,504
Operating margin before IAC	9.9%	10.6%
Operating margin	4.8%	10.3%
Net income	590	1,292
Basic earnings per share (SEK)	8.77	19.24
Net debt	4,139	3,944

Cash flow

Cash flow from operations

Cash flow from operations before changes in working capital amounted to SEK 1,393m (1,496). Depreciation, amortisation and imparment charges totalled SEK –343m (–208). The Group reported a SEK –791m (–380) change in working capital, reflecting investments in Viaplay Originals and higher payments in relation to new and prolonged sports rights compared to last year. In addition, working capital increased in NENT Studios resulting from the strong sales growth in Q2 and Q3 with receipts typically following production payments. Net cash flow from operations totalled SEK 602m (1,116).

Investing activities

Investments in business operations amounted to SEK –15m (–19). Capital expenditure on tangible and intangible assets totalled SEK –176m (–550), where last year including the impact of the investment in the new Swedish radio licences. Other investing activities totalled SEK –99m (2). Total cash flow related to investing activities therefore amounted to SEK –290m (–567).

Financing activities

Cash flow from financing activities amounted to SEK 475m (–209). New long-term borrowings amounted to SEK 2,300m (0) and related to a 7-year loan within the framework of the Group's MTN program that was used to replace short-term borrowings. The change in short-term borrowings of SEK 2,480m (0) reflected the repayment of the financing from MTG.

The net change in cash and cash equivalents amounted to SEK 787m (339), and the Group had cash and cash equivalents of SEK 1,238m (428) at the end of the period.

Net debt

The Group's total net debt position amounted to SEK 4,139m (3,944) at the end of the period, and comprised financial net debt of SEK 3,542m (3,944) including cash and cash equivalents of SEK 1,238m (428) net of lease liabilities and sublease receivables of SEK 598m (0).

Parent company

Nordic Entertainment Group AB (publ.) is the Group's parent company and is responsible for Group-wide management, administration and financing. The company was established during June 2018.

Nordic Entertainment Group AB reported net sales of SEK 43m (0) in 2019. Net interest and other financial items totalled SEK 48m (6). Income before tax and appropriations amounted to SEK –210m (–124). Income after tax and appropriations amounted to SEK 312m (0).

The parent company had cash and cash equivalents of SEK 974m (0) at the end of the period. At the end of the reporting period SEK 4,190m (N/A) of the SEK 4,390m total available credit facilities, including SEK 390m overdraft facilities, was unutilized.

Share and share capital

At year end, NENT Group's share capital totalled SEK 135 million (50 thousand). The total numbers of issued NENT Group shares were 67,342,244 shares, whereof 545,662 class A shares and 66,796,582 class B shares. For more information, see section "The share" on page 42–44 and note 18 Shareholders' equity.

Dividend and proposed appropriation of earnings

The following funds are available for disposal by the Annual General Meeting:

SEK	2019
Profit brought forward	1,447,712,000
Net income for the year 2019	311,548,568
Total	**1,759,260,568**

The Board of Directors does not propose the previously indicated cash dividend of SEK 7.00 per share for 2019 to the upcoming 2020 Annual General Meeting of shareholders. The Bord of Directors proposes that the un-appropriated earnings be allocated as follows:

SEK	2019
Carried forward	1,759,260,568
Total	**1,759,260,568**

Corporate governance report and sustainability report

In accordance with the Swedish Annual Accounts Act Ch. 6 § 8 and 11, NENT Group has chosen to prepare the statutory corporate governance report and sustainability report separately from the legal annual report. The corporate governance report is provided on page 45–57, and the sustainability report (including statutory sustainability report) is provided on page 28–41, 49, 57, 126–150.

Outlook

NENT Group's mission is to offer its customers the best and broadest storytelling entertainment experiences that are relevant, engaging, simple to use, broadly available, and great value for money.

NENT Group does not provide formal financial performance targets or guidance. NENT Group's objective is to deliver sustainable profitable growth in the form of organic sales growth and growth in operating income before items affecting comparability. This is being challenged in 2020 by the impact of the spread of the Coronavirus on NENT Group's operations and market positions.

NENT Group also intends to maintain its balance sheet leverage ratio of no more than 2.5x net debt to trailing twelve month adjusted EBITDA. NENT Group's leverage may exceed these levels temporarily from time to time.

NENT Group's dividend policy is to distribute an annual cash dividend of between 30% and 50% of adjusted net income but, due to the effects of the spread of the Coronavirus, the Board will not propose the payment of a dividend in 2020 for 2019.

Significant risks and uncertainties

How risks are managed is of great significance for the NENT Group's success. The risks that could have the greatest impact on the Group are the various competitive risks including the Company's ability to adapt to new technologies and product innovations, to achieve widespread distribution, and to develop quality content and user communities in a sustainable manner.

Other risks with a medium-high potential impact are economic and political risks, and regulatory risks. NENT Group's strategic and operational risks are described in more detail in section "Risk and risk management" on pages 55–57, together with the risk management process. The risks related to the Covid-19 virus for the Group are also described in this section. NENT Group's financial risks are described in note 22 Financial risk and financial risk management.

Remuneration

Principles for remuneration, fees and other remuneration paid to the Board of Directors, the President and CEO, and other members of Group Executive Management as well as other statistics and the guidelines regarding remuneration and benefits to Group Executive Management as approved by the Annual General Meeting are specified in note 7.

NENT Remuneration Guidelines 2020

The Remuneration Guidelines ("the guidelines") will apply to the President & CEO and members of the Group Executive Management ("GEM"), currently comprising of seven members. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed and amendments to remuneration already agreed, after the adoption of the guidelines by the 2020 Annual General Meeting. The intention of the Board of Directors ("the Board") and its Remuneration Committee ("the Committee") is that the guidelines will remain in place for four years from the date of approval. These guidelines do not apply to any remuneration decided or approved by the general meeting, for example share-related long-term incentive plans.

Our approach to remuneration

NENT's remuneration policy is designed to i) drive and reward sustainable company and individual performance, ii) be market competitive to attract and retain best-in-class talent, and iii) to incentivise the creation of long-term shareholder value in a rapidly changing industry. Specifically, our strategic priorities and our vision are reflected in the design of executive remuneration as set out below:

- Deliver profitable growth: A substantial proportion of remuneration is variable and linked to our key drivers of performance. Performance measures in our short- and long-term incentive plans are carefully selected to promote growth through stretching and relevant incentive targets.
- Create long-term shareholder value: Incentive plans are designed to reward sustainable company performance and value creation. Resulting outcomes are intended to reflect shareholder experience and contribute to increased alignment as executives are required to build and maintain a significant shareholding in NENT.
- Be the leading Nordic streaming service provider and content producer with a global appeal: A remuneration structure and mix that provides agility to quickly adapt to business needs in a fast-moving industry and highly competitive talent market.

Remuneration guidelines by element

Total remuneration shall be on market terms and may include base salary, pension, benefits and performance-linked elements in the form of short-term ('STI') and long-term incentive ('LTI') plans. The long-term incentive plans are approved by the general meeting and, while not governed by these guidelines, are included in summary form for completeness. The table below provides more detail on the individual elements, their purpose and their link to the buisness strategy.

Elements	Purpose and link to strategy	Description and operation
Base salary	To recruit, reward and retain executives	Base salary shall be fair and competitive reflecting the individual executive's responsibilities, skills and performance.
Pension	To provide local market competitive pension	Pension arrangements, including health insurance, shall be competitive and appropriate in context of the market practice in the applicable country of executives' employment or residence and total remuneration. The pension arrangements shall be provided in the form of a defined contribution or as a cash allowance and shall amount to not more than 30 per cent of the fixed base salary. Pension arrangements may evolve year-on-year. Variable cash remuneration shall not qualify for pension benefits.
Benefits and allowances	To provide local market competitive benefits and support recruitment and retention	Benefits shall be competitive and appropriate in context of the market practice in the applicable country of executives' employment or residence and total remuneration. Benefits may include but are not limited to car allowance, travel allowance, tax support, life insurance and medical insurance. Premiums and other costs of such benefits shall constitute a limited proportion of total remuneration. Additional benefits may be provided in specific individual situations including changes in individual circumstances such as health status and changes in roles such as relocation, if considered appropriate. Any resolution on such remuneration shall be made by the Board based on a proposal from the Committee.
Annual short-term incentive (STI) plan	To incentivise and reward the achievement of annual financial and, when appropriate, non-financial performance measures clearly linked to the strategic priorities and sustainable development of the Group and the executives' area of responsibility	The maximum payment under the STI shall not excced 150% of base salary. The satisfaction of criteria for awarding STI shall be measured over a period of one year. The Board approves the corporate performance measures, targets and relative weightings at the start of each year, on recommendation by the Committee. The Board ensures that there is strong alignment with the business strategy and that the targets are clear and sufficiently stretching. STI's will also take into account the individual executives' performance against pre-determined and measurable objectives within their area of responsibility defined to promote the Group's sustainable development in the short- and long-term. Such objectives are agreed with the President & CEO (or, in the case of the President & CEO, the Chairman of the Board) and may be functional, operational, strategic and non-financial and include, inter alia, objectives relating to environmental, social and governance issues. Payment under this plan is made after year-end following the Committee's and Board's determination of achievement against the annual corporate targets and the achievement of annual individual objectives for the President & CEO. The President & CEO determines the achievement of annual individual objectives for other executives. The terms for the STI shall be structured so that the Board has the possibility to; (i) limit or refrain from paying variable remuneration, if such payment is considered unreasonable and incompatible with the company's responsibility in general to the shareholders, employees and other stakeholders, (ii) to adjust payments before they are made ('malus') if special circumstances exist that warrant this, such as financial misstatement (iii) to claw back payments that have already been made on incorrect grounds and (iv) to adjust the targets retroactively for extraordinary circumstances.

Elements	Purpose and link to strategy	Description and operation
Long-term incentive (LTI)	The LTI shall be linked to certain pre-determined financial and/or share or share-price related performance criteria and shall ensure a long-term commitment to the development of NENT and align the senior executives' incentives with the interest of shareholders.	The LTI is generally delivered in shares, resolved upon separately by the general meeting and therefore excluded from these guidelines.
Extraordinary arrangements	To aid recruitment or retention required to ensure successful implementation of the company's strategy and safeguarding its long-term interests.	By way of exception, additional one-off arrangements can be made on a case by case basis, when deemed necessary, subject to Board approval on recommendation from the Committee. Each such arrangement shall be capped at two (2) times the individual's annual base salary.
Share Ownership Requirement	To ensure that executives build and maintain a significant shareholding in NENT Group and are aligned with the interest of shareholders	The President & CEO and members of GEM are required to accumulate NENT shares toward target ownership levels that are based on a percentage of net base salary. Target ownership levels: President & CEO: 150% and other members of GEM: 75%. The Committee has the authority to adjust these requirements if considered appropriate in individual cases.

Service contracts and payments upon termination of employment

In general, executive contracts have indefinite duration. However, the contracts may be issued on a fixed-term basis if warranted by certain circumstances, such as for interim positions or for executives close to retirement age. Upon termination of employment, the notice period may not exceed twelve months. Fixed cash salary during the notice period and any severance pay may combined not exceed an amount equivalent to two years' fixed salary.

In addition, executives may be compensated for non-compete restrictions invoked post termination. Such compensation shall be based on the base salary at the time of notice of termination of employment and be awarded during the restriction period which cannot exceed twelve months. Such payment cannot be combined with severance payments.

Remuneration governance and decision-making

The Board has established a Remuneration Committee. The Committee's tasks include preparing the Board 's decision on guidelines for executive remuneration. The Board shall prepare a proposal for new guidelines at least every four years and submit these to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Committee shall prepare, for resolution of the Board, remuneration-related matters concerning the President & CEO and any proposals on share-based or share-related long-term incentive plans in the company. In addition, the Committee shall monitor and evaluate programs for variable remuneration for GEM, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. In order to avoid any conflict of interest, the Committee shall consist of non-executive members only. Remuneration is managed through well-defined processes ensuring that no individual is involved in the decision-making process relating to their own remuneration.

Salary and employment terms for the broader population/company's employees

In preparing and applying these guidelines, the Committee considers the pay and conditions elsewhere in the company, which in turn are informed by general market conditions and internal factors such as the performance of the Group or relevant business unit. The Committee regularly consults with the President & CEO and HR to be mindful of employee pay, conditions and engagement across the broader employee population.

Deviation from the guidelines

The Board may temporarily resolve to deviate from the guidelines, in full or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.

Business segments

NENT Group has two reporting segments: Broadcasting & Streaming and NENT Studios. Broadcasting & Streaming primarily provides TV and radio services that are distributed on a scheduled and on-demand basis, both on NENT Group's own and third-party networks and are funded by advertising and subscription revenues. The NENT Studios segment creates, produces and distributes scripted, non-scripted and digital content for in-house and third-party distribution platforms.

Broadcasting & Streaming

The Broadcasting & Streaming segment comprises pan-Nordic commercial streaming and satellite TV platforms and pay-TV channels, as well as free-TV channels in each of the Scandinavian countries and national radio networks in Norway and Sweden. Key brands include Viaplay, Viafree, Viasat, TV3, TV6, RIX FM and P4 Norway. Sweden and Denmark are the largest markets, and there are also substantial growth opportunities in Norway and Finland.

Broadcasting & Streaming sales were up 6% (5) on an organic basis and driven primarily by the continued growth of Viaplay. Operating expenses were also up and reflected the ongoing investments in content and technology as well as the depreciation of the Swedish krona. Operating income amounted to SEK 1,731m (1,661), with an operating margin of 12.6% (13.0).

Advertising

Advertising sales, which accounted for 26% of Group sales, were stable on a reported basis. TV advertising sales were down slightly as higher prices and audience shares were offset by lower linear TV viewing levels, as well as softer advertising markets. NENT Group's TV audience shares stable in Sweden and up in Denmark and Norway but the TV advertising markets are each estimated to have declined. Viafree sales were up and the service now has 2.6 million registered users and approximately 4 million downloaded apps across the region. Radio sales were up as continued growth in the Swedish business more than offset lower sales for the Norwegian business. NENT Group's Swedish radio audience share increased while the Norwegian share was down. The Swedish and Norwegian radio advertising markets are both estimated to have declined.

Subscription & other

Subscription & other sales, which accounted for 61% of Group sales, were up 10% on a reported basis and driven by the Viaplay subscriber intake, Swedish broadband-TV sales and content sublicensing deals. The total subscriber base was up compared to last year, driven by Viaplay which added 310k customers to end the year at 1,568k subscribers. Viaplay now represents 62% (57) of the total subscriber base. The Viasat direct-to-consumer subscriber base was down 4k to 489k as continued growth in the broadband-TV base was offset by the decline in the satellite base. The third-party subscriber base was up 3k to 469k.


Honour

SEKm	2019	2018
Net sales	13,697	12,800
of which advertising	4,005	4,017
of which subscription & other	9,691	8,783
Operating expenses	–11,966	–11,139
Operating income	1,731	1,661
Operating margin	12.6%	13.0%
Net sales growth	7.0%	7.0%
Organic growth	6.0%	4.5%
Acquisitions/divestments	–	–
Changes in FX rates	1.0%	2.5%

GRI 102-2 GRI 102-6

NENT Studios

The NENT Studios segment is a leading content creation and production company in the Nordic region. It comprises 32 production companies in 17 territories and also includes DRG, which is a leading independent distributor of content, and Splay One, which is one of the Nordic region's leading multi-channel network and next generation digital media houses. Sales were up 18% (–7) on an organic basis, primarily driven by exceptional growth in scripted drama productions for both Viaplay and third-party customers but also from healthy growth in non-scripted sales as well as for digital first productions. Operating income amounted to SEK 82m (45), with an operating margin of 3.6% (2.4).

In January 2020, NENT Group announced the reorganisation of NENT Studios including the intention to divest non-scripted, branded entertainment and events businesses. This process has been temporarily paused due to the impact of the Coronavirus on market conditions.

SEKm	2019	2018
Net sales	2,284	1,911
Operating expenses	−2,202	−1,866
Operating income	82	45
Operating margin	3.6%	2.4%
Net sales growth	19.5%	−3.8%
Organic growth	17.7%	−7.3%
Acquisitions/divestments	–	0.1%
Changes in FX rates	1.8%	3.4%

'Thicker than Water'
produced by NENT Studios' Nice Drama

Financial statements

Content

Consolidated income statement

(SEK million)	Note	2019	2018
Net sales	3, 4	15,671	14,568
Cost of goods and services	5	−10,616	−9,805
Gross income		**5,055**	**4,763**
Selling expenses		−1,047	−857
Administrative expenses		−2,598	−2,387
Other operating income	6	162	44
Other operating expenses	6	−32	−17
Share of earnings in associated companies and joint ventures	15	5	−3
Items affecting comparability	8	−787	−40
Operating income	3, 4, 5, 6, 7, 8	**758**	**1,504**
Interest income	9	11	11
Interest expenses	9	−30	−48
Net leasing interest		−18	–
Other financial items		−9	−15
Income before tax		**712**	**1,452**
Tax expenses	10	−122	−160
Net income for the year		**590**	**1,292**
Items that are or may be reclassified to profit or loss net of tax			
Currency translation differences		52	46
Cash flow hedge		13	68
Other comprehensve income for the year		**65**	**114**
Total comprehensive income for the year		**655**	**1,406**
Net income for the year attributable to:			
Equity holders of the parent company		589	1,286
Non−controlling interest		1	6
Net income for the year		**590**	**1,292**
Total comprehensive income for the year attributable to:			
Equity holders of the parent company		654	1,400
Non−controlling interest		1	6
Total comprehensive income for the year		**655**	**1,406**
Earnings per share	11		
Basic earnings per share (SEK)		8.77	19.24
Diluted earnings per share (SEK)		8.74	19.09
Number of shares	11		
Shares outstanding at the end of the period		67,342,244	66,980,902
Basic average number of shares outstanding		67,279,875	66,854,133
Diluted average number of shares outstanding		67,484,565	67,362,405

GRI 201-1

Consolidated balance sheet

(SEK million)	Note	31 Dec 2019	31 Dec 2018
Non-current assets			
Goodwill	12	2,311	2,274
Other intangible assets	12	1,073	1,131
Machinery, equipment and installations	13	165	152
Right-of-use assets	23	566	–
Shares and participations	15	142	20
Sublease receivables	23	192	–
Deferred tax assets	10	64	24
Other long term receivables		107	103
Total non-current assets		**4,621**	**3,704**
Current assets			
Inventories		2,551	2,428
Accounts receivables	16	1,112	1,224
Sublease receivables	23	34	–
Prepaid programming expenses		3,359	2,875
Prepaid expense and accrued income	17	1,250	1,076
Tax receivables	10	207	39
Other current receivables		325	428
Cash, cash equivalents and short term investments		1,238	428
Total current assets		**10,077**	**8,498**
Total assets		**14,697**	**12,202**

(SEK million)	Note	31 Dec 2019	31 Dec 2018
Equity			
Equity	18	1,434	581
Non controlling interest		7	16
Total equity		**1,442**	**597**
Non-current liabilities			
Long-term borrowings	22	1,800	–
Long-term lease liability	23	691	–
Provisions	20	275	171
Deferred tax liabilities	10	303	311
Other non-current liabilities		13	13
Total non-current liabilities		**3,082**	**495**
Current liabilities			
Short-term borrowings	22	2,980	–
Short-term lease liability	23	132	–
Accounts payable	22	2,199	1,750
Accrued programming expenses		2,015	2,364
Accrued expenses and prepaid income	21	2,080	1,793
Provisions	20	139	138
Tax liabilities		235	201
Other current liabilitites		394	492
Liabilities related to MTG		–	4,372
Total current liabilities		**10,174**	**11,110**
Total liabilities		**13,256**	**11,605**
Total shareholders' equity and liabilties		**14,697**	**12,202**

GRI 102-7 GRI 201-1

Consolidated statement of changes in equity

(SEK million)	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as of 1 January 2018	**–**	**–123**	**–31**	**2,717**	**2,562**	**10**	**2,573**
Net income for the year	–	–	–	1,286	1,286	6	1,292
Other comprehensive income	–	46	68	–	114	–	114
Total comprehensive income for the year 2018	**–**	**46**	**68**	**1,286**	**1,400**	**7**	**1,406**
Paid share capital	1	–	–	–	1	–	1
Effect of share-based programmes	–	–	–	20	20	–	20
Dividends to shareholders with non-controlling interests	–	–	–	–	–	–1	–1
Transactions with shareholders	–	–	–	–3,401	–3,401	–	–3,401
Balance as of 31 December 2018	**1**	**–77**	**37**	**621**	**581**	**16**	**597**
Balance as of 1 January 2019	**1**	**–77**	**37**	**621**	**581**	**16**	**597**
Net income for the year	–	–	–	589	589	1	590
Other comprehensive income	–	52	13	–	65	–	65
Total comprehensive income for the year 2019	**–**	**52**	**13**	**589**	**654**	**1**	**655**
Bonus issue	134	–	–	–134	–	–	–
Shareholder contribution	–	–	–	620	620	–	620
Effect of share-based programmes	–	–	–	15	15	–	15
Dividends to shareholders SEK 6.50 per share	–	–	–	–438	–438	–	–438
Changes in non-controlling interests	–	–	–	1	1	–9	–7
Balance as of 31 December 2019	**135**	**–25**	**50**	**653**	**1,434**	**7**	**1,442**

Consolidated statement of cash flow

(SEK million)	Note	2019	2018
Cash flow from operations	26		
Net income for the year		590	1,292
Depreciation, amortisations and write-downs		875	208
Other adjustments for non-cash items		–72	–5
Cash flow from operations		**1,393**	**1,496**
Changes in working capital		–791	–380
Net cash flow from/to operations		**602**	**1,116**
Investing activities			
Acquisitions of operations		–15	–19
Capital expenditures in tangible and intagible assets		–176	–550
Other investing activities		–99	2
Cash flow from/used in investing activities		**–290**	**–567**
Financing activities	26		
New long-term borrowings		2,300	–
Change in short-term borrowings		2,480	–
Amortisation of lease receivables		33	–
Amortisation of lease liabilities		–121	–
Change in financing to/from MTG		–4,474	3,171
Shareholders' contribution		620	–
Dividends to shareholders		–438	–3,310
Other cash flow from/used in financing activities		75	–70
Cash flow from/used in financing activities		**475**	**–209**
Total cash flow		**787**	**339**
Cash and cash equivalents at beginning of year		**428**	**89**
Translation differences in cash and cash equivalents		23	–
Cash and cash equivalents at end of year		**1,238**	**428**

Parent company income statement

(SEK million)	Note	2019	2018
Net sales		43	–
Gross income		**43**	**–**
Administrative expenses		–252	–145
Other operating income		–	15
Other operating expenses		–2	–
Items affecting comparability	8	–48	–
Operating income	7, 8	**–258**	**–130**
Interest income and other financial income	9	103	26
Interest expense and other financial costs	9	–56	–20
Income before tax and appropriations		**–210**	**–124**
Group contribution		597	124
Income before tax		**387**	**–**
Tax expenses	10	–75	–
Net income for the year		**312**	**–**
Other comprehensive income		–	–
Total comprehensive income for the year		**312**	**–**

Parent company balance sheet

(SEK million)	Note	31 Dec 2019	31 Dec 2018
Non-current assets			
Capitalised expenditure	12	–	1
Shares and participations in group companies	14	110	–
Other long-term receivables		3	–
Total non-current assets		**113**	**1**
Current assets			
Receivables from group companies		10,831	13,059
Other receivables		73	266
Prepaid expense and accrued income	17	15	1
Cash and cash equivalents		974	–
Total current assets		**11,893**	**13,326**
Total assets		**12,006**	**13,327**

(SEK million)	Note	31 Dec 2019	31 Dec 2018
Equity	18		
Share capital (67,342,244 shares)		135	1
Retained earnings		1,447	2,007
Net income for the year		312	–
Total equity		**1,894**	**2,008**
Non-current liabilities			
Long-term borrowings		1,800	–
Total non-current liabilities		**1,800**	**–**
Current liabilities			
Short-term borrowings		2,980	73
Provisions		5	–
Accounts payable		20	2
Liabilities to group companies		5,083	11,201
Corporate tax payables		77	–
Accrued expense and prepaid income	21	62	40
Other current liabilities		85	2
Total current liabilities		**8,312**	**11,319**
Total liabilities		**8,312**	**11,319**
Total equity and liabilities		**12,006**	**13,327**

For information about pledged assets and contingent liabilities, see note 25.

Parent company statement of changes in equity

	Restricted equity	Non–restricted equity	
(SEK million)	Share capital	Retained earnings	Total
Balance as of 1 January 2018	**–**	**–**	**–**
Net income for the year	–	–	–
Other comprehensive income	–	–	–
Total comprehensive income for the year 2018	–	–	–
Paid share capital	1	–	1
Shareholder contribution	–	2,000	2,000
Effect of share-based programmes	–	8	8
Balance as of 31 December 2018	**1**	**2,008**	**2,008**
Balance as of 1 January 2019	**1**	**2,008**	**2,008**
Net income for the year	–	312	312
Other comprehensive income	–	–	–
Total comprehensive income for the year 2019	**–**	**312**	**312**
Bonus issue	134	−134	–
Dividends to shareholders	–	−438	−438
Effect of share-based programmes	–	11	11
Balance as of 31 December 2019	**135**	**1,759**	**1,894**

For information about changes in equity for the Parent company, see note 18.

Parent company cash flow statement

(SEK million)	Note	2019	2018
Cash flow from operations	26		
Net income for the year		312	–
Adjustments for non-cash items		17	–115
Cash flow from operations		**328**	**–116**
Changes in working capital		–264	223
Net cash flow from/to operations		**64**	**–107**
Investing activities			
Investment in non-current assets		–	–1
Other investing activities		3	–
Cash flow from/used in investing activities		**3**	**–1**
Financing activities	26		
New long-term borrowings		2,300	–
Change in short-term borrowings		2,480	–
Receivables/liabilities to/from group companies		–6,405	106
Change in financing to/from MTG		855	–
Shareholders' contribution received from MTG		2,000	–
Group contribution received		124	–
Dividends to shareholders		–438	–
Other cash flow from/used in financing activities		–9	–
Cash flow from/ used in financing activities		**907**	**106**
Cash flow from the year		**974**	**–**
Cash and cash equivalent at beginning of year		**–**	**–**
Cash and cash equivalent at end of year		**974**	**–**

Notes

Content

Notes

1 Accounting and valuation principles

Nordic Entertainment Group AB (NENT) is a company domiciled in Sweden. The Company's registered office is located at Ringvägen 52, P.O. Box 2094, SE-103 13 Stockholm, Sweden. On 7 February 2019 an extraordinary general meeting of Modern Times Group MTG AB (publ) resolved to distribute all shares in Nordic Entertainment Group AB (publ) through a dividend to the shareholders of MTG, and to admit the shares of Nordic Entertainment Group AB (publ) to trading on Nasdaq Stockholm. The listing of NENT on Nasdaq Stockholm took place on 28 March 2019.

The consolidated financial statements of the Company for the year ended 31 December 2019 comprise the Company and its subsidiaries and their share of participation in joint ventures and associated companies.

The annual report including the financial statements were authorised for issue by the Board of Directors on 2 April 2020. The consolidated income statement and statement of financial position, and the income statement and the balance sheet of the parent company will be presented for adoption by the Annual General Meeting on 19 May 2019.

Basis of preparation

The financial statements for 2018 and 2019 is presented as combined financial statements. The formation of the Nordic Entertainment Group (NENT Group) comprised transactions between entities that are under common control. All entities in these combined financial statements were under common control via Modern Times Group MTG AB's (MTG) ownership prior to the listing. Since these transactions are not covered by any IFRS standard, a suitable and established method in accordance with IAS 8, is to use the previous carrying amounts, which is the principle the NENT Group has used. The assets and liabilities have been aggregated and recognized based on the carrying amounts they represent in MTG AB's consolidated financial statements as from the date they became part of the MTG Group.

The combined financial statements for the fiscal years 2018 and 2019 are prepared in accordance with the International Financial Reporting Standards, as approved within the EU.

The Group's combined financila statements have been prepared according to the same accounting policies and calculation methods as were applied in the preparation of the prospectus "Admission to trading of shares in Nordic Entertainment Group AB (pub) on Nasdaq Stockholm" (issued on 8 March 2019) except for the new standard IFRS 16 Leases that have been applied in 2019.

The following new standard was applied for the financial year 2019:

IFRS 16 Leases

A new standard for lease accounting – IFRS 16 Leases – has been introduced with effect from 1 January 2019. The main changes are the following: For the lessee, the classification according to IAS 17 of operating and finance leases is replaced by a single lease accounting model. All leases are recognised on the balance sheet as a right-of-use asset and lease liability. Leases of low value assets, as well as leases of 12 months or less, are exempt from the requirements. A substantial part of the London offices are subleased and a financial receivable is recognised in accordance with the standard. The expense for operating leases is replaced by depreciation on the right-of-use asset, and interest expense on the lease liability and interest income on the sublease. The depreciation of lease assets is separately recognised from the interest on lease liabilities in the income statement. This has increased the operating income at the expense of the financial net. The Group has identified the following categories of leases: offices, cars and car parks. Studio equipment is normally leased on a short-term basis, and most types of leased office furniture and IT equipment are of low value and are therefore out of scope. NENT Group has applied the modified retrospective method, which implies no restatements of previous periods.

Other new and changed Accounting standards and interpretations are not judged to have any material effect on the Group's financial reports.

New and amended Accounting standards and interpretations after 2019

The Group has not made any early adoptions of new or changed Accounting standards and interpretations effective after 31 December 2019.

Consolidated accounts

The consolidated accounts include the Parent company, all subsidiaries and the share of participation in joint ventures and associated companies.

Subsidiaries

Subsidiaries are companies in which the Group exercises control, meaning that the Group has power over the subsidiary and has exposure or rights to its variable returns. The Group must also have the ability to use the power to affect the return from the subsidiary. For all companies in which the Group holds more than 50% of the votes the criteria's of control are fulfilled and the companies are consolidated as subsidiaries.

All business combinations are accounted for in accordance with the purchase method. At the date of acquisition, the acquired assets and assumed liabilities (net identifiable

1 cont.

assets) are measured at fair value. The difference between the acquisition value of shares in a subsidiary and identifiable assets and liabilities measured at fair values at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of identifiable net assets acquired is recognised in the profit and loss in the period of acquisition. Acquisition related costs are expensed as incurred. Results for companies acquired during the year are included in the consolidated statement of comprehensive income from the date of acquisition.

Non-controlling interest

In subsidiaries not wholly owned, the share of equity owned by external shareholders is recorded as non-controlling interest. There are two alternatives for the recognition of non-controlling interests. One alternative is to recognise the non-controlling interest at its share of fair value of the acquired company; another alternative is to recognise the non-controlling interests at its share of the fair value of the acquired net assets. The former method (the full goodwill methods) leads to a higher value of non-controlling interest and goodwill than the later method (the partial goodwill method). The choice of method is made of each acquisition separately.

Associated companies

Associated companies are reported based on the equity method. An associated company is a company in which the Group exercises significant influence. Normally, this means companies in which the Group holds voting rights of at least 20% and no more than 50%. for each acquisition separately.

Joint ventures

Joint ventures are arrangements in which two or more parties have joint control and have rights to the net assets of the arrangement. Joint ventures are recognised according to the equity method (see Associated companies)

Functional currency and reporting currency

The functional currency of the parent company is the Swedish krona (SEK). This is also the reporting currency for the Group and the parent company.

Financial statements of foreign operations

The balance sheets of the Group's foreign subsidiaries are translated into Swedish krona (SEK). The translation is based on the exchange rates ruling at the balance sheet date, while the income statements are translated using an average rate for the period. The resulting translation differences are charged in other comprehensive income and accumulated in the translation reserve in equity. The accumulated translation differences are reclassified to the income statement when the foreign operation is divested.

Inventories

A significant portion of the amount reported as inventory by the Group refers to the TV channels' catalogue of programme rights. Programme rights are reported as inventory when the license period has begun, the programme itself is available for its first broadcast, the cost of the programme is known, and the programme content has been approved by the TV channel. Programme rights invoiced, but where the license period has not started and the programme cannot be reported as inventory, is reported as prepaid expenses. Future payment commitments in respect of contractual programme rights that have not yet been reported as inventory or prepaid expenses are reported as other commitments, see note 24. Programme rights are normally acquired for a specific number of runs, which can be played out during a determined license period in certain territories. The programme rights are expensed per run according to how the program is expected to be broadcasted during the license period. The recognition of sports rights starts when the contractual period starts or when an advance payment is made. Sports rights are allocated over the seasonal year and on a yearly basis. The programme inventory is valued at amortised costs.

Other inventories are valued at the acquisition cost or net realisable value, whichever is lower. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Parent company

The Parent company has prepared the Annual Report according to the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities. RFR 2 involves application of all IFRSs and interpretations endorsed by the European Commission, except where the possibility to apply IFRS is restricted by the Swedish Company Act and due to tax rules. Holdings in subsidiaries are recognised in the Parent Company according to the purchase method which means that the transaction costs are included in the recognised value of shares in subsidiaries. The Group recognises these costs in the income statement immediately when occurred.

Group contributions

Group contributions received and paid are recognised as appropriations in the income statement.

Untaxed reserves

Untaxed reserves in the parent company comprise a tax allocation reserve. The reserve makes it possible to defer tax, and hence even out the tax cost between years.

2 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the Board of Directors and the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates are reviewed by the Audit Committee.

Key sources of estimation uncertainty

Note 12 contain information of the assumptions and the risk factors relating to goodwill impairment. Litigations and provisions made are reported in note 20.

Goodwill and other intangible assets

Intangible assets, except goodwill and intangible assets with indefinite useful lives, are amortised and depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue.

Goodwill and intangible assets with indefinite useful lives are subject to impairment tests yearly or when triggered by events. The impairment review requires management to determine the fair value of the cash generating units on the basis of cash flow projections and internal forecasts and business plans. For further information, see note 12 Intangible assets.

Valuation of liabilities at fair value

The calculation of fair values of options, to acquire non-controlling interests of acquired subsidiaries, and contingent considerations are based on terms defined in agreements set up in connection with the acquisitions. The valuations are usually based on projections and forecasts of future revenues and operating margin. The outcome of revenues and operating margin could deviate from projections and forecast, and, as a result of this, affect the valuation and the eventual consideration for non-controlling interests. This deviation would impact the income for the period and the financial position.

Depreciation and amortisation of beneficial rights and programme rights inventory

Depreciation and amortisation of beneficial rights and programme rights inventory are expensed in accordance with the estimated broadcasting period. A higher proportion of the costs are expensed in the beginning of the broadcasting period than the following periods. The estimated broadcasting period could change, and, as a result of this, affect net income for the period and the financial position. For further information, see note 4 Revenue and note 12 Intangible assets.

Provisions and contingent liabilities

A provision is recognised when a present obligation exists as a result of a past event, it is probable that economic resources will be transferred, and reliable estimates can be made of the amount of the obligation. In such a case, a provision is calculated and recognised in the balance sheet. A contingent liability will be disclosed when a possible obligation has arisen, but its existence has to be confirmed by future events outside the Group's control, or when it is not possible to calculate the amount. Realisation of any contingent liability which is not disclosed or for which no amount is not currently recognised could have a material impact on the Group's financial position.

The Group regularly reviews significant outstanding litigations in order to assess the need for provisions. Among the factors considered, are the nature of the litigation, claims, legal processes and potential level of damages, the opinions and views of the legal counsellors, and the management's intentions to respond to the litigations or claims. To the extent the estimates and judgments do not reflect the actual outcome; this could materially affect the income for the period and the financial position. For further information, see note 20 Provisions.

3 Business segments

The performance is monitored at the business segment level and the business segments are responsible for the management of the operational assets. Financing is managed centrally in the Group. Consequently, liquid funds, borrowings, lease receivables/ liabilities and equity are not allocated to the business segments.

The Group's financial reporting structure is divided into the following segments:

Broadcasting & Streaming

Broadcasting & Streaming includes both pay-TV, free-TV and radio services for the Nordic region. Free-TV comprises TV channels primarily financed by advertising in Sweden, Norway and Denmark, as well as Viafree. Pay-TV markets and sells Viasat's premium pay-TV packages on the Viasat DTH satellite platform, the Viaplay online platform and on third party IPTV and cable networks. Viasat also distributes pay-TV channels via third party pay-TV networks. The segment's radio operations comprise the leading national commercial networks in Sweden and Norway.

Studios

Studios comprise the Group's content production and distribution businesses in Scandinavia and Europe. The segment comprises a number of leading creators, producers and distributors of television shows, commercials, events and branded content.

	External sales		Internal sales		Net sales		Operating income	
Group (SEK million)	2019	2018	2019	2018	2019	2018	2019	2018
Broadcasting & Streaming	13,639	12,785	58	15	13,697	12,800	1,731	1,661
Studios	2,030	1,769	254	142	2,284	1,911	82	45
Central operations	2	13	77	71	79	84	–268	–162
Eliminations					–389	–228		
Total before items affecting comparability	**15,671**	**14,568**	**389**	**228**	**15,671**	**14,568**	**1,545**	**1,544**
Items affecting comparability							–787	–40
Total	**15,671**	**14,568**	**389**	**228**	**15,671**	**14,568**	**758**	**1,504**

For a specification of Items affecting comparability, see note 8.

	Assets		Equity and liabilities		Capital employed		Capital expenditure[1]		Depreciation and amortisation	
Group (SEK million)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Broadcasting & Streaming	10,230	9,744	6,618	7,475	3,611	2,270	146	490	–179	–150
Studios	2,721	2,625	811	903	1,909	1,722	13	35	–44	–45
Central operations	298	2,239	238	1,688	60	550	17	25	–7	–6
Total	**13,248**	**14,608**	**7,667**	**10,066**	**5,581**	**4,541**	**176**	**550**	**–229**	**–201**
Cash and cash equivalents	1,238	428								
Borrowings			4,780	4,373						
Lease receivables / liability	225	–	823	–						
Equity incl. non-controlling interest			1,442	598						
Eliminations	–14	–2,834	–14	–2,834						
Total	**14,697**	**12,202**	**14,697**	**12,202**	**5,581**	**4,541**	**176**	**550**	**–229**	**–201**

1) Excluding investments in subsidiaries

3 cont.

Geographical area

The Group's business segments operate mainly in Europe. Net sales and non-current assets are shown below by geographical area. Non-current assets constitute of intangible and tangible assets. Sales are shown per country from which the revenues are derived.

	Net sales		Tangible and intangible assets	
Group (SEK million)	2019	2018	2019	2018
Sweden	6,082	5,913	1,922	1,969
Norway	3,268	3,031	878	852
Denmark	4,714	4,232	170	162
Finland	956	778	288	298
United Kingdom	150	63	288	270
Other	502	551	3	5
Total	**15,671**	**14,568**	**3,550**	**3,556**

4 Revenues

Revenue recognition

Revenue from external customers is mainly derived from sale of advertising air time, subscription, content production as well as licenses. To some extent, revenue is also derived from the sale of goods. The accounting principles for the main revenue streams are described in further detail below.

Advertising revenue

A large component of the Group's revenue derives from sale of advertising air time as well as sponsoring. Revenue generated from advertising is generally recognised over time in a pattern that best depict the service performed (e.g. as the ad is played out). A smaller portion of the Group's revenue refers to ad sales, which is recognised at a point in time when the Group delivers the goods or service and control is transferred to the customer

For yearly contracts, which typically contain several performance obligations (such as different campaigns or spots), the transaction price is allocated to each performance obligation based on their stand-alone selling price.

Barter transactions

Barter entails the exchange of air time on TV or radio for other goods or services. Revenue from barter transactions is recognised at an amount equal to the fair value of the goods or services received from the customer. If the fair value of the good or service received cannot be reasonably estimated, the Group recognises revenue equal to the stand-alone selling price of the service promised to the customer. Revenue is recognised over time in a way that depict the transfer of control of the good or service as provided to the customer.

Subscription revenue

The Group generates subscription revenue from subscription fees for pay-TV and streaming services.

Subscriptions for pay-TV

A subscription usually consists of a main subscription fee, hardware (a box) and card fee. Since the customer cannot benefit from the subscription fee, hardware and card fee on its own, these products and services are bundled into one performance obligation. The contract period for subscription of pay-TV varies between 6, 12 and 24 months and the customer receives and consumes the benefits as the Group provides the service. Revenue is therefore recognised over time over the binding period of the contract. The customer pays for the subscription in advance on a monthly basis.

The subscription contracts could also contain additional services/products other than the main subscription fee, hardware and card fee as described above. These additional services/products include, but are not limited to, extra hardware and TV channel package. When a contract contains additional services/products, an analysis is performed in order to assess if these are separate performance obligations. The additional services/products are normally regarded as separate performance obligations.

Streaming services

For streaming services, the customer pays a fee to access content which the customer has subscribed for. The customer pays for the streaming service in advance on a monthly basis. The streaming period usually consists of a trial period, during which the customer is not committed to start a subscription. The transaction price is not allocated to the trial

4 cont.

period. The performance obligation is satisfied over time as the Group provides access to the content over a period of time (in practice per month).

In addition to the fee for the streaming service, the customer can add other services to the contract such as rental or purchase of films and series. The services added are regarded as separate performance obligations as the customer can benefit from these separately. Each service added has a separate price and the revenue is recognised at a point in time.

The subscription contracts are without a binding period with a notice period of one month. Both the Group and the customer have the right to terminate the contract and the parties have no enforceable rights and obligations beyond that month. The contracts for streaming services are therefore accounted for as a month-to-month contract.

Production revenue

Revenue in the Studio business is generated by production of films and TV series. The contracts normally consist of one performance obligation. Revenue for production of films and TV series is recognised over time.

Event revenue

Revenue from producing events on behalf of third party are recognised at a point in time.

Licenses and royalty

A license arrangement establish the customer's right related to the Group's intellectual property and the obligation of the Group to provide those rights. The Group are granting licenses to format and broadcasting rights. Licenses mainly exist within the Studio business. All licenses are classified as "right to use-licenses" and revenue are recognised when the license period begins.

Other

Other revenue consists mainly of revenue from products, such as hardware when sold separately from subscriptions.

Significant judgement in revenue recognition

Agent or principal

The Group assesses whether it is acting as a principal or agent in all transactions where another party is involved in providing products or services to the customer. In transactions where the Group is acting as an agent, revenue is recognised net in the income statement. In transactions where the Group is acting as a principal, revenue is recognised gross in the income statement.

Revenue from performance obligations satisfied in previous periods

Within free-TV third party distribution fees occurs related to third party agreements for end customers usage of TV channels. This fee is estimated based on historical data for previous period. When the actual usage is received from the customer an adjustement is made for revenue recognised up to date.

Unsatisfied performance obligations

The Group does not disclose any information regarding unsatisfied performance obligations as at December 31 since the performance obligations refer to contracts where the contract term is 12 months or less.

4 cont.

Disaggregation of revenue

Revenue from external customers is mainly derived from sale of advertising air time, subscription, content production as well as licenses.

Group (SEK million)	2019 Broadcasting & Streaming	2019 Studios	2019 Central operations	2019 Elimination	2019 Total	2018 Broadcasting & Streaming	2018 Studios	2018 Central operations	2018 Elimination	2018 Total
External revenue	13,639	2,030	2		15,671	12,785	1,769	13		14,568
Internal revenue	58	254	77	−389	–	15	142	71	−228	–
Total revenue for the segment	**13,697**	**2,284**	**79**	**−389**	**15,671**	**12,800**	**1,911**	**84**	**−228**	**14,568**
Revenue streams										
Advertising	4,005	78	–		4,083	4,017	172	–		4,189
Subscription	8,771	–	–		8,771	8,272	–	–		8,272
Production	22	1,585	–		1,607	61	1,321	–		1,382
Licenses, royalities and other	841	368	2		1,210	438	276	13		725
Revenue from external customers	**13,639**	**2,030**	**2**	**–**	**15,671**	**12,785**	**1,769**	**13**	**–**	**14,568**
Timing of revenue recognition										
At a point in time	841	368	2		1,210	436	277	13		726
Over time	12,798	1,662	–		14,460	12,350	1,493	–		13,842
Revenue from external customers	**13,639**	**2,030**	**2**	**–**	**15,671**	**12,785**	**1,769**	**13**	**–**	**14,568**

4 cont.

Cost to obtain or fulfill a contract

Part of the sales acquisition costs within pay-TV has been defined as cost to obtain or fulfill a contract. Cost to obtain a contract consist of external fees paid to third parties for the provision of new subscriptions and are incremental costs to obtaining contracts the Group would not have incurred if the contracts had not been obtained. Cost to fulfill a contract are cost related to installations, cost for hardware or freight. Cost to obtain or fulfill a contract are recognised as an asset and amortised over the expected contract lifetime. Cost to obtain or fulfill a contract are included in prepaid expenses.

Group (SEK million)	2019	2018
Opening balance 1 January	271	202
Increase of contract assets due to new contracts during the year	458	310
Amortisation expense of costs to obtain or fulfill a contract	−378	−242
Closing balance 31 December	**351**	**271**

Contract asset

Contract assets consists of accrued revenue, when the Group is entitled to compensation for completed work, but the invoice has not been sent on the closing date. The change during the year represents the net reclassification between accrued revenue and accounts receivable.

Group (SEK million)	2019	2018
Opening balance 1 January	575	608
A change in the timeframe for a right to consideration to become unconditional	134	−33
Closing balance 31 December	**709**	**575**

Contract liability

Contract liabilities consist of the following prepaid income:

- Prepaid advertising revenues within free-TV and radio occurs when the customer has been invoiced in advance of the service delivery
- Prepaid subscription revenues as customers within pay-TV pay one month in advance
- Prepaid revenue related to content production as the revenue is recognised over time

Group (SEK million)	2019	2018
Opening balance 1 January	654	678
Net change in contract liability during the year	386	−24
Closing balance 31 December	**1,040**	**654**

Contract liabilities reported at the beginning of 2019 and 2018 has been recognised as revenue during each year.

5 Nature of expenses

Nature of expenses

A function based income statement is presented as part of the financial statements of the Group. The table below presents how the operational costs are classified based on the nature of expense.

Group (SEK million)	2019	2018
Net sales	15,671	14,568
Other operating income	162	44
Cost of programmes and goods	−8,689	−7,804
Distribution costs	−2,436	−2,435
Salaries, remuneration, and social security expenses	−2,108	−2,131
Depreciation and amortisation	−330	−201
Impairment charges	−6	−7
Other expenses	−724	−487
Share of earnings in associated companies and joint ventures	5	−3
Items affecting comparability	−787	−40
Operating income	**758**	**1,504**

6 Other operating income and expenses

Accounting principle

Other operating income and expenses refers to income and expenses that does not derive from the Group's core operations such as government grants, gains or losses on divestment of operations, gains or loss on sale of intangible and tangible assets, foreign exchange gains or losses on operating receivables and payables.

Group (SEK million)	2019	2018
Other operating income		
Gain from exchange rate differences	41	–
Government grants/ tax incentives	58	14
Other	63	31
Total	**162**	**44**
Other operating expenses		
Loss from exchange rate differences	−28	−6
Depreciation and amortisation	–	−4
Other	−5	−7
Total	**−33**	**−17**

7 Salaries, other remuneration and social security expenses

Group (SEK million)	2019	2018
Wages and salaries	1,852	1,609
Social security expenses	323	392
Pension costs	163	118
Share-based payments	11	20
Social security expenses on share-based payments	3	–8
Total	**2,351**	**2,131**

Group (SEK million)	2019	2018
Board of Directors, CEO and other senior executives	128	104
of which variable salary	*63*	*10*
Other employees	2,223	2,027
Total	**2,351**	**2,131**

Parent company (SEK million)	2019	2018
Board of Directors, CEO and other senior executives	59	22
of which variable salary	*32*	*9*
Other employees	75	49
Total	**134**	**71**

Remuneration to the Board of Directors and the Group Executive Management

Remuneration to the Board of Directors

The remuneration to the Board of Directors has been paid in accordance with the resolution approved at the 2019 Annual General Meeting (AGM). The remuneration includes fees for ordinary board work and fees for work within the committees of the Board. For 2018, and the period leading up to the 2019 AGM, the board fees amounted to SEK 4.7m.

Remuneration to the Group Executive Management

The Remuneration Committee's evaluation has resulted in the conclusion that there has been compliance with the guidelines for remuneration to the senior executives resolved by the 2019 Annual General Meeting. Prior to the listing of NENT, the remuneration to those executives who were a part of MTG's executive management team were subject to MTG's remuneration guidelines. In the intermittent period between the listing of NENT and the 2019 Annual General Meeting there were no guidelines for remuneration in place. The principles in the 2019 NENT guidelines were complied with during this period with exception for the one-time cash performance plan granted to legacy MTG employees as compensation for the cancelled 2018 MTG share plan.

The Remuneration Guidelines for the Group Executive Management 2019

NENT's remuneration policy is designed to drive and reward company and individual performance, be market competitive to attract and retain key talent, and to incentivise the creation of long-term shareholder value by requiring executives to build and maintain a significant shareholding in NENT. Total remuneration may consist of fixed salary, variable components in the form of short-term ('STI') and long-term incentive ('LTI') plans, pension and other benefits/allowances.

- Fixed salary shall be fair and competitive based on the individual executive's responsibilities and performance.
- The STI shall be based on fulfilment of established targets for the Group and in the senior executives' area of responsibility. The result shall be linked to measurable targets (qualitative, quantitative, general, individual). The targets within each area of responsibility are defined to promote NENT's development in the short and long-term. The maximum payment under the STI shall generally not exceed 100 percent of the senior executives' fixed salary.
- The LTI shall be linked to certain pre-determined financial and/or share or share-price related performance criteria and shall ensure a long-term commitment to the development of NENT and align the senior executives' incentives with the interest of shareholders.
- By way of exception, additional one-off arrangements can be made on a case by case basis when deemed necessary, subject to Board approval. Each such arrangement shall be capped and never exceed two (2) times the individual's annual base salary.
- All benefits/allowances including pensions follow the competitive market practice in the applicable country of executives' employment or residence.
- The maximum notice period in any senior executive's contract is twelve months during which time salary payment will continue.

The Board of Directors shall be entitled to deviate from these guidelines if special reasons for doing so exist in any individual case.

7 cont.

Remuneration and terms of employment for the President & CEO in 2019

The remuneration to the President & CEO includes fixed salary, variable components in the form of STI and LTI plans, pension in the form of defined contribution and other benefits/allowances. For 2019, the base salary was set at SEK 7.2m. In December 2019 the Board made a minor adjustment to the President & CEOs remuneration to simplify the arrangements. Part of the benefits/allowances provided were removed and converted to base salary taking into account the impact on incentives and pension. In addition to participating in the 2019 NENT STI and LTI plans, the President & CEO was eligible for two plans connected to the split from MTG: 1) the one-off listing bonus corresponding to six months' base salary; and 2) the one-time cash performance plan granted to legacy MTG employees as compensation for the cancelled 2018 MTG share plan. The maximum award for the President & CEO was four months' base salary. Payment under the plan was conditional on fulfilment of the same performance conditions as for the 2019 LTIP. A notice of termination period of one year applies for the President & CEO if such notice is given by the Company or the President & CEO respectively. The agreement does not provide for any severance pay.

Remuneration and terms of employment for other members of the Group Executive Management in 2019

The remuneration to the Group Executive Management members included fixed salary, variable components in the form of STI and LTI plans, pension in the form of defined contribution and other benefits/allowances. In addition to participating in the 2019 NENT STI and LTI plans, the majority of members were eligible for two plans connected to the split from MTG: 1) the one-off listing bonus corresponding to three to six months' base salary for the Group Excecutive Management members included in the plan and 2) the one-time cash performance plan granted to legacy MTG employees as compensation for the cancelled 2018 MTG share plan. The maximum award was three to four months' base salary for members of the Group Executive Management. Payment under the plan was conditional on fulfilment of the same performance conditions as the 2019 LTIP. A notice of termination period of six to twelve months applies to the Group Executive Management members if such notice is given by the Company or the Group Executive Management member respectively. Any severance pay is limited to six months' base salary.

Group Executive Management

The current Group Executive Management includes the President & CEO, the EVP & CFO and Head of Strategy and M&A and six other Executive Vice Presidents. The Group Executive Management is described on pages 53–54. During 2019 there were substantial changes to the Group Executive Management team primarily due to the reorganisation of the Company effective 1 October 2019.

Remuneration to the Board of Directors

(SEK thousand)	Board fee 2019[1]	Board fee 2018[2]
David Chance, Chairman of the Board	1,503	1,503
Anders Borg	630	630
Henrik Clausen [3]	553	553
Simon Duffy	735	735
Kristina Schauman	630	630
Natalie Tydeman	620	605
Total	**4,670**	**4,655**

1) Board fees consist of remuneration for ordinary Board work (SEK 3,950,000) and remuneration for work in the committees (SEK 720,000).
2) Board fees consist of remuneration for ordinary Board work (SEK 3,950,000) and remuneration for work in the committees (SEK 705,000).
3) Henrik Clausen stepped down from the Board of Directors on 4 February 2020.

7 cont.

Remuneration and other benefits to the Group Executive Management

(SEK thousand)	Base salary	Variable remuneration paid in 2019 [1]	Variable remuneration due in 2020 [2]	LTIP cost [3]	Other benefits	Pension	Total
Anders Jensen, President & CEO	7,216	3,600	9,616	1,287	243	427	22,388
Group Executive Management (17 members)[4]	35,326	14,934	34,267	2,958	662	3,455	91,602
Total	**42,542**	**18,534**	**43,883**	**4,245**	**905**	**3,882**	**113,991**

1) Variable remuneration paid in 2019 refers to the one-off listing bonus connected to the split from MTG earned during 2018 and 2019.
2) Variable remuneration due in 2020 refers to the STI payments for 2019 and the one-time cash performance award connected to the split from MTG.
3) Non-cash share-based incentive programme costs for LTIP 2019 is calculated in accordance with IFRS 2.
4) The 2019 amounts disclosed for Group Executive Management relate to the full year for: Anders Jensen, Gabriel Catrina, Kim Poder, Matthew Hooper, Jakob Mejlhede Andersen, Kaj af Kleen and Sahar Kupersmidt. Part-year for Susan Gustafsson (Jan–Jun), Jennie Jacobs (Jan–May), Cecilia Gave (Mar–Sep), Mia Suazo Eriksson (Oct–Dec), Jonas Gustafsson, Vegard Klubbenes Drogseth, Mathias Norrback, Morten Mogensen, Alexander Bastin and Kim Mikkelsen (Jan–Sep). Filippa Wallestam was on partial parental leave during the period Jan–Jul.

Out of the remuneration to other members of the Group Executive Management SEK 59 million was expensed in the parent company and 69 million was expensed in the subsidiaries.

Decision process

The remuneration to the Chief Executive Officer was decided by the Board of Directors on recommendation by the Remuneration Committee. The remuneration policy for the Group Executive Management is determined by the Remuneration Committee and the Board.

Share-based compensation

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date, including social security costs, is based on the Group's estimate of shares that will eventually vest and is expensed on a straight-line basis over the vesting period. The fair value expense excluding social fees is reported in the income statement as personnel costs with the corresponding increase in equity. For the recurring calculation of social security costs the fair value is revalued quarterly. The current plan has a three-year vesting period and the payment is depending on the fulfillment of certain stipulated performance conditions.

Long-term incentive plan (LTIP) 2019

The Annual General Meeting 2019 approved a share-based long-term incentive plan, LTIP 2019. The plan is performance-based and directed to approximately 100 participants across NENT including the Group Executive Management, other senior executives and key employees. The plan is designed to attract, motivate and retain key talent within NENT and to align participants' interests with shareholders. The number of shares that vest in 2022 is dependent on the achievement of two equally weighted NENT targets; (i) organic sales growth (organic sales growth refers to growth excluding the effects of acquisitions/divestments and adjusted for currency effects), and (ii) operating income (operating income before Items Affecting Comparability (IAC) may be adjusted for extraordinary or non-budgeted items or events not related to the ordinary course of business including acquisitions/divestments) for the 2019 financial year. Threshold and maximum target levels were established by the Board at grant. If the minimum threshold level is achieved, 25% of the Performance Share Awards will vest. If the maximum level is achieved, 100% of the Performance Share Awards will vest. For target achievement between the threshold and maximum level, the vesting outcome will be measured linearly.

To ensure that senior executives build and maintain a significant shareholding in NENT, vesting is conditional on a share ownership requirement for the CEO and the full Group Executive Management population. The CEO and members of the Group Executive Management are required to accumulate NENT shares toward target ownership levels that are based on a percentage of net salary. For the CEO, the target ownership level is 150% and, for the members of the Group Executive Management, amounts to 75% and 50% depending on tier. For current Group Executive Management, 33% of the requirement must be met each year over three years.

The participants' maximum profit per Performance Share Award in LTIP 2019 is limited to four times the volume-weighted average of the market price of NENT's Class B Shares on Nasdaq Stockholm during the five trading days immediately following the publication of the company's interim report for the first quarter 2019 (the "Share Price Cap"). If the value of NENT's Class B Share exceeds the Share Price Cap at vesting, the number of Class B Shares that each right entitles the participant to receive at vesting will be reduced correspondingly.

The performance outcome for LTIP 2019 was 99% and 100% of the maximum number of shares may vest and be allocated to participants in 2022, as shown in the table below. Vesting is conditional upon that the participant, with certain customary exceptions, at the time of the publication of NENT's interim report for the first quarter of 2022, is still employed by the NENT Group.

7 cont.

Cost effects of the incentive programme

LTIP 2019 is equity-settled. The initial fair value at grant date of the share programme, is expensed during the vesting period. The cost for the programme is recorded as an operating expense. The cost is based on the fair value of the NENT Class B share at grant date and the number of shares expected to vest. The cost recognised for the programme in 2019 amounts to SEK 11 million excluding social charges. Social charges amounted to SEK 3 million and included in accrued expenses in the balance sheet. There were no share rights exercisable at the end of 2019.

Outcome of LTIP and one-time Cash Plan 2019 measured over one year

	Performance targets			Allocation of LTIP shares 2022 and One-time Cash Plan in 2020		
Performance conditions	Threshold	Maximum	Actual	Outcome	Weight	Allocation
Operating income before IAC[1]	1,386	1,617	1,621	100%	50%	50%
Organic sales growth	5.0%	6.5%	6.4%	97%	50%	49%
Total allocation						**99%**
Total allocation decided by the Board of Directors[2]						**100%**

1) Refers to normalised operating income (EBIT) before items affecting comparability. In accordance with the plan rules, the Board of Directors has adjusted the calculation of actual level for non-budgeted items or events not related to the ordinary course of business e.g. M&A iinvestments outside of budget.
2) The Board of Directors have decided to round up to 100% allocation, in accordance with the plan rules and mandates of the Board.

Dilution

If all the share rights awarded to senior executives and key employees as at 31 December 2019 were exercised, the outstanding shares of the Company would increase by 332,902 Class B shares, and be equivalent to a dilution of 0.5% of the issued capital and 0.5% of the related voting rights at the end of 2019.

Category	Maximum number of B shares[1]	Maximum value (SEK Million)[2]
President & CEO (Tier 1)	42,654	13
Other members of Group Executive Management (Tier 2 and 3)	108,741	33
Senior executives and key employees (Tier 4 and 5)	181,507	55
Total outstanding as per 31 December 2019	**332,902**	**100**

1) Representing 100% of the number of shares granted in May 2019.
2) Calculated based on a share price of SEK 301.28 on 27 December 2019.

No of share awards outstanding	LTIP 2019
Share awards outstanding of the beginning of the year	–
Share awards allotted during the year	406,460
Share awards forfeit during the year	−73,558
Total outstanding as per 31 December	**332,902**

The weighted average remaining contractual life for the remaining share awards is 2.5 years.

8 Items affecting comparability

Accounting principle

Items affecting comparability (IAC) refers to material items and events related to changes in the Group's structure or line of business, which are relevant to understanding the Group's develeopment on a like-for-like basis.

Separate reporting of items affecting comparability provides a better understanding of the Group's operating activitites and offers more compareble figures between periods.

Group (SEK million)	2019	2018
Costs related to the separation and listing of NENT Group	−56	–
Write down of free-TV content and other assets	−540	−16
Restructuring NENT Group	−190	−53
Revaluation of liabilities related to options to acquire shares	–	14
Impairment of goodwill related to closed company	–	−6
Deconsolidation of the operations in Tanzania	–	21
Total	**−787**	**−40**

Items affecting comparability classified by function

Group (SEK million)	2019	2018
Cost of goods sold	−416	–
Administrative expenses	−368	−53
Other operating income	–	35
Other operating expenses	−3	−22
Total	**−787**	**−40**

9 Financial items

Group (SEK million)	2019	2018
Interest income	11	4
Interest income, MTG Group	–	7
Total interest revenue	**11**	**11**
Interest expense on borrowings	−29	–
Interest expense, MTG Group	–	−46
Interest expense, other	−2	−2
Total interest expenses	**−30**	**−48**
Leasing interest income	8	–
Leasing interest expense	−26	–
Leasing net interest	**−18**	**–**
Net exchange rate differences	1	–
Effect from discounting	2	2
Other	−11	−17
Other financial items	**−9**	**−15**
Net financial items	**−47**	**−52**

Parent company (SEK million)	2019	2018
Interest income from external parties	10	19
Interest income from Group companies	97	5
Net exchange rate differences	−4	3
Total interest income and other financial income	**103**	**26**
Interest expense to external parties	−29	−19
Interest expense to Group companies	−16	−1
Borrowing costs	−12	–
Total interest expense and other financial costs	**−56**	**−20**
Net financial items	**47**	**7**

10 Taxes

Accounting principle

Corporate income tax

Tax expenses includes current and deferred tax Swedish and foreign corporate income taxes. Other taxes such as non-deductable VAT, withholding tax, property tax etc is reported as operating expense based on the function of the underlying transaction.

Deferred tax

Deferred tax refers to changes in temporary differences between an assets or a liability's carring amount and it's tax base. A deferred tax asset is reported corresponding to the tax value of loss carry forwards if it is judged likely that the loss carry forward will be used to taxable income in the fore-seeable future.

Distribution of tax expense

Group (SEK million)	2019	2018
Current tax expense	−183	−163
Adjustment for prior years	4	−21
Total current tax	**−179**	**−184**
Deferred tax	57	24
Total	**−122**	**−160**

Parent company (SEK million)	2019	2018
Current tax expense	−77	–
Deferred tax	1	–
Total	**−76**	**–**

Distribution of tax expense

	2019				2018			
Group (SEK million)	Tax base	Current tax	Deferred tax	Total tax	Tax base	Current tax	Deferred tax	Total tax
Income before tax – Nominal tax rate, 21.4% / 22.0%	712	−152	–	−152	1,452	−319	–	−319
Non-taxable income	−71	14	–	14	−189	40	–	40
Non-deductable expenses	105	−21	–	−21	354	−79	–	−79
Temporary differences	162	−34	34	–	161	−34	34	–
Tax-losses, capitalised	146	−31	31	–	–	–	–	–
Tax losses, not capitalised	30	−6	–	−6	31	−8	–	−8
Tax losses carry-forward, previously capitalised	−2	1	−1	–	−39	9	−9	–
Tax losses carry-forward, not previously capitalised	−113	24	–	24	−126	27	–	27
Group contribution from ultimate parent (MTG)	–	–	–	–	−776	171	–	171
Revaluation of deferred tax	–	–	−8	−8	–	–	–	–
Effects from foregin tax rates	–	23	–	23	–	30	–	30
Under/over provided in prior years	–	4	–	4	–	−21	–	−21
Total	**–**	**−179**	**57**	**−122**	**–**	**−184**	**24**	**−160**

	2019				2018			
Parent company (SEK million)	Tax base	Current tax	Deferred tax	Total tax	Tax base	Current tax	Deferred tax	Total tax
Income before tax – Nominal tax rate, 21.4% / 22.0%	−210	45	–	45	−124	24	–	24
Non-taxable income	−63	13	–	13	–	–	–	–
Non-deductible expenses	28	−6	–	−6	–	–	–	–
Temporary differences	6	−1	1	–	–	–	–	–
Group contribution	597	−128	–	−128	123	−24	–	−24
Total	**–**	**−77**	**1**	**−76**	**–**	**–**	**–**	**–**

10 cont.

Unrecognised tax losses carry-forward by expiry date

Group (SEK million)	2019	2018
2019	–	17
2020	21	22
2021	49	47
2022	31	30
2023 and thereafter	135	130
No expiry date	6	95
Total	**242**	**341**

There were no tax losses carry forward in 2018 and 2019 in the parent company.

Deferred tax attributable to:

Group (SEK million)	Opening balance 1 Jan 2018	Deferred tax recognised in the P&L	Deferred tax recognised in OCI	Translation differences / reclass.	31 Dec 2018/ 1 Jan 2019	Deferred tax recognised in the P&L	Deferred tax recognised in OCI	Translation differences	Closing balance 31 Dec 2019
Tax losses carried forward	–	21	–	−21	–	28	–	–	29
Goodwill	−149	–	–	–	−147	–	–	–	−147
Intangible assets	−152	9	–	–	−144	20	–	–	−125
Tangible assets	11	1	–	–	11	−5	–	–	7
Right-of-use assets	–	–	–	–	–	1	–	–	1
Financial assets	−14	−3	−6	–	−22	7	−2	−3	−21
Inventory	–	3	–	–	3	–	–	–	3
Current receivables	18	−11	–	−6	1	1	–	–	2
Provisions	4	5	–	1	10	4	–	–	14
Current liabilities	–	–	–	–	–	2	–	–	2
Untaxed reserves	–	–	–	–	–	-2	–	–	−2
Total	**−280**	**24**	**−6**	**−26**	**−287**	**57**	**−2**	**−3**	**−239**
whereof Deferred tax assets					24				64
whereof Deferred tax liabilities					−311				−303

Parent company (SEK million)	Opening balance 1 Jan 2018	Deferred tax recognised in the P&L	Deferred tax recognised in OCI	Translation differences	31 Dec 2018/ 1 Jan 2019	Deferred tax recognised in the P&L	Deferred tax recognised in OCI	Translation differences	Closing balance 31 Dec 2019
Financial assets	–	–	–	–	–	1	–	–	1
Total	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**–**	**1**
whereof Deferred tax assets					–				1

11 Earnings per share

Group (SEK million)	2019	2018
Earnings per share before dilution		
Net income for the year attributable to equity holders of the parent company	589	1,286
Shares outstanding on 1 January	66,980,902	66,725,249
Effect from share awards exercised	298,973	128,884
Weighted average number of shares, basic	**67,279,875**	**66,854,133**
Basic earnings per share, SEK	8.77	19.24
Diluted earnings per share		
Diluted net income for the year attributable to the equity holders of the parent company	589	1,286
Weighted average number of shares, basic	67,279,875	66,854,133
Effect from share awards	204,690	508,272
Weighted average number of shares, diluted	**67,484,565**	**67,362,405**
Diluted earnings per share, SEK	8.74	19.09

Potentially dilutive instruments

Nordic Entertainment Group AB has one outstanding long-term incentive plan. The potential dilution is calculated in order to determine the number of shares that can be excercised at fair value based on the value of the share awards. Performance share awards are included in the potentially dilutive shares from the start of the program, and in accordance with the performance targets achieved. The Company has one outstanding programme from 2019 where the vesting has not occured, but that might have a diluting effect. As per 31 December 2019 the share awards amounted to 332,902.

12 Intangible assets

Accounting for intangible assets

Intangible assets are reported net after deductions for accumulated amortisation according to plan and impairment losses. Amortisation according to plan are normally calculated on a straight-line schedule based on the acquisition value of the asset and its estimated useful life. The intangible assets are classified in the following categories:

Asset	Amortisation period
Capitalised development expenditure	3–10 years
Trademarks	Trademarks being part of a purchase price allocation are normally judged to have indefinite lives with impairment tests annually or if triggered by events
Customer relations	10–15 years
Beneficial rights/ broadcasting licenses	Estimated amortisation period based on the terms of the license
Goodwill	Indefinite lives with impairment tests annually or if triggered by events

Capitalised development expenditure

Expenditure on development activities, aiming at new or substantially improved products and processes, are capitalised if the process is technically and commercially feasible and the Group has sufficient resources to complete the development. The development expenditure capitalised includes the direct costs and, when appropriate, cost of direct labour and an appropriate proportion of overheads. Other development expenditures is expensed in the income statement as incurred. Capitalised development expenditures are stated at cost less accumulated amortisation and impairment losses. The capitalised expenditure relates mainly to software and software platforms.

12 cont.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of an acquired business. Goodwill is recognised as an asset and tested for impairment losses at least annually. Any impairment is recognised immediately in the income statement and cannot be reversed. Goodwill arising from acquisitions of associated companies is included in the reported value of shares in associated companies. Impairment tests are made on the total cash generating unit.

Other intangible assets

Other intangible assets, such as acquired customer relations, beneficial rights, broadcasting licenses and trademarks, are stated at cost less accumulated amortisation and impairment losses.

	Group										Parent company	
	2019					2018					Capital expenditures	
(SEK million)	Capitalised expenditure	Trade-marks	Other	Goodwill	Total	Capitalised expenditure	Trade-marks	Other	Goodwill	Total	2019	2018
Acquisition values												
Opening balance 1 January	475	531	681	4,187	5,874	384	517	344	5,024	6,270	1	–
Investments during the year	96	–	–	–	96	109	–	363	–	471	–	1
Acquisitions through business combinations	–	–	–	–	–	–	–	–	10	10	–	–
Sales and disposals during the year	−28	–	−4	–	−32	−2	–	−35	−877	−915	−1	–
Change in Group structure, reclassifications etc	16	–	12	–	28	−16	–	1	0	−15	–	–
Translation differences	–	14	6	37	57	0	14	8	30	53	–	–
Closing balance 31 December	**560**	**545**	**695**	**4,224**	**6,023**	**475**	**531**	**681**	**4,187**	**5,874**	**–**	**1**
Accumulated amortisation and impairment losses												
Opening balance 1 January	−311	−18	−227	−1,914	−2,470	−225	−18	−207	−2,784	−3,234	–	–
Sales and disposals during the year	27	–	4	–	31	1	–	38	877	916	–	–
Amortisation during the year	−103	–	−71	–	−175	−87	–	−54	–	−141	–	–
Impairment losses during the year	−6	–	–	–	−6	−1	–	–	−6	−7	–	–
Change in Group structure, reclassifications etc	−6	–	−11	–	−16	1	–	–	–	1	–	–
Translation differences	–	–	−4	–	−4	–	–	−5	–	−5	–	–
Closing balance 31 December	**−398**	**−18**	**−310**	**−1,913**	**−2,639**	**−311**	**−18**	**−227**	**−1,914**	**−2,470**	**–**	**–**
As per 1 January	164	514	454	2,274	3,405	159	499	137	2,240	3,035	–	–
As per 31 December	161	527	385	2,311	3,385	164	513	454	2,274	3,405	–	1

12 cont.

Amortisation by function

Group (SEK million)	2019	2018
Cost of goods and services	−166	−137
Administrative expenses	−9	−4
Other operating expenses	–	–
Total	**−175**	**−141**

Impairment losses by function

Group (SEK million)	2019	2018
Cost of goods and services	−2	−1
Other operating expenses	−4	–
Items affecting comparability	–	−6
Total	**−6**	**−7**

Cash generating units with significant carrying amounts of goodwill

Group (SEK million)	2019	2018
Broadcasting & Streaming	1,301	1,286
Studios	1,010	988
Total	**2,311**	**2,274**

Cash generating units with trademarks with indefinite lives

Group (SEK million)	2019	2018
Broadcasting and Streaming	251	244
Studios	276	270
Total	**527**	**513**

Impairment testing

Impairment testing, of goodwill and other intangible assets with indefinite lives, are based on calculations of the recoverable amount (value in use), using a discounted cash flow model. The cash flows of each cash generating unit are discounted at a pre-tax interest of 8.8% for Broadcasting & Streaming and 9.8% for Studios considering the cost of capital, territory, the economic environment and risk. The model involves key assumptions such as sales, growth rates, sales prices and cost growth together with working capital requirements. These cash flow projections, calculated over a minimum of a five-year period, are based on actual operating results, forecasts and financial projections, using historical trends, general market conditions, industry trends and other available information. After the five-year period, a growth rate of 2.5% (2.5) is normally applied.

Impairment

The impairment tests are carried out on a regular basis, annually or when triggered by events. The tests did not trigger an impairment for the Group during the period.

Sensitivity

The Broadcasting & Streaming segment, which do not indicate an impairment requirement, have such a margin that reasonably possible adverse changes in individual parameters would not cause the value in use to fall below the book value. However, cash flow projections are to its nature more uncertain and may also be influenced by factors not in control by the company. Such factors could be political risks and general market conditions, which might quickly deteriorate due to a financial crisis such as crisis due to instability in the financial sector.

The test for the Studios segment indicates a low headroom (i.e. the difference between the recoverable value and the carrying value). The current calculation, using an individual WACC of 8.8%, do not indicate impairment, but a change in the recoverable amount, depending on changes in the market conditions or other parameters, could result in an impairment. A change in the growth rate would give the following results for Studios.

Studios (SEK million)	2019
Recoverable amount	2,274
Carrying amount	2,075
The recoverable amount in relation to the carrying amount in case of a decrease in growth rate	
−0,5 percentage point	2,150
−1,0 percentage point	2,050

13 Tangible assets

Accounting for tangible assets

Tangible assets are reported at cost less accumulated depreciation and any write-downs. Where parts of an item of machinery and equipment have different useful lives, they are accounted for as separate items of machinery and equipment. Depreciation are normally calculated using the straight-line method over the assets estimated useful life. Machinery and equipment are depreciated over a period of 3 to 5 years.

	Equipment, tools and installations	
Group (SEK million)	2019	2018
Cost		
Opening balance 1 January	710	666
Investments during the year	80	79
Sales and scrapping during the year	−115	−62
Change in group structure, reclassifications etc	−28	15
Translation differences	8	11
Closing balance 31 December	**655**	**710**
Accumulated depreciation and write-downs		
Opening balance 1 January	−559	−547
Sales and scrapping during the year	115	60
Depreciation during the year	−54	−61
Write-downs	−1	–
Change in group structure, reclassifications etc	16	−1
Translation differences	−7	−10
Closing balance 31 December	**−489**	**−559**
Carrying amount		
As per 1 January	152	120
As per 31 December	165	152

Depreciation by function

Group (SEK million)	2019	2018
Cost of goods and services	−18	−33
Selling expenses	–	−1
Administrative expenses	−36	−23
Other operating expenses	–	−4
Total	**−54**	**−61**

Write-downs by function

Group (SEK million)	2019	2018
Other operating expenses	−1	–
Total	**−1**	**–**

14 Long-term financial assets

Group companies

The following table lists the major companies included in the Group. A detailed specification of group companies has been submitted to the Swedish Companies Registration Office and is available upon request from Nordic Entertainment Group Investor Relations.

Shares and participations in Group companies

Ownership in Group companies	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
Nordic Entertainment Group Radio AB	556365-3335	Sweden	100	100
Nordic Entertainment Group Sweden AB	556304-7041	Sweden	100	100
Viaplay AB	556513-5547	Sweden	100	100
Splay One AB	556909-3882	Sweden	100	100
Strix Television AB	556345-5624	Sweden	100	100
Nordic Entertainment Group Denmark A/S		Denmark	100	100
TV3 Sport1 A/S		Denmark	100	100
Nordic Entertainment Group A/S		Denmark	100	100
Nordic Entertainment Group Norway A/S		Norway	100	100
Nordic Entertainment Group AS		Norway	100	100
P4 Radio Hele Norge AS		Norway	100	100
NICE Entertainment Group Oy		Finland	100	100
Nordic Entertainment Group Finland OY		Finland	100	100
Nordic Entertainment Group Ltd		United Kingdom	100	100
Digital Rights Group Limited		United Kingdom	95	95

Parent company (SEK million)	Co. Reg.no.	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value 31 Dec 2019	Book value 31 Dec 2018
Nordic Entertainment Group Sweden Holding AB	556057-9558	Stockholm	5,000	100%	100%	110	–
Total						**110**	**–**

Share capital (%) and Voting rights (%) represent 31 Dec 2019

Shares and participations in Group companies

Parent company (SEK million)	2019	2018
Opening balance 1 January	–	–
Acquisition, internally	110	–
Closing balance 31 December	**110**	**–**

15 Associated companies and joint venture

Accounting principle

Associated companies and joint ventures are reported based on the equity method. The share of earnings is equal to the Group's share of net income in each associated company or joint venture after conversion into Swedish krona. The following table lists the associated companies and joint ventures included in the Group.

Ownership in Group companies	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
Airtime Sales AB	559040-3399	Sweden	50	50
NSR Scandinavia AB	556821-4356	Sweden	48	48
Filmen Hundraåringen AB	556828-8509	Sweden	50	50
Angel Films Oy		Finland	48	48
Dagsljus Teknik AB	556218-3284	Sweden	48	48
Nice Flx Pictures AB	556846-4613	Sweden	48	48
Mediamätning i Skandinavien AB	556353-3032	Sweden	25	25
GH Gigahertz HB	969616-7551	Sweden	40	40
Radiobranschen RAB AB	556623-1345	Sweden	40	40
Digitalradio Norge AS		Norway	50	50
FilmNation LLC		United Kingdom	40	40

Summarised financial information

Group (SEK million)	2019	2018
Net sales	225	195
Net income	11	−12
Other comprehensive income	–	–
Non-current assets	22	30
Current assets	45	91
Total assets	**67**	**121**
Non-current liabilities	8	16
Current liabilities	70	85
Total liabilities	**78**	**101**

Share of earnings in assoicated companies and joint ventures

Group (SEK million)	2019	2018
Share of earnings	5	−3

Carrying amount

Group (SEK million)	2019	2018
Equity share in associated companies and joint ventures	34	17
Shares in other companies	108	3
Total	**142**	**20**

16 Accounts receivables

Group (SEK million)	31 Dec 2019	31 Dec 2018
Accounts receivables		
Gross accounts receivables	1,187	1,244
Less allowances for doubtful accounts	−75	−20
Total	**1,112**	**1,224**
Allowance for doubtful accounts		
Opening balance 1 January	20	34
Provision for potential losses	70	9
Actual losses	−10	−6
Reversed write-offs	−5	−18
Translation differences	1	1
Closing balance 31 December	**75**	**20**
Analysis of accounts receivables		
Not due	869	914
Overdue 30–90 days	204	231
Overdue > 90 days	114	99
Total	**1,187**	**1,244**

The credit risk is diversified among a large group of customers. The credit risk is assessed based on historical data. The recognised values are judge to be reasonable approximation of the fair values.

17 Prepaid expense and accrued income

Group (SEK million)	31 Dec 2019	31 Dec 2018
Prepaid expenses		
Personel	2	1
Production	29	58
Capitalised subscriber acqusition cost	351	280
Other	117	110
Total	**499**	**449**
Accrued income		
Advertising	92	59
Subscription	199	210
Production	254	153
License and royalty	91	152
Other	115	54
Total	**751**	**628**
Total prepaid expense and accrued income	**1,250**	**1,076**

Parent company (SEK million)	31 Dec 2019	31 Dec 2018
Other prepaid external expenses	14	1
Other accrued revenue	1	–
Total	**15**	**1**

18 Shareholders' equity

The holder of an NENT Class A share is entitled to 10 voting rights, the holder of an NENT Class B and NENT Class C share one voting right. Class C shareholders are not entitled to dividend payments. The quota value is SEK 2 per share.

There were no C shares outstanding at the year end. Shares in 2018 refers to MTG's shares. There were no treasury shares at year end.

Shares issued

	2019		2018 1)	
Parent company	Number of shares paid	Quota value (SEK million)	Number of shares paid	Quota value (SEK million)
NENT Class A	545,662	1	545,662	25
NENT Class B	66,796,582	134	66,441,462	309
NENT Class C	–	–	660,000	4
Total number of shares issued/total quota value as per 31 December	**67,342,244**	**135**	**67,647,124**	**338**

1) Shares in 2018 refers to MTG's shares.

Paid-in capital/Premium reserve

The paid-in capital arises when shares are issued at a premium, i.e. shares were paid at a higher price than the quota value.

Translation reserve in equity

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations to Swedish krona in the consolidated accounts.

Group (SEK million)	2019	2018
Opening balance 1 January	–77	–123
This year's translation differences, net of tax	52	46
Closing balance 31 December	**–25**	**–77**

Non-controlling interest

In subsidiaries not wholly owned, the share of equity owned by external shareholders is recorded as non-controlling interest. In cases where option clauses exist, the companies have been 100% consolidated.

18 cont.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. Hedging positions are taken to protect the Group against the effects of transaction exposures in the contracted outflow for the main part of programme acquisitions in foreign currency.

Group (SEK million)	2019	2018
Opening balance 1 January	37	−31
Recognised in other comprehensive income	13	68
Closing balance 31 December	**50**	**37**

Retained earnings

Retained earnings comprise of previously earned income.

19 Proposed treatment of unappropriated earnings

The Board of Directors does not propose the previously indicated cash dividend of SEK 7.00 per share for 2019 to the upcoming 2020 Annual General Meeting of shareholders. The Bord of Directors proposes that the un-appropriated earnings be allocated as follows: Read more about the Board's statement on proposed treatment of unappropriated earnings on page 117.

The following sum in the parent company is avaliable for disposal by the Annual General Meeting:		
Profit brough forward	SEK	1,447,712,000
Net profit for the year	SEK	311,548,568
Total	**SEK**	**1,759,260,568**

The board of directors proposes that the unappripriated earnings be allocated as follows:		
Carried forward	SEK	1,759,260,568
Total	**SEK**	**1,759,260,568**

20 Provisions

Accounting principle

Provision

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of 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. If the effect of when in time the payment takes place 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, where appropriate, the risks specific to the anticipated liability.

Pension

There are mainly defined contribution pension plans within the Group. The Group's payments to defined contribution plans are reported as costs in the period when the employee performed the services to which the fee relates. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Group (SEK million)	Restructuring provisions	Royalties and other provisions	Total
Opening balance 1 January 2018	**38**	**401**	**438**
Provisions during the year	38	106	144
Utilised during the year	−43	−200	−243
Reversed during the year	–	−14	−14
Reclassifications	–	−22	−22
Translation differences	–	5	5
Closing balance 31 December 2018	**33**	**276**	**309**
Opening balance 1 January 2019	**33**	**276**	**309**
Provisions during the year	170	144	314
Utilised during the year	−49	−129	−178
Reversed during the year	−3	−33	−36
Translation differences	–	5	5
Closing balance 31 December 2019	**151**	**263**	**414**

The Group has defined benefit pension plans in Norway and Sweden. The plans relate to a few employees and the amount is immaterial. In Sweden there is a multi-employer defined benefit plan. The Group reports these pension costs in the same way as defined contribution plans.

21 Accrued expense and prepaid income

Group (SEK million)	31 Dec 2019	31 Dec 2018
Accrued expenses		
Personnel	326	308
Production	124	114
Distribution	73	79
Royalty	18	24
Marketing	51	96
Other	399	376
Total	**991**	**997**
Prepaid income		
Advertising	132	83
Subscription	592	492
Production	108	78
License and royalty	208	1
Other	49	141
Total	**1,089**	**796**
Total accrued expenses and prepaid income	**2,080**	**1,793**

Parent company (SEK million)	31 Dec 2019	31 Dec 2018
Accrued personnel expenses	39	40
Other accrued expenses	23	–
Total accrued expenses and prepaid income	**62**	**40**

22 Financial instruments and financial risk management

Capital management

The primary objective of the Group's capital management is to ensure financial stability, manage financial risks and secure the Group's short-term and long-term need of capital. The Group defines its capital as equity including non-controlling interest as stated in the balance sheet.

The Group manages its capital structure and makes adjustments when necessary due to economic conditions in its environment. To maintain or adjust the capital structure, the Group may change the dividend payment to shareholders, buy-back shares or issue new shares.

The Group monitors capital efficiency using different ratios, such as net debt, return on capital employed and equity to assets ratio.

Financial risk management

In addition to business operational risks, the Group is exposed to various financial risks in its operations. The most important financial risks are refinancing-, currency-, credit-, and interest rate risk. The risks during 2018–2019 were regulated by the financial policy adopted by NENT's Board of Directors in 2018.

The Group's financial policy constitutes a framework of guidelines and rules for financial risk management and financial activities in general. The policy is subject to a yearly review. The Group's financial risks are continuously compiled and followed up at corporate level by the Group's treasury function to ensure compliance with the financial policy. The parent company's treasury function is responsible for managing the financial risks. The aim is to limit the Group's financial risks, and ensure that the Group has appropriate and secure financing for its current needs.

Liquidity in the Group is concentrated with the Group's treasury function and in local cash pools. Surplus liquidity may be invested during a period of maximum six months. The financial policy includes a special counterparty regulation by which a maximum credit exposure for various counterparties to minimise the risk is stipulated.

Financing and refinancing risk

Financing risk is the risk of not being able to meet the need for future funding requirements. The Group's sources of funding are primarily shareholders' equity, cash flows from operations and borrowing. In order to reduce the refinancing risk the Group strives to diversify the funding sources and maturity tenors and normally initiate refinancing of all loans 12 months prior to maturity. The Group shall at all times strive for relevant key ratios equal to investment grade rating.

External borrowing is managed centrally in accordance with the Group's financial policy. Loans are primarily taken up by the parent company, and transferred to subsidiaries as internal loans or capital injections. There are currently no subsidiaries with external loans and/or overdraft facilities connected directly to these companies.

The Group has a SEK 300 million corporate bond with fixed interest rate maturing July 2026. Additionally the Group has a corporate bond for SEK 700 million maturing May 2024, a corporate bond for SEK 800 million maturing May 2022 and a corporate bond for SEK 500 million maturing October 2020, all with variable 3-month Stibor interest plus a margin. The bonds have been issued under the Group's medium term note program (with a total frame of SEK 4,000 million). In the short-term capital market, The Group has an uncommitted commercial paper program with a frame of SEK 3,500 million under which certificates for SEK 2,480 million was issued at the balance sheet date.

The Group also has a five-year committed SEK 4,000 million syndicated bank facility arranged in August 2018. The facility was not utilised at the balance sheet date. The revolving credit facility is unsecured with no required amortisations and can be paid out in optional currencies. The interest varies with IBOR (not lower than 0%) depending on the currency utilised. Covenants for the facility are based on the ratios total consolidated net debt in relation to consolidated EBITDA and consolidated EBITDA to net financial expenses. There are no regulatory external capital requirements to be met by the parent company or any of the subsidiaries other than the covenants. The covenants have been fulfilled.

Overdraft facilities within the Group's cash-pool banks consist of one overdraft facility of SEK 150 million, one of DKK 50 million, and one of NOK 55 million. In total SEK 278 million of which nil was drawn at the balance sheet date.

As per 31 December 2019, total short- and long-term borrowings amounted to SEK 4,780 (4,372) million including SEK 4,780 (0) million borrowed from the capital market.

22 cont.

Net debt

Group (SEK million)	31 Dec 2019	31 Dec 2018
Short-term loans	2,980	–
Liabilities related to MTG	–	4,373
Short-term borrowings	**2,980**	**4,373**
Long-term borrowings	1,800	–
Total long-term borrowings	**1,800**	**–**
Total financial borrowings	**4,780**	**4,373**
Cash and cash equivalents	1,238	428
Financial net debt	**3,542**	**3,944**
Lease liability	823	–
Lease receivables	225	–
Lease liabilities net	**598**	**–**
Net debt	**4,139**	**3,944**
Cash-pool overdraft facilities	278	375
where of utilised	–	–
Revolving credit facilities	4,000	–
whereof utilised	–	–

Parent company (SEK million)	31 Dec 2019	31 Dec 2018
Amount due for settlement within 12 months	2,980	4,373
Amount due for settlement within 13 to 59 months	1,500	–
Amount due for settlement after 60 months	300	–
Total	**4,780**	**4,373**

Terms and payback period, gross values

Group 2019 (SEK million)	Interest rate	Fixed interest rate	Effective interest rate	2019 Total	Maturity 2020	Maturity 2021	Maturity 2022 or later
Bond loan (floating rates)	1.29%	3 months	1.33%	1,700	500	–	1,200
Bond loan (fixed rate including interest rate swaps)	1.48%	3–7 years	1.45%	600	–	–	600
Commercial papers	0.32%	2–9 months	0.35%	2,480	2,480	–	–
Accounts payable	–	–	–	2,199	2,199	–	–
Total				**6,979**	**5,179**	**–**	**1,800**

Group 2018 (SEK million)	Interest rate	Fixed interest rate	Effective interest rate	2018 Total	Maturity 2019	Maturity 2020	Maturity 2021 or later
Liabilities related to MTG	1.1%	3 months	1.1%	4,384	4,384	–	–
Accounts payable	–	–	–	1,750	1,750	–	–
Total				**6,134**	**6,134**	**–**	**–**

The interest have been calculated using the current interest rates on 31 December.
The liabilities have been included in the period when repayment may be required at the earliest.

Market risks

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect cash flow, financial assets and liabilities. The Group is exposed to interest rate risk through loans, derivatives, other financial assets and utilised interest-bearing credit facilities. The Group's financial policy aim to gain financial flexibility through a balanced mix between variable and fixed interest rates and spreading maturities to match funding needs. During 2018–2019, the weighted average interest rate period was less than 1 year.

The Group has one interest rate swap with a nominal amount of SEK 300 million fixing part of the interest of the corporate bond maturing 2022. Interest paid and received in the swap is accounted for as interest in the profit and loss, valuations of future cash flows are accounted for in equity.

Short-term investments and cash and cash equivalents amounted to SEK 1,238 (428) million as per 31 December and the average interest rate period on these assets was approximately 0 month. An increase of 1% would increase the interest cost by approximately SEK 37 million. A 1% decrease would reduce the interest expense by approximately SEK 19 million. The difference is due to the terms of the loans and assuming it would be more difficult to benefit fully from a decrease using committed facilities and potential new commercial papers.

22 cont.

Credit risk

Credit risk is defined as the risk that the counterparty in a transaction will not fulfil its contractual obligations and any collateral will not cover the claim of the Group. The credit risk in the Group consists of financial credit risk and customer credit risk.

Financial credit risk is the risk arising for the Group in its relations with financial counterparties. The management of the financial credit risk is regulated in the Group's financial policy.

Financial counterparties must have a rating of the equivalent of S&P's single A rating or higher for larger deposits of cash or surplus funds. Standardised ISDA agreements are signed with all counterparties involved in foreign exchange transactions and interest rate swaps. Transactions are made within fixed limits and exposures are continuously monitored.

The credit risk with respect to the Group's accounts receivables is diversified among a large number of customers, both private individuals and companies. The Group's assessment based on historical data is that there are no write-down requirements for accounts receivables not due. The majority of the current outstanding accounts receivables comprise previously known customers, who are judged to have good credit worthiness. See also note 16 Accounts receivables.

The Group's exposure to credit risk amounts to SEK 2,641 (2,659) million as per 31 December. The exposure is based on the carrying amount for the financial assets, the major part comprising cash and cash equivalents and accounts receivables.

Insurable risks

The parent company ensures that the Group has sufficient insurance coverage, including business interruption, director and officer liabilities and asset losses. This is done via corporate umbrella solutions to cover most territories.

Currency risk

Foreign exchange risk is the risk that fluctuations in exchange rates will adversely affect the income statement, financial position and/or cash flows. The risk can be divided into transaction exposure and translation exposure.

Derivative instruments

The Group uses forward contracts to hedge its exposure to foreign exchange arising from operational activities and currency swaps to match the timing of foreign exchange flows. The major part of contracted programme acquisition outflows in US dollars is hedged. Derivatives that do not qualify for hedge accounting due to the rules in IFRS 9 are accounted for as financial instruments valued at fair value through profit and loss.

Derivative financial instruments are recognised initially at cost and remeasured to fair value thereafter. The effective part of the gain or loss in the cash flow hedge is recognised in other comprehensive income with the aggregated changes in value in the hedge reserve in equity. When the forecasted transaction results in the recognition of programme inventory, the cumulative gain or loss is removed from equity and included in the initial cost of inventory. When a hedging instrument expires, the cumulative gain or loss is recognised in the income statement.

Transaction exposure

Transaction exposure arise when inflow and outflow in foreign currencies are not matched. According to the Group's financial policy, the Group shall hedge the major contractual future currency flows on the basis of maximum 36 months forward. The corporate treasury department strives to match inflows and outflows in the same currency and also to take advantage of natural hedges. Hedging is performed to protect the Group against the effects of transaction exposures in the contracted outflow for the main part of programme acquisitions in US dollars. Approximately 85–100% of the contracted currency flows related to programme acquisitions for the next 12 months are hedged. The hedging reserve at year-end amounted to a total of SEK 57 (58) million. Hedges with a maturity later than 12 months have a market value of SEK 9 (–1) million at year-end.

The transaction exposures in the Group occurs when the subsidiaries have external and internal transactions in currencies other than the subsidiary's functional currency. Below is the net of hedges and forecasted transaction exposures for the next 12 months:

Currency stated in SEK (SEK million)	USD	EUR	DKK	NOK	GBP
Transaction flows	–3,152	–2,552	2,599	1,378	–366
Hedges due in 12 months	2,332	–	–	–	187
Net transaction flows	**–820**	**–2,552**	**2,599**	**1,378**	**–179**
Effect if SEK falls 5%	–41	–128	130	69	–9

22 cont.

The nominal value of the major hedge contracts amounted to:

Currency stated in SEK (SEK million)	2019	2018
EUR	–	–5
USD	314	361

The effect of a change in the rate by 5% on all of the outstanding positions as per 31 December would have been approximately SEK 126 (164) million, the impact on equity would be after deduction of tax. Currency swaps amounted to EUR –67 million and USD 60 million per 31 December.

Translation exposure

Translation exposure is the risk that arises when translating equity in a foreign subsidiary, associated company or joint venture. There are no hedging positions for translation exposure.

Foreign net assets including goodwill and other intangible assets arising from acquisitions are distributed as follows:

	2019		2018	
Currency	SEK million	%	SEK million	%
NOK	554	57%	475	58%
EUR	147	15%	78	10%
DKK	242	25%	125	15%
Other currencies	26	3%	140	17%
Total equivalent SEK value	**969**	**100%**	**817**	**100%**

A 5% change in NOK/SEK would affect equity by approximately SEK 28 (24) million, in EUR/SEK the effect would be approximately SEK 7 (4) million and in DKK/SEK approximately SEK 12 (6) million.

Accounting for financial instruments

Financial assets and liabilities include cash and cash equivalents, securities, derivative instruments, other financial receivables, accounts receivables, accounts payable, contingent considerations and loan liabilities.

Financial assets at fair value through profit and loss

Shares

The Group's shareholdings in other companies is non listed. Changes in the fair values of these shares will impact the Income statement.

Derivatives

Derivates are recognised as a financial asset at fair value and realised changes in the value are recognised in profit and loss and unrealised value changes are recognised in equity as a result of hedge accounting.

Financial assets at amortised costs

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as current assets, with exception for receivables with maturities later than 12 months after the balance-sheet date. These receivables are classified as non-current assets. These assets comprise accounts receivables and other receivables and cash and cash equivalents. Receivables are stated at amortised cost less impairment losses. The receivables are reviewed monthly to determine whether there is an indication of impairment. Such indications include receivables due for a longer period than 90 days. Doubtful accounts receivables are reported with the amount at which, they are deemed likely to be paid.

Financial liabilities at fair value through profit or loss

Derivatives

Derivatives at fair value are recognised as financial liabilities and the realised changes in the value are recognised in profit and loss and unrealised value changes are recognised in equity as a result of hedge accounting.

Contingent considerations and options to acquire remaining shares in subsidiaries

When a subsidiary is acquired and previous owners remain as non-controlling interest, the agreement often includes an option for the minority owners to sell their share of the acquired company to the Group at a later stage. In such cases no non-controlling interest is reported but instead a financial liability is recognised. The liability is reported at the discounted present value of the redemption amount of the shares.

Financial assets and liabilities

The financial liabilities at amortised costs are recognised as liabilities to suppliers, short-term interest-bearing liabilities and long-term interest-bearing liabilities.

22 cont.

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including the levels in the fair value hierarchy.

The carrying amount of cash and cash equivalents, other receivables, accounts receivables and receivables from associated companies and interest-bearing liabilities, accounts payables and other liabilities represent a reasonable approximation of fair value.

Group 2019 (SEK million)	Fair value hedging instruments	Fair value through profit and loss	Financial assets/ liabilitites at amortised cost	Total 31 Dec 2019	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Shares and participations in other companies	–	108	–	108	–	–	108	108
Forward exchange contracts used for hedging	77	–	–	77	–	77	–	77
Interest rate swaps	2	–	–	2	–	2	–	2
Total	**79**	**108**	**–**	**188**	**–**	**79**	**108**	**188**
Financial assets measured at amortised cost								
Accounts recievables and other receivables	–	–	1,437	1,437	–	–	–	–
Cash and cash eqvivalents	–	–	1,238	1,238	–	–	–	–
Total	**–**	**–**	**2,675**	**2,675**	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value								
Foreign exchange swaps	3	6	–	9	–	9	–	9
Contingent consideration and options to purchase additional shares	–	17	–	17	–	–	17	17
Total	**3**	**23**	**–**	**26**	**–**	**9**	**17**	**26**
Financial liabilities measured at amortised cost								
Long-term borrowings	–	–	1,800	1,800	–	–	–	–
Short-term borrowings	–	–	2,980	2,980	–	–	–	–
Accounts payable and other payables	–	–	2,593	2,593	–	–	–	–
Total	**–**	**–**	**7,373**	**7,373**	**–**	**–**	**–**	**–**

Book value equals fair value except for other financial liabilities where the fair value is SEK 16 million higher than the book value.

22 cont.

Group 2018 (SEK million)	Fair value hedging instruments	Fair value through profit and loss	Financial assets/ liabilities at amortised cost	Total 31 Dec 2018	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Shares and participations in other companies	–	3	–	3	–	–	3	3
Total	**–**	**3**	**–**	**3**	**–**	**–**	**3**	**3**
Financial assets measured at amortised cost								
Accounts recieavables and other receivables	–	–	1,327	1,327	–	–	–	–
Cash and cash eqvivalents	–	–	428	428	–	–	–	–
Total	**–**	**–**	**1,755**	**1,755**	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value								
Forward exchange contratcs used for heding	74	–	–	74	–	74	–	74
Contingent consideration and options to purchase addtional shares	–	20	–	20	–	–	20	20
Total	**74**	**20**	**–**	**94**	**–**	**74**	**20**	**94**
Financial liabilities measured at amortised cost								
Liabilitites related to MTG	–	–	4,372	4,372	–	–	–	–
Accounts payable and other payables	–	–	7,999	7,999	–	–	–	–
Total	**–**	**–**	**12,371**	**12,371**	**–**	**–**	**–**	**–**

Book value equals fair value except for other financial liabilities where the fair value is SEK 6 million higher than the book value.

22 cont.

Parent company (SEK million)	Fair value hedging instruments	Fair value through profit and loss	Financial assets/ liabilitites at amortised cost	Total 31 Dec 2019	Fair value hedging instruments	Fair value through profit and loss	Financial assets/ liabilitites at amortised cost	Total 31 Dec 2018
Financial assets measured at fair value								
Forward exchange contracts used for hedging	77	–	–	77	–	–	–	–
Interest rate swaps used for hedging	2	–	–	2	–	–	–	–
Total	**79**	**–**	**–**	**79**	**–**	**–**	**–**	**–**
Financial assets measured at amortised cost								
Receivables from group companies	–	–	10,831	10,831	–	–	13,056	13,056
Accounts receivables and other receivables	–	–	73	73	–	–	266	266
Cash and cash eqvivalents	–	–	974	974	–	–	–	–
Total	**–**	**–**	**11,878**	**11,878**	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value								
Forward exchange contracts used for hedging	77	6	–	83	–	–	–	–
Total	**77**	**6**	**–**	**83**	**–**	**–**	**–**	**–**
Financial liabilities measured at amortised cost								
Long-term borrowings	–	–	1,800	1,800	–	–	–	–
Short-term borrowings	–	–	2,980	2,980	–	–	73	73
Liabilities to group companies	–	–	5,083	5,083	–	–	11,201	11,201
Accounts payable and other liabilities	–	–	105	105	–	–	4	4
Total	**–**	**–**	**9,968**	**9,968**	**–**	**–**	**11,278**	**11,278**

Book value equals fair value except for other financial liabilities where the fair value is SEK 16 million higher than the book value.

Valuation techniques level 1, 2 and 3

Shares and participations in other companies

Quoted prices in active markets for identical assets or liabilities are used to determine the fair value.

Contingent consideration

Discounted cash flows at the present value of expected future payments. The discount rate is risk-adjusted. The most critical parameters are estimated future revenue growth and future operating margin.

Forward exchange contracts and interest rate swaps

The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yielded curves in the respective currencies.

Financial assets, level 3

Group (SEK million)	2019	2018
Opening balance 1 January	**3**	**3**
New acquisitions	105	–
Closing balance 31 December	**108**	**3**

Financial liabilities, level 3

Group (SEK million)	2019	2018
Opening balance 1 January	**20**	**47**
New acquisitions	–	6
Exercise	–	−14
Changes in fair value	−3	−18
Closing balance 31 December	**17**	**20**

23 Leases

Accounting principle

IFRS 16 Leases, introduces a single accounting model for all leases (i.e. no classification between finance and operating leases). All leases are recognised on the balance sheet as a right-of-use asset, representing the right to use the underlying asset, and lease liability. The lease liability is initially measured at the present value of the future lease payments discounted by the implicit interest on the lease. When the interest rate cannot be easily determined, funding base rates with a risk premium are to be used. The expense for operating leases is replaced by depreciation on the right-of-use asset, and interest expense on the lease liability.

Lease commitments

The Group has identified the following categories of leases; offices, cars and car parks. The recognition exemption for short-term leases and leases for low value items has been applied. An interest rate of 0,8%–4,28% (local IBOR rate including riskpremium) has been applied.

The Group has applied the modified retrospective approach, which implies no restatement of previous periods. For 2018 IAS 17 Leases has been applied, and the expenses for operating leases recognised on a straight-line basis over the period the asset is used.

Commitmets for future payments on non-cancellable operational leases

Group (SEK million)	2018
2019	164
2020	150
2021	132
2022	131
2023 and thereafter	425
Total lease commitments 31 December 2018	**1,003**
Paid minimum lease fee 2018	**149**

Reconciliation lease commitments (IAS 17) and lease liability (IFRS 16)

Group (SEK million)	1 Jan 2019
Operating leasing commitments as at December 31 2018 in accordance with IAS 17	1 003
Less short-term leases and leases for low value items	–36
Discounted with funding base rates including risk premium	–109
Lease liability as at 1 January 2019 in accordance with IFRS 16	**859**

Right of use assets

Group (SEK million)	Real estate	Other leases	Total
Acquisition values			
Change in accounting principle	606	1	607
New leasing contracts	53	9	61
End of leasing contracts	–14	–	–14
Translation differences	10	–	10
Closing balance 31 December 2019	**655**	**10**	**665**
Accumulated depreciation			
Depreciation during the year	–98	–3	–101
End of leasing contracts	2	–	2
Translation differences	1	–	1
Closing balance 31 December 2019	**–96**	**–3**	**–99**
Carrying amount			
As per 31 December 2019	559	7	566

Change in lease liability

Group (SEK million)	Real estate	Other leases	Total
Change in accounting principle	855	4	859
New leasing contract	55	6	61
End of leasing contract	–13	–	–13
Interest on lease liability	26	–	26
Payment lease	–144	–3	–146
Translation difference	35	–	35
Closing balance 31 December 2019	**816**	**7**	**823**
whereof long-term			691
whereof short-term			132

23 cont.

Age analysis lease liability

Group (SEK million)	2019
Within 1 year	122
1–2 years	115
2–5 years	314
Over 5 years	271
Total	**823**

Cash flows during period

Group (SEK million)	2019
Amortisation of lease receivables	33
Amortisation of lease liabilities	−121
Total	**−88**

Contractual cash flows

Group (SEK million)	2019
Within 1 year	140
1–2 years	131
2–5 years	355
Over 5 years	297
Total	**922**

Subleases

A substantial part of the London offices are subleased, as at 31 December 2019 the sublease receivable amounted to SEK 225m and sublease income during 2019 amounted to SEK 33m.

Short term leases and leases of low value items

The Group has applied the recognition exemption for short-term leases and leases for low value items. Lease fees for these leases are reported as a cost on a straight-line basis over the lease term. Studio equipment is normally leased on a short-term basis, and most IT- and office equipment are of low value.

Group (SEK million)	2019
Short term leases	
Studio equipment	21
Leases for low value items	
IT and office equipment	22
Total expense for leases for which the recognition exemption is applied	**43**

24 Future payment commitments

The table below shows future payments for non-cancable program rights commitments and transponder agreements at 31 December.

	Program rights		Transponders	
Group (SEK million)	2019	2018	2019	2018
2019	–	5,143	–	168
2020	4,192	4,178	174	55
2021	5,292	3,023	–	–
2022	3,052	1,325	–	–
2023	1,863	1,679	–	–
2024 and later	4,216	–	–	–
Total	**18,616**	**15,348**	**174**	**223**

25 Pledged assets and contingent liabilities

Pledged assets

There are no pledged assets in the Group in 2019 and 2018.

Parent company (SEK million)	31 Dec 2019	31 Dec 2018
Guarantees subsidiaries	358	–

The parent company issues guarantees to the benefit of the subsidiaries. These include mainly rental agreements and capital coverage.

Contingent liabilities

Various companies within the group are involved in disputes, with collecting societies, over payment of royalties for the past use of copyrights and similar rights. Further, NENT companies are parties in litigations. The Company does not believe that the outcome of these litigations are likely to have a material adverse effect on the financial position of the Group.

26 Supplementary information to the statement of cash flows

Adjustments to reconcile net income/loss to net cash provided by operations

Group (SEK million)	2019	2018
Depreciation and amortisation	327	201
Write-downs and impariment losses	7	7
Writedown of free-TV content and other assets	541	–
Total	**875**	**208**
Provisions	101	−135
Revaluation of liabilities related to options to acquire shares	–	−3
Other items	−173	133
Total	**−72**	**−5**

Cash paid for interest and corporate tax

Group (SEK million)	2019	2018
Interest paid	−24	−67
Interest received	5	7
Total	**−19**	**60**
Corporate income tax	−310	−104

Parent company (SEK million)	2019	2018
Interest paid	−24	–
Interest received	5	–
Total	**−20**	**–**
Corporate income tax	−2	–

Reconciliation of debts arising from financing activities

Group 2019 (SEK million)	Opening balance 2019	Cash flows	Reclassi-fication	Other changes	Closing balance 2019
Short-term borrowings	–	2,480	500	–	2,980
Long-term borrowings	–	2,300	−500	–	1,800
Financing to/from MTG	4,372	−4,474	–	102	–
Total	**4,372**	**306**	**–**	**102**	**4,780**

Group 2018 (SEK million)	Opening balance 2018	Cash flows	Reclassi-fication	Other changes	Closing balance 2018
Financing to/from MTG	1,110	3,267	–	–	4,372
Total	**1,110**	**3,267**	**–**	**–**	**4,372**

Parent company

All external borrowings are attributable to the parent company. In addition the parent company has interest-bearing receivables from and liabilities to other group companies. At year end interest-bearing receivables from group companies amounted to SEK 10,831 (13,059) million. Interest-bearing liabilities to group companies at year-end amounted to SEK 9,863 (11,201) million. The changes during the year are explained by a negative cash flow of SEK −890 million.

27 Average number of employees

Group	2019 Men	2019 Women	2019 Total	2018 Men	2018 Women	2018 Total
Sweden	666	470	1,136	548	376	924
Norway	55	57	112	173	151	324
Denmark	178	132	310	132	88	220
Finland	48	65	113	29	40	69
United Kingdom	61	78	139	74	86	160
Other	10	24	34	7	20	27
Total	**1,018**	**826**	**1,844**	**963**	**761**	**1,724**

Parent company	2019	2018[1]
Men	23	22
Women	35	24
Total	**58**	**46**

Gender distribution senior executives

Group	2019 Men	2019 Women	2018 Men	2018 Women
Board of Directors	67%	33%	67%	33%
CEO	100%	–	100%	–
Other senior executives	57%	43%	73%	27%
Total	**62%**	**38%**	**71%**	**29%**

Parent company	2019 Men	2019 Women	2018[1] Men	2018[1] Women
Board of Directors	67%	33%	67%	33%
CEO	100%	–	100%	–
Other senior executives	40%	60%	67%	33%
Total	**58%**	**42%**	**70%**	**33%**

1) Reflects the period 2018-07-01–2018-12-31

28 Audit fees

	Group		Parent	
(SEK million)	2019	2018	2019	2018
KPMG, audit fees	12	11	2	2
KPMG, audit related fees	–	–	–	–
KPMG, tax related fees	–	1	–	–
KPMG, other services	3	7	3	5
Total	**15**	**19**	**5**	**7**

29 Related party transactions

The Group has related party relationships with its subsidiaries, associated companies and joint ventures (see notes 14 and 15).

All related party transactions are based on market terms and negotiated on an arm's length basis.

Until the listing of Nordic Entertainment Group AB (publ) on Nasdaq Stockholm on March 28, 2019, related party relationship exsisted with the companies within the MTG Group and the parent company Modern Times Group MTG AB (MTG). In 2019, companies within the NENT Group paid management fees to MTG. This was reported in the income statement as administrative expenses.

Up until the listing, NENT was financed with group internal loans from MTG. At year-end 2018, these loans totaled SEK 4,373m. In connection with the stock exchange listing, these loans were redeemed and refinanced externally.

Renumeraton of senior executives

No other transactions than reported in note 7 have been made.

Group (SEK million)	2019	2018
Net sales		
Associated companies and joint ventures	78	107
MTG	–	44
Total	**78**	**151**
Other income		
MTG	–	12
Total	**–**	**12**
Costs		
Associated companies and joint ventures	−42	−37
MTG	–	−30
Total	**−42**	**−67**

Group (SEK million)	2019	2018
Accounts receivables and other receivables		
Associated companies and joint ventures	17	25
MTG	–	145
Total	**17**	**169**
Accounts payable and other liabilitites		
Associated companies and joint ventures	2	–
MTG	–	198
Total	**2**	**198**
Financial liabilities		
MTG	–	4,373
Total	**–**	**4,373**
Other transactions		
Shareholders' contribution, MTG	620	2,000
Other transactions with shareholders, MTG	–	−5,400
Total	**620**	**−3,401**

30 Significant events after the reporting period

29 January – NENT Group reorganising NENT Studios to futher focus on scripted drama and international ambitions

NENT Group is reorganising NENT Studios – its content production and distribution business that comprises 32 companies in 17 countries – into a new organisation focused on scripted drama production, bot series and movies, and distribution. As part of the reorganisation the non-scripted production, branded entertainment and events businesses will be divested. NENT Group also intends to bring a minority equity partner into its scripted drama production business, in order to contribute to the further development of the output and operations.

4 February – Henrik Clausen steps down as NENT Group Non-executive Board Director

Henrik Clausen steps down as Non-executive Board Director following his appointment as CEO of TDC Group.

6 February – NENT Group acquires exclusive rights to Premier League in Sweden, Norway, Denmark and Finland from 2022 to 2028

NENT Group. the Noric leading streaming company, has secured the exclusive Swedish, Norwegian, Danish and Finnish media rights to the English Premier League, the world's leading national football league, in a ground-breaking six year deal that runs from 2022 to 2028. NENT Group currently holds the Premier League rights in Sweden, Denmark and Finland until 2022.

13 & 17 March – NENT Group to temporarily reduce Viaplay sports package prices due to changes in sports event timings

NENT Group announced that it is temporarily reducing the prices of its Sports packages on its Viaplay streaming service in all markets following the postponement of various Nordic and international sports events due to the global spread of the Coronavirus. The spread of the virus is having an adverse impact on the Group's performance, which will put at risk NENT Group's previously stated ambition to deliver profitable growth for the full year 2020. NENT Group will not report media rights costs for postponed sports events in its income statement until such time as the events take place. According to the terms of its contracts with sports rights owners, NENT Group expects to receive compensation for any events that are cancelled due to the spread of the Coronavirus around the world. NENT Group is not making any new payments for postponed events.

20 March – NENT Group takes further actions to offset impact of Coronavirus

NENT Group announced that it is implementing a range of measures to reduce its ongoing costs (excluding sports rights costs) by approximately SEK 700 million, which will fully impact on the Group's reported results in 2020. In addition, NENT Group's Board of Directors will not propose the previously indicated cash dividend of SEK 7 per share for 2019, nor any executive long-term incentive plan for 2020, to the upcoming 2020 Annual General Meeting of shareholders.

Proposed appropriations of earnings

The following funds are at the disposal of the shareholders as at 31 December 2019 (SEK):

Parent company (SEK)

The Board of Directors proposes that income for the period and retained earnings be distributed as follows:	
To be carried forward	1,759,260,568
Total	**1,759,260,568**

The Board of Directors does not propose the previously indicated cash dividend of SEK 7.00 per share for 2019 to the upcoming Annual General Meeting of share-holders.

The Board of Directors declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Signatures

The Board of Directors and the Chief Executive Officer confirm that the annual accounts have been prepared in accordance with accepted accounting standards in Sweden, and that the consolidated accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards.

The annual accounts and the consolidated accounts give a true and fair view of the Group's and Parent Company's financial position and results of operations.

The Board of Directors' Report for the Group and the Parent Company gives a true and fair view of the Group's and the Parent Company's operations, position and results, and describes significant risks and uncertainty factors that the Parent Company and Group companies face.

The annual accounts and the consolidated statements were approved by the Board of Directors and the Chief Executive Officer on 2 April 2020. The consolidated income statement and balance sheet, and the income statement and balance sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on 19 May 2020.

Stockholm 2 April 2020

David Chance
Chairman of the Board

Simon Duffy
Non-Executive Director

Natalie Tydeman
Non-Executive Director

Anders Borg
Non-Executive Director

Kristina Schauman
Non-Executive Director

Anders Jensen
President and CEO

Our Audit report was submitted 2 April 2020
KPMG AB

Joakim Thilstedt
Authorised Public Accountant and Auditor in Charge

Hök-Olov Forsberg
Authorised Public Accountant

Audit report

To the general meeting of the shareholders of Nordic Entertainment Group AB, corporate id 559124-6847

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Nordic Entertainment Group AB for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 59–118 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 2019 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 2019 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. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Key Audit Matters

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

Recoverability of goodwill and intangible assets

See disclosures 2 and 12 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of goodwill and other intangible assets such as trademarks and capitalized expenditure as at 31 December 2019 amount to SEK 3.4 billion.

Goodwill and intangible assets with indefinite lives are required to be tested annually for impairment. Other intangible assets are tested where there is an impairment trigger.

The impairment tests are complex and include significant judgements. The recoverable value of these assets is based on forecasting and discounting future cash flows using assumptions, such as discount rates, revenue forecasts and long-term growth, which are inherently judgmental, and which could be influenced by management bias.

Response in the audit

We obtained and considered the groups impairment tests to assure compliance with the methodology prescribed by IFRS. We have further evaluated the future cash flow forecasts and their underlying assumptions including long-time growth rates as well as the discount rates used.

We have had reviews with management among others including specific focus on the assumptions used in the impairment test for Studios, where a reasonable change in assumptions could result in an impairment.

We considered management's sensitivity analysis showing the impact of a reasonable change in assumptions to determine whether impairment charged was required.

We have further evaluated the disclosures on goodwill and other intangible assets that have been included in the annual accounts and the consolidated accounts.

Program rights amortisation

See disclosures 2 and 5 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Payments for program rights are reported either as inventory or as prepaid expenses mainly depending on the start of the license period. Program rights inventory, where the license period has started, amount to SEK 2.5 billion as per 31 December 2019. Determining the timing and amount of program right expense recognized in the period requires judgement in selection the appropriate recognition profile and ensuring that this profile achieves the objective of recognizing inventory expense in line with the way that it is consumed by the group.

There is a risk that the recognition profile selected by management does not correctly recognize the expense in line with consumption.

Response in the audit

We examined the method for expensing program rights inventory, taking into account the differing genres of programs, any significant changes in viewing patterns during the year and other assessments made by the group.

In addition, sample testing on contract were performed to evaluate acqusition cost and amortization periods.

We assessed whether the carrying value of the balances are considered recoverable by analyzing the assets on a portfolio basis and comparing the carrying value at 31 December 2019 against current year revenue and forecasts to determine if any indicators of impairment exist.

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 1–44 and 123–153. The Board of Directors and the Managing Director 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 Managing Director

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director 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 Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibility

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

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nordic Entertainment Group AB for the year 2019 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 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 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 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 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 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 whether the proposal is in accordance with the Companies Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Nordic Entertainment Group AB by the general meeting of the shareholders on the 22 May 2019. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm 2 April 2020
KPMG AB

Joakim Thilstedt
Authorised Public Accountant and Auditor in Charge

Hök Olov Forsberg
Authorised Public Accountant

Historical overview

(SEK million if not otherwise stated)	2019	2018	2017	2016
Income statement				
Net sales	15,671	14,568	13,688	12,897
Sales growth, %	7.6	6.5	6.1	5.0
- of which organic growth, %	*6.4*	*3.8*	*5.4*	*4.8*
- of which acquisitions/divestments, %	–	–	–	*0.6*
- of which changes in FX rates, %	*1.1*	*2.7*	*0.7*	*−0.4*
Operating income before IAC	1,545	1,544	1,495	1,363
Operating margin before IAC, %	9.9	10.6	10.9	10.6
Items affecting comparability	−787	−40	75	−65
Operating income	758	1,504	1,570	1,298
Operating margin, %	4.8	10.3	11.5	10.1
Net income for the year	590	1,292	1,294	931
Cash flow				
Cash flow from operations	1,393	1,496	1,417	953
Change in working capital	−791	−380	−695	−369
Net cash flow from operations	602	1,116	722	584
Capital expenditures in tangible and intangible assets	−176	−550	−154	−180
Acquisitions and divestments of operations	−15	−19	−62	−2
Net debt				
Total financial borrowings	4,780	4,373	1,110	892
Cash and cash equivalents	1,238	428	89	33
Financial net debt	3,542	3,944	1,021	860
Net debt	4,139	3,944	1,021	860
Key ratios				
ROCE, %	27.1	36.5	47.5	60.7
Net debt to EBITDA ratio	2.2	2.3	0.6	0.6
Per share data				
Shares outstanding at the end of the period	67,342,244	66,980,902	66,725,249	66,663,816
Basic average number of shares outstanding	67,279,875	66,854,133	66,706,398	66,655,996
Weighted average number of shares after dilution	67,484,565	67,362,405	67,142,319	66,826,825
Basic Earnings Per Share (SEK)	8.77	19.24	19.29	13.93
Proposed ordinary dividend/Cash dividend per share (SEK)	–	6.50	–	–
Market price of Class B shares at close of last trading day (SEK)	302.80	–	–	–

Alternative Performance Measures

The purpose of Alternative Performance Measures (APMs) is to facilitate the analysis of business performance and industry trends that cannot be directly derived from financial statements. NENT Group is using the following Alternative Performance Measures:

- Change in net sales from organic growth, acquisitions/divestments and changes in FX rates
- Operating income and margin before items affecting comparability (IAC)
- Net debt and net debt/EBITDA
- Capital employed and return on capital employed (ROCE)

Reconciliation of sales growth

Since the Group generates the majority of its sales in currencies other than the reporting currency (i.e. SEK, Swedish Krona) and currency rates have proven to be rather volatile, and due to the fact that the Group has historically made several acquisitions and divestments, the Group's sales trends and performance are analysed as changes in organic sales growth. This presents the increase or decrease in the overall SEK net sales on a comparable basis, allowing separate discussions of the impact of acquisitions/divestments and exchange rates.

Group (SEK million)	2019	%	2018	%
Broadcasting & Streaming				
Organic growth	765	6.0	543	4.5
Acquisitions/divestments	–	–	–	–
Changes in FX rates	132	1.0	295	2.5
Reported change	**897**	**7.0**	**839**	**7.0**
Studios				
Organic growth	338	17.7	−145	−7.3
Acquisitions/divestments	–		3	0.1
Changes in FX rates	35	1.8	68	3.4
Reported change	**373**	**19.5**	**−75**	**−3.8**
Group				
Organic growth	938	6.4	518	3.8
Acquisitions/divestments	–	–	3	–
Changes in FX rates	165	1.1	359	2.6
Reported change	**1,103**	**7.6**	**880**	**6.4**

Reconciliation of operating income before IAC

Operating income before items affecting comparability refers to operating income after the reversal of material items and events related to changes in the Group's structure or lines of business, which are relevant for understanding the Group's development on a like-for-like basis. This measure is used by management to follow and analyse the underlying profits and to offer more comparable figures between periods.

Operating income before and after IAC

Group (SEK million)	2019	2018
Operating income	758	1,504
Items affecting comparability	−787	40
Operating income before items affecting comparability	**1,545**	**1,544**

Items affecting comparability

Group (SEK million)	2019	2018
Costs related to the separation and listing of NENT Group	−56	–
Write down of free-TV content and other assets	−540	−16
Restructuring NENT Group	−190	−53
Revaluation of liabilities related to options to acquire shares	–	14
Impariment of goodwill related to closed company	–	−6
Deconsolidaton of the operations in Tanzania	–	21
Total	**−787**	**−40**

Items affecting comparability classified by function

Group (SEK million)	2019	2018
Cost of goods sold	−416	–
Administrative expenses	−368	−53
Other operating income	–	35
Other operating expense	−3	−22
Total	**−787**	**−40**

Reconciliation of net debt/EBITDA before IAC ratio

Net debt refers to the net of interest-bearing liabilities less total cash and interest-bearing assets. As from 1 January 2019 the net debt also includes lease liabilities net of sublease recevables and dividend payable. Net debt is used by Group management to track the debt evolvement of the Group and to analyse the leverage and refinancing needs of the Group. The net debt to EBITDA ratio provides a KPI for net debt in relation to cash profits generated by the business, i.e. an indication of a business' ability to pay off all its debts. This measure is commonly used by financial institutions to rate credit worthiness.

Net debt

Group (SEK million)	2019	2018
Short-term borrowings	2,980	–
Liabilities related to MTG	–	4,373
Short-term borrowings	**2,980**	**4,373**
Long-term borrowings	1,800	–
Total financial borrowings	**4,780**	**4,373**
Cash and cash equivalents	1,238	428
Financial net debt	**3,542**	**3,945**
Lease liabilities	823	–
Sublease receivables	225	–
Lease liabilities net	**598**	**–**
Net debt	4,139	3,944

Net debt/EBITDA before IAC, ratio

Group (SEK million)	2019	2018
Operating income before IAC	1,545	1,544
Depreciation and amortisation	336	201
EBITDA 12 months trailing	**1,881**	**1,745**
Net debt	4,139	3,944
Total net debt/EBITDA ratio	**2.2**	**2.3**

Reconciliation of Return on Capital Employed (ROCE)

Return on capital employed is a performance measure whereby operating income before items affecting comparability is put in relation to the capital employed within the operations. Operating income before items affecting comparability is the main profit level for which operations are responsible and comprise results before interest and tax. Capital employed is the sum of current and non-current assets less current and non-current liabilities, provisions and liabilities at fair value. All items are non-interest-bearing. Capital employed thus equals the sum of equity and net debt.

Group (SEK million)	2019	2018
Inventory	2,551	2,428
Accounts receivables	1,112	1,224
Prepaid expense and accrued income	4,609	3,951
Other current assets	532	468
Other current liabilities	−6,923	−6,598
Total working capital	**1,882**	**1,471**
Intangible assets	3,384	3,404
Machinery, equipment and installations	165	152
Right-of-use assets	566	–
Shares and participations	142	20
Other long-term receivables	171	127
Provisions	−414	−309
Other non-current liabilities	−316	−324
Other items included in the capital employed	**3,699**	**3,071**
Capital employed	**5,581**	**4,541**
Average Capital Employed (5 quarters)	5,700	4,229
Operating income before IAC 12 months trailing	1,545	1,544
ROCE %	**27.1%**	**36.5%**

1) Average capital employed (5 quarters) and Operating income before IAC 12 months trailing has been adjusted for the estimated effect for IFRS 16 for increased comparability. 2018 periods included in Average capital employed has been adjusted for Right-to-use assets with SEK 631m, adjusting the average capital employed with SEK 126m from SEK 5,574m to SEK 5,700m.

Sustainability reporting

Content

Stakeholder engagement and materiality determination

In order to provide a strong foundation for our sustainability strategy, we conducted an extensive materiality assessment in 2018 to help us set our priorities and focus our efforts. Following a wide stakeholder dialogue, we considered our social, economic and environmental impacts in society, and reflected on associated topics that are important to our stakeholders and substantively influence their decisions and views.

Our materiality assessment process

To ensure we focus on the most important and impactful topics, we regularly review our sustainability priorities with our stakeholders. In 2018, we conducted the first materiality assessment for NENT Group. To identify relevant topics for our business, we conducted a review of relevant documents and databases; looked at media industry trends, risks and opportunities for our business and sustainability related requirements; and also benchmarked against industry peers. This helped us create a long list of relevant sustainability topics, which we then filtered through discussions, followed by more than 50 interviews with internal and external stakeholders on 28 relevant topics. In the interview process, we examined what governs our stakeholders' decisions, and jointly assessed possible economic, social and environmental impacts of working with a certain topic. After gathering and assessing our stakeholders' input from the interviews, we populated a final shortlist of 18 material topics.

Materiality assessment

Importance to stakeholders: Low → High
Significant impact: Low → High

Respond and report
- Safe, fair & inclusive work environment
- Talent attraction, development & retention
- Respecting human rights & freedom of expression

Key focus, engage and report
- Diversity & equality off & on-screen*
- Promoting local content & creative industry
- Raising awareness & engaging in societal issues

Monitor and address
- Anti-bribery & corruption
- Open dialogue & transparent decision making
- Responsible sourcing and content production
- Providing channels for raising concerns
- Content accessibility

Assess and communicate
- Data protection & privacy
- Responsible advertising
- Protecting minors & vulnerable groups
- Healthy digital viewing habits
- Reducing waste, energy use & carbon emissions
- Empowering media understanding & critical thinking

* Diversity & equality off & on-screen merges two material topics: on-screen representation of diversity, pluralism & equality, and diversity & equality in the workplace.

After categorising these material topics into topics mostly relevant for our 1) people and culture, 2) business, and 3) society, we launched a sustainability survey targeting all our stakeholder groups internally and externally. We engaged 3,225 people in total, and successfully prioritised the material topics by importance to our stakeholders, as well as by the impact that they believe NENT Group can have in those areas. We then assessed the results from both the interviews and the sustainability survey together with management at a validation workshop, after which we finalised our materiality assessment. The materiality assessment findings formed the foundation of our sustainability strategy and are used to define the key focus areas as illustrated by the materiality matrix. Our materiality matrix is composed of four elements:

Monitor and address – Issues we continuously observe, address and adjust if necessary, in order to ensure compliance and that we meet stakeholders' reasonable expectations. We engage when appropriate, and report accordingly.

Assess and communicate – Issues about which we adequately inform relevant stakeholders, engage in a wider dialogue when needed, and report accordingly.

Respond and report – Issues of higher interest about which we actively engage to make sure that we meet stakeholders' reasonable expectations, interests and needs. Followed by continuous dialogue and reporting.

Key focus, engage and report – Most significant issues that are actively addressed and create substantial value or risk for our business, our stakeholders and society at large. In focus for our sustainability efforts and followed by continuous engagement and reporting.

Our stakeholder engagement

We take a proactive approach to stakeholder engagement. Engaging with our stakeholders is a cornerstone of how we do business. It enables us to keep track of their expectations and insights on an ongoing basis. The input we receive guides our work and shapes our everyday activities, goal setting and reporting. We engaged extensively with our internal & external stakeholders as part of our materiality assessment in 2018, and the outcome of this engagement both informed our sustainability strategy and is consistent with the material topics presented in the report. We have continued to engage with a wide range of stakeholders in 2019.

Identifying and engaging with our stakeholders

In the initial phase of our materiality assessment, we conducted stakeholder mapping. We identified our stakeholders as entities or individuals that can reasonably be expected to be affected by us and our activities, products, or services; and/or entities or individuals whose actions can reasonably be expected to affect us. We decided on a scheme mapping our stakeholders into three categories: primary internal, primary external, and secondary external stakeholders. We then mapped our stakeholder groups based on their impact and interest, ranging from low to high, and produced a stakeholder group matrix. This allowed us to target all stakeholder groups in our materiality assessment and guided our assessment of the most material sustainability topics for NENT Group.

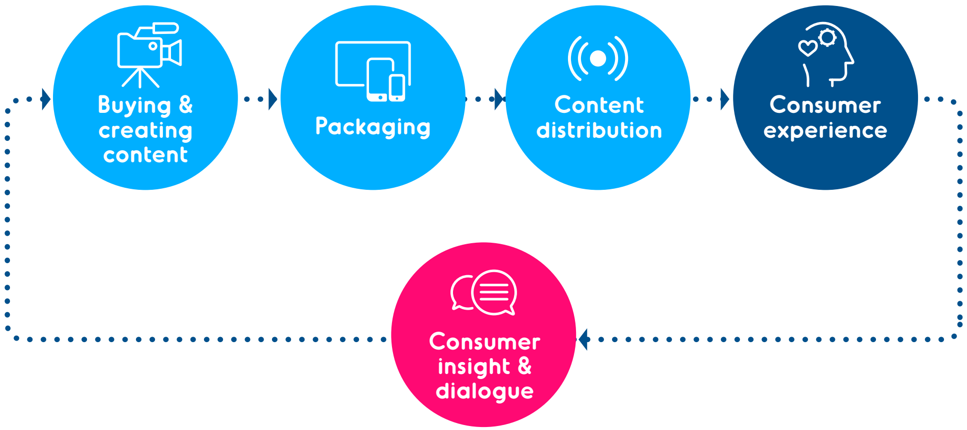
A list of our stakeholder groups, together with the engagement methods and key topics raised by each stakeholder group during the materiality assessment in 2018 can be found on the next page.

Stakeholder group	Communication channels	Key topics
Customers B2C: video streaming and linear TV viewers, users of our digital video networks, radio listeners. B2B: media agencies and corporations.	Direct dialogue, focus groups and ad-hoc content surveys, social media, viewing figures, audience appreciation index, customer support channels, dialogue programs, newsletters, brochures, campaigns, viewing panels, messaging activities, listener hotlines, competitions, website, audience measurement, interviews, auditory tests, events and concerts.	Data protection and privacy; respecting human rights and freedom of expression; safe, fair and inclusive work environment; protecting children, minors and vulnerable groups; responsible sourcing and content production; diversity and equality in the workplace; responsible advertising.
Shareholders	Annual General Meeting, Annual Report, quarterly reports, press releases, general and Environmental Social Governance roadshows and conferences and Capital Markets Day.	Responsible sourcing and content production; respecting human rights and freedom of expression; diversity and equality in the workplace; data protection and privacy; open dialogue and transparent decision making.
NENT Group's Board of Directors	Board of Directors meetings and interviews.	Talent attraction, development and retention; providing channels for raising concerns; open dialogue and transparent decision making; data protection and privacy; anti-corruption.
Employees	Annual Employee Survey, intranet, newsletters, policies and guidelines, meetings, daily dialogues in person and through dialogue tools.	Safe, fair and inclusive work environment; respecting human rights and freedom of expression; protecting children, minors and vulnerable groups; open dialogue and transparent decision making; anti-corruption.
Industry peers	Continuous dialogue with colleagues and other professionals and quarterly peer meetings through the Responsible Media Forum.	Respecting human rights and freedom of expression; protecting children, minors and vulnerable groups; anti-corruption; open dialogue and transparent decision making; safe, fair and inclusive work environment.
Regulators OfCom and other authorities that set the rules for what we do.	Continuous dialogue via mail, telephone and working groups. Also information through bulletins.	Open dialogue and transparent decision making; respecting human rights and freedom of expression; data protection and privacy; safe, fair and inclusive work environment; protecting children, minors and vulnerable groups.
NGOs and trade associations Associations we are members of, and non-governmental organisations with which we work.	Continuous dialogue, face-to-face meetings, Task Force calls, association events with key stakeholders including political institutions and regulators, conferences, webinars, monthly board meetings, weekly email discussions, long-term projects, joining advocacy efforts through conducting interviews.	Respecting human rights and freedom of expression; protecting children, minors and vulnerable groups; empowering media understanding, critical thinking and self-expression; raising awareness about societal issues; on-screen representation of plurality, diversity, pluralism and equality.
Business partners Companies whose products and services we buy and organisations we partner with.	Daily or weekly phone calls and face-to-face meetings, Supplier Code of Conduct, site visits, communication regarding set-up routines on GDPR and Supplier Code of Conduct compliance as well as consumer regulatory standards.	Respecting human rights and freedom of expression; anti-corruption; responsible sourcing and content production; diversity and equality in the workplace; on-screen representation of plurality, diversity, pluralism and equality.

GRI 102-40 GRI 102-44

Value chain

As the Nordic region's leading entertainment provider, we offer a wide range of products and services in the Nordic and international markets. Our broadcasting and streaming segment primarily provides TV and streaming services in the Nordic region, as well as radio networks and streaming services in Sweden and Norway. NENT Studios creates, produces and sells scripted, non-scripted and digital content for in-house and third-party media companies and content distributors. The main revenue streams are from advertising, subscriptions, wholesale distribution, and the sales of productions or format licenses.



Buying and creating content – Creating our own content is a major part of our strategy (promoting Nordic storytelling and the creative industry). When buying content, our core suppliers include major Hollywood studios and sports rights providers (media rights acquisitions and content licensing), as well as local studios and channel owners. NENT Studios are producing content for internal and external use.

Packaging – To optimise the interests of our stakeholders, we decide on where to put, air, schedule or include different content, and at what price to make it available.

Content distribution – We make our content available to customers and consumers via multiple linear and on-demand TV channels and streaming services, as well as radio stations.

Consumer experience – Our audience is as diverse as society as a whole. We aim to create experiences that engage, entertain and inform all of our audiences. This demands creativity from us but also carries a responsibility to make sure that the content is aligned with the core values of the company.

Customer insight & dialogue – We have an ongoing dialogue with all of our stakeholders, in order to improve our products and services. This dialogue includes focus groups, surveys and interviews, and ensures that we deliver our audiences the best possible quality, while also offering our business customers the opportunity to further build their brands.

Membership of associations

We are a member of global partnerships, various media industry associations, national and international organisations, advocacy groups and additional bodies. These memberships are focused on advancing the 2030 Agenda for Sustainable Development; engaging with EU institutions to achieve a balanced and appropriate framework that encourages investments in the media sector; advancing the use of digital and new technologies that enable transformation; promoting ethical standards and professional integrity; strengthening freedom of speech; responsible advertising; collaboration on sustainability issues in the media sector; and promoting effective anti-piracy legislation.

Organisation	RMF	AAPA	NCP
	Responsible Media Forum	The Audio-visual Anti-Piracy Alliance	Nordic Content Protection
Description	Partnership between leading global media companies, collaborating on both social and environmental challenges facing the sector.	European organisation addressing media piracy issues.	Cross-industry Nordic body addressing piracy through intelligence sharing with enforcement agencies.

Organisation	ACT	COBA	EGTA	EDRA	WorldDAB
	The Asociation of Commercial Television in Europe	The Commercial Broadcasters Association	The European Group of Television Advertising	The European Digital Radio Alliance	
Description	Represents the interests of leading commercial broadcasters in Europe. Engages with EU institutions to achieve appropriate regulatory framework that encourages investment and growth in the media sector.	Industry body for UK based multichannel broadcasters in the digital, cable and satellite television sector and their on-demand services.	Aims to support television and radio sales houses in monetising audio and audiovisual content through advertising solutions, regardless of device or platform.	Supported by the European Broad-casting Union and has the goal of making digital radio the standard and preferred choice of listeners across Europe.	Global industry forum aiming to facilitate the adoption and imple-mentation of digital radio based on DAB/ DAB+ standards.

Organisation	Norsk Presseforbund	FWCE	Reklam-ombudsmannen	MMS	IAB
		The FreeWheel Council for Premium Video Europe		Mediamätning i Skandinavien	Interactive Advertising Bureau
Description	Joint body for Norwegian mass media that aims to promote ethical standards and professional integrity and to strengthen and protect freedom of speech, media and information.	Serves the collective interest of those in the premium video industry through leadership posi-tions, research, and advocacy promoting the premium video economy.	A self-regulatory organisation, handling complaints about adver-tising and provides information, guidance and training in the field of ethical marketing.	Owner together with other media houses. MMS measures, but also develops methods for measuring, consumption of moving images in Sweden.	Aiming to optimise online marketing in Sweden. Works through specialised task forces that define various standards and guidelines.

GRI 102-13

Our contribution to the SDGs

To address global challenges and create value for all our stakeholders, NENT Group is committed to eight of the UN Sustainable Development Goals that are in line with our sustainability strategy. We are also members of the UN Global Compact and UN Sustainable Development Goals Media Compact Initiative. Below we illustrate some examples of how we have made a positive impact in society, and contributed towards the 2030 Agenda for Sustainable Development, and the achievement of the SDGs in 2019.

Goal and target		Impact and progress
3. Good health and wellbeing	Reduce mortality from non-communicable diseases and promote mental health **(3.4)**.	We have organised a Diabetes Gala in Sweden every year since 2017. In 2019, we raised over SEK 8 million to support research and raise awareness about the disease. We have initiated the pan-Nordic BEAT Diabetes Foundation, an independent entity in which we will invest SEK 2.5 million every year for the next five years. The aim is to raise awareness and drive positive change in health tech, healthy lifestyles, and inclusion and wellbeing.
5. Gender equality	End discrimination against women and girls **(5.1)**. Ensure participation in leadership and decision making **(5.5)**.	In 2019, we hosted industry-wide dialogues to highlight the importance of gender equality. We mapped the gender equality challenges and enablers in our organisation and our content. We also created editorial guidelines. In 2020, we will launch a recognition concept to promote new and diverse talents in our industry and help ensure our content better reflects the diversity of our audiences.
8. Decent work and economic growth	Promoting policies to support job creation **(8.3)**. Economic growth and protecting labour rights and promoting safe working environments **(8.8)**.	Our focus on Nordic storytelling leads to job creation opportunities in the region, especially in creative areas. Offering a safe and healthy working environment is one of the key ideas behind our new values. In 2019, we mapped our challenges and enablers in this area. In 2020, we will focus on reinforcing our whistleblowing process and on raising awareness about health and safety in the workplace. This work will increase employee satisfaction, enabling us to create better content and attract new talents.
10. Reduced inequalities	Promote universal, economic and political inclusion **(10.2)**. Ensure equal opportunity and end discrimination **(10.3)**.	We have focus groups for Equality, Diversity and Inclusion who evaluate our work both on and off the screen. In 2019, we identified and defined a gender balanced and diverse top talent pool and succession planning process. We also recruited our first-ever Head of Diversity and Inclusion. We also engaged with our suppliers to ensure the requirements of our Supplier CoC, including non-discriminatory actions, are met. When we promote equal opportunities we nurture a culture that is inclusive both inside and outside of NENT Group.

Goal and target		Impact and progress
12. Responsible consumption and production	Adopt sustainable practices and integrate sustainability practices in reporting **(12.6)** and promote universal understanding of sustainable lifestyles **(12.8)**.	We continuously report on our sustainability work, both on our website and in our integrated Annual & Sustainability Report. We promote sustainable lifestyles, both in our content and our business. By being transparent with our sustainability work and promoting it both internally and externally, we are certain that it will attract and retain both investors, employees and new audiences.
13. Climate action	Build knowledge and capacity to meet climate change **(13.3)**.	We constantly raise awareness internally about climate issues and take actions to reduce our climate footprint. In 2019, we initiated a Green Working Group with representatives from all our markets to promote greener behaviour. In 2020, we will launch a Green Awareness Week in all markets to raise employee awareness further.
16. Peace, justice and strong institutions	Substantially reduce bribary and corruption in all its forms **(16.5)**.	We promote a fair and transparent market where everybody can compete on equal terms. We conduct business responsibly and have established routines to ensure our major suppliers support our ethical standards. We are reviewing the implementation of the Supplier CoC and reinforcing our responsible sourcing processes.
17. Partnerships for the goals	Enhance the global partnership for sustainable development **(17.16)**.	We seek partnerships to enhance our sustainability work. In 2019, we worked with several partners, e.g. Reach for Change and Generation PEP to promote a better world for children. We also have a number of industry anti-piracy partnerships. In 2020, we will step up our fight against diabetes by starting the pan-Nordic BEAT Diabetes Foundation with partners.

Goals & achievements

Setting and following up on realistic and measurable goals that are aligned with our strategy is a key success in making sure that we focus on the right things and review our goal setting, especially in the context of a fast moving and changing industry. Below we present long term goals for 2021, together with the targets and progress so far.

Goals 2019–2021	Targets and progress 2019	Targets 2020	SDGs
DEVELOPING NORDIC STORYTELLING & THE CREATIVE INDUSTRY			
Invest in Nordic storytelling promoted globally	**Target:** Increase numbers of Viaplay original premieres from 10 in 2018. **Progress:** Reached 21 in 2019.	Increase number of Viaplay original premieres from 21 to 30.	**8.3** Promote policies to support job creation and growing enterprises
Promote Nordic storytelling by using our platforms and reach	**Target:** Develop recognition concept to promote talents in the creative value chain. **Progress:** Due to the reorganisation this was only initiated but then postponed to 2020.	Launch recognition concept to promote talents in the creative industry.	
PROMOTING AN EQUAL, DIVERSE & INCLUSIVE SOCIETY			
For our Nordic scripted productions, strive to reach and maintain 50/50 gender balance in the creative value chain by 2021 (baseline 44% women in 2019)	**Target:** Map gender balance in our content value chain. **Progress:** Mapping done.	For our Nordic scripted productions, strive to reach at least 47% women in the creative value chain.	**3.4** Reduce mortality from non-communicable diseases and promote mental health **5.1** End discrimination against women and girls **5.5** Ensure full participation in leadership and decision-making **10.2** Promote universal, social, economic and political inclusion **10.3** Ensure equal opportunities and end discrimination **17.16** Enhance the global partnership for sustainable development
Improve our EDI work and increase amount of employees answering "works well" or "works excellently" from 88% in 2019 to 90% in 2021 in the engagement survey on the question: "Do you feel that all employees have the same opportunities and duties regardless of gender, gender identity or expression, ethnicity, religion or other belief, disability, sexual orientation, or age?"	**Target:** Identify EDI challenges, enablers and develop improvement plan including metrics. **Progress:** Recruitment of Head of Diversity and Inclusion.	Establish two-way mentorship pilot programme to empower talents, diversity & enhance knowledge sharing. Include unconscious bias in the value training. Engage all managers and 80% of all employees in the training.	
Raise awareness and form partnerships for increased equality, diversity & inclusion	**Target:** Create storytelling & engage for diabetes and healthy lifestyles. **Progress:** 3rd consecutive Diabetes gala and a Diabetes documentary.	Establish Diabetes foundation as independent entity together with at least four partners.	

Goals 2019–2021	Targets and progress 2019	Targets 2020	SDGs
NURTURING OUR CULTURE			
Improve value awareness and increase rating on questions regarding values in engagement survey (BEAT index) from 80% in 2019 to 82% in 2021	**Target:** Develop Culture & Values training for all managers and initiate further rollout to all employees. **Progress:** The training was developed and initiated.	Continue values training with a minimum of 80% of employees.	**5.5** Ensure full participation in leadership and decision-making **8.8** Protect labour rights and promote safe working environments **10.3** Ensure equal opportunities and end discrimination
Develop career opportunities and increase rating on the question "Are you satisfied with the career opportunities within NENT" from 48% in 2019 to 60% in 2021 in engagement survey	**Target:** Identify a gender balanced & diverse top talent pool and succession planning. **Progress:** All done.	Review the process for talent acquisition and succession planning from an EDI perspective. Initiate activities.	
Increase the perception of wellbeing among employees and increase rating on questions regarding wellbeing in the engagement survey (PAI index) from 76% in 2019 to 78% in 2021	**Target:** Review and revise policies & benefits for all employees, at all stages of life. Also raising awareness on travel and workplace security. **Progress:** E.g. reviewed parental policy and ongoing information on travel security. Must be continued in 2020.	Review and identify challenges and enablers for healthier and more safe workplaces, including safe travelling.	
COMMITTING TO OUR CONDUCT			
Ensure that awareness of our Code of Conduct, principles & values (including data privacy) are embedded in daily activities and business for all employees	**Target:** Evaluate implemented CoC rollout programme and improve as needed. Launch upgraded network of Data Protection Managers. **Progress:** Evaluation done and upgraded network initiated.	Launch CoC training and reach 85% in awareness about our CoC amongst the employees and perform targeted training for employees in high risk areas. Finalise recruitment of network.	**13.3** Build knowledge and capacity to meet climate change **16.5** Substainally reduce corruption and bribery
Address and engage with all identified high-risk suppliers, to ensure committment to our ethical standards by 2021	**Target:** Map existing supply chain to identify suppliers with critical sustainability risks, and initiate a process for engaging with all such high-risks entities. **Progress:** Initiated in Q4 2019.	Continue mapping existing supply chain to identify suppliers with critical sustaina-bility risks and data processors with GDPR risks, and initiate a process for engaging with all such high-risks entities.	
Reduce total CO_2 emissions from business travel, facilities and energy use by 10% by 2021 (base year 2019)	**Target:** Set launch plan for green awareness week and green initiatives in all markets. Initiate collabora-tion with landlords and smart green travel tips when booking tickets. **Progress:** All done.	Continue activities from 2019 and reduce total CO_2 emissions from business travel, facilities and energy use by 5% in 2020 (base year 2019).	
WE PRODUCING QUALITY CONTENT			
Improve the family experience of our Viaplay platform for safe & trusted digital experience	**Target:** Develop and implement content Editorial Guidelines. Launch digital experience with multiple user-profiles for child-friendlier viewing & interaction. **Progress:** All done.	Establish kids & parents focus groups for all our kids original productions to ensure that our content & platform is responsible, educative and entertaining.	**10.2** Promote universal, social, economic and political inclusion **12.6** Encourage companies to adopt sustainable practices and sustainability reporting **12.8.** Promote universal understanding of sustainable lifestyles
Improve accessibility across all our platforms by exceeding regulations and increasing on accessible content (subtitling, audio description and sign language)	**Target:** Broadcast content on our channels with audio descriptions (10%) and subtitles (70%). **Progress:** All done.	Introduce audio descriptions and signed language content onto our on demand platforms.	

Data tables

WORKFORCE DATA

GRI 102-8 Information on employees & other workers

Headcount	2019 Men	2019 Women	2019 Total	2018 Men	2018 Women	2018 Total
Permanent	**944**	**798**	**1,742**	**963**	**761**	**1,724**
Nordics	873	698	1,571	882	658	1,540
CEE, UK & US	71	100	171	81	103	184
Temporary	**121**	**113**	**234**	**88**	**79**	**167**
Nordics	119	109	228	85	73	158
CEE, UK & US	2	4	6	3	6	9
Total	**1,065**	**911**	**1,976**	**1,051**	**840**	**1,891**
Full-time	938	774	1,712	959	744	1,703
Part-time	6	24	30	4	17	21
Total	**944**	**798**	**1,742**	**963**	**761**	**1,724**

Employees and workers
All workforce data in the sustainability reporting relates to employees only (an exception is the injury rate, which covers both employees and workers). Employees are defined as people with a permanent or temporary contract at NENT Group. Workers are people wo work for NENT Group without being employees, such as consultants, contractors, freelancers and self-employed people.

Headcount
The number of employees in all tables is expressed as head-count as of 31 December 2019 and include both permanent and temporary employees. There are two exceptions:

i) One company reported an average FTE 2019 number instead of a full headcount number as of 31 December 2019, due to data availability limitations.
ii) Data relating to full-time and part-time employees is based on permanent employees only.

Data collection
The majority of data was extracted from internal HR systems, payroll systems, and manually populated files. The remaining data was derived from employee surveys, accounting pro-grams, and employment contracts. Strix Benelux, which is based in the Netherlands, was excluded from the 2019 data due to an ongoing reorganisation process.

Regions
'Nordics' includes Sweden, Denmark, Norway and Finland. 'CEE, US & UK' includes Bulgaria, Czech Republic, Hungary, Latvia, Lithuania, Netherlands, Romania, Slovakia, Slovenia, the United Kingdom and the United States.

Workers' contribution
In 2019, a significant part of NENT Group's work in all regions was performed by workers who are not employees. This work included production and post-production, casting and talent services, photography, voice-overs, logistical assistance, office coordination, production management and coordina-tion, showrunning, project management, telemarketing, pay-roll support, sales, scriptwriting, editing, legal consultancy, technical assistance, market research, graphic design, finance, business administration, sales and business development services. In this context, a 'significant part' means that:

i) workers performed activities that are core for NENT Group's business
ii) or: the work performed was sufficiently crucial to the business and NENT Group could not operate without it
iii) or: more than 50% of the total workforce contained workers who are not employees.

In 2019, the first two criteria were met at NENT Group. It can therefore be concluded that a significant part of the work at NENT Group in 2019 was carried out by workers who are not employees.

GRI 401-1 New employee hires & employee turnover

	2019						2018					
	Nordics		CEE, UK & US		Total		Nordics		CEE, UK & US		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Total new hires	**352**	**20%**	**24**	**14%**	**376**	**19%**	**340**	**20%**	**39**	**20%**	**379**	**20%**
Split by gender												
Men	175	50%	5	21%	180	48%	201	59%	17	44%	218	58%
Women	177	50%	19	79%	196	52%	139	41%	22	56%	161	42%
Split by age group												
<30	132	37%	8	33%	140	37%	154	45%	19	49%	173	46%
30–50	211	60%	16	67%	227	60%	180	53%	20	51%	200	53%
>50	9	3%	–	–	9	3%	6	2%	–	–	6	2%
Total turnover	**299**	**17%**	**30**	**17%**	**329**	**17%**	**313**	**18%**	**42**	**22%**	**355**	**19%**
Split by gender												
Men	163	16%	9	12%	172	16%	201	20%	18	21%	219	21%
Women	136	17%	21	20%	157	17%	112	15%	24	22%	136	16%
Split by age group												
<30	61	14%	6	20%	67	15%	120	33%	16	44%	136	34%
30–50	217	18%	20	15%	237	17%	176	15%	25	17%	201	15%
>50	21	12%	4	36%	25	15%	17	13%	1	8%	18	13%

New hires is defined as all employees joining the company for the first time. This excludes transfers of existing employees within NENT Group, as well as job promotions which are reported separately as internal recruitment.

The total new hires rate is calculated against the total number of employees at NENT Group. The total new hires rates per region are calculated against the total number of employees for each region. The splits by gender and age group are calculated against the total new hires number.

Total turnover covers all employees who left their employment at NENT Group for any reason, including resignation, redundancy, leaving during probation period, end of temporary employment or retirement.

The total turnover rate is calculated against the total number of employees at NENT Group. The total turnover rates per region are calculated against the total number of employees for each region. The splits by gender and age group are calculated against the total number of employees in each category.

Internal recruitment

	2019						2018					
	Men		Women		Total		Men		Women		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Internally recruited	48	4.5%	51	5.6%	99	5.0%	50	4.8%	39	4.6%	89	4.7%

The internal recruitment rates refer to the number of employees recruited to their current position from another position within NENT Group and are shown in relation to the total number of employees in each category. The figures include job promotions, and internal transfers into a new role, regardless of whether the position has been externally advertised.

GRI 102-41 Employees covered by collective bargaining agreements

	2019		2018	
	Number	%	Number	%
Proportion of employees covered	90	5%	74	4%

The total number of employees was used as a basis for calculating the percentage of employees covered by collective bargaining agreements.

GRI 402-1 Minimum notice periods regarding operational changes

	2019
Average minimum number of weeks	6

The average minimum number of weeks was calculated by taking an average of all minimum notice periods reported by all NENT Group companies. Data was not available for 2018 since this GRI indicator was introduced in 2019.

In some companies with collective bargaining agreements, the minimum notice period and terms for consultation and negotiation are specified in an agreement regarding operational changes.

GRI 401-3 Parental leave (PL)

	2019			2018		
	Men	Women	Total	Men	Women	Total
Number of employees entitled to PL	993	838	1,831	994	786	1,780
Number of employees who took PL	64	77	141	51	68	119
Proportion of employees who took PL	6.5%	9.1%	7.7%	5.1%	8.7%	6.7%

Employees entitled to PL
At NENT Group, employees' entitlement to PL is recognised and followed as prescribed by law. In some companies, all employees (both permanent and temporary) are entitled to PL. In other companies, only permanent employees are entitled.

Employees who took PL
This covers employees who have taken PL during the year reported. The proportion of employees who took PL is calculated against the number of employees who are entitled to PL.

GRI 103-1 GRI 103-2 GRI 103-3

GRI 403-2 Work-related injuries, diseases, fatalities, lost days and absence

	2019			2018		
	Men	Women	Total	Men	Women	Total
Work-related fatalities (number)	–	–	–	–	–	–
Work-related injuries (number)	1	5	6	2	3	5
Occupational diseases (number)	4	2	6	1	1	2
Lost days from work (number)	181	273	454	60	45	105
Days absent from work (number)	605	868	1,473	145	307	452
Work-related injury rate*	**0.9**	**2.7**	**1.8**	**0.9**	**1.8**	**1.3**
Nordics	–	2.4	1.1	1.0	2.0	1.5
CEE, UK & US	13.5	4.8	8.3	–	–	–
Occupational disease rate*	**1.9**	**1.1**	**1.5**	**0.5**	**0.6**	**0.5**
Nordics	2.0	1.2	1.7	0.5	0.7	0.6
CEE, UK & US	–	–	–	–	–	–
Lost days rate*	**84.0**	**148.1**	**113.5**	**28.2**	**26.5**	**27.4**
Nordics	90.2	167.1	124.7	30.7	30.4	30.6
CEE, UK & US	–	–	–	–	–	–
Absent days rate**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Nordics	1.9	3.9	2.7	N/A	N/A	N/A
CEE, UK & US	N/A	N/A	N/A	N/A	N/A	N/A

* per 1 million working hours
** per 100 working days

Work-related injury rate

This covers both employees and workers and is defined as a non-fatal injury arising from, or in the course of work duties. It includes minor (first-aid) injuries. In 2018, there were five injuries at NENT Group in Sweden that are excluded from the 2018 year's figures since it was not possible to report the gender of the injured employees. Due to the low number of injuries, this report does not give a regional breakdown of the types of injuries.

An injury can be reported by an employee, internal safety representative, manager or other. Reporting and recording of injuries is carried out in various ways, such as through internal HR, payroll or service desk systems; directly to an office, HR department, executive or event manager via email or word of mouth; externally by insurance funds and companies; or manually in excel files, online documents or physical files.

Occupational disease rate

This relates to employees only and covers diseases arising from a work situation or activity, or from a work-related injury.

Lost days rate

This relates to employees only and is defined as working days where an employee is unable to perform their usual duties because of an occupational disease or accident Lost days are reported as scheduled working days, beginning to count the day after the accident.

Absent days rate

This relates to employees only and is defined as days of absenteeism in each category in relation to the total number of employees in that category and 253 working days per year. N/A means that due to changes in data collection methods in 2019 compared to 2018, data was available only for NENT Group in Denmark, Norway and Sweden in 2019, however excluding all NENT Studios companies, and Viasat Sales AB in Sweden. All data from 2018 is excluded for the same reason.

All rates are calculated by dividing the number in each category by the total amount of working hours or days in the same category. For all rates, the yearly working hours for one employee are assumed to be eight hours per day for 253 days.

GRI 404-1 Average yearly employee training

	2019			2018		
Hours	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
CEO, EVPs, CxOs, Sub.CEOs, SVPs	1.8	3.1	2.4	N/A	N/A	N/A
VPs, Heads of	6.9	3.0	5.0	N/A	N/A	N/A
Managers	3.6	4.9	4.3	N/A	N/A	N/A
Non-managers	2.4	2.5	2.4	N/A	N/A	N/A
Total	**2.9**	**2.9**	**2.9**	**N/A**	**N/A**	**N/A**

Figures are calculated against the total number of employees for each category. Training hours at NENT Group in Sweden are excluded as it is not possible to report gender or employee category. At NENT Group in Sweden, there were on average 5.6 training hours in 2019.

N/A means that data was not available due to changes in employee categories and method of collecting data. Managers are defined as employees with personnel responsibility. This employee category also includes team leaders. Non-managers are defined as employees without personnel responsibility.

GRI 404-3 Performance and Development Appraisals (PDA)

	2019			2018		
Proportion of employees who received PDA	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
CEO, EVPs, CxOs, Sub. CEOs, SVPs	62%	72%	67%	N/A	N/A	N/A
VPs, Heads of	62%	81%	71%	N/A	N/A	N/A
Managers	93%	100%	97%	73%	67%	70%
Non-managers	73%	72%	73%	53%	64%	58%
Total	**74%**	**77%**	**76%**	**59%**	**66%**	**62%**

The PDA rate is defined as the percentage of employees in each category who participated in a PDA. Gender and employee category data was not available in 2018 or 2019 for NENT Group in Sweden, or in 2019 for NENT Group in Finland.

- At NENT Group in Sweden, 76% of employees participated in a PDA in 2019 and 84% in 2018.
- At NENT Group in Finland, 74% of employees participated in a PDA in 2019.

N/A means that data was not available due to changes in employee categories. Managers are defined as employees with personnel responsibility. This employee category also includes team leaders. Non-managers are defined as employees without personnel responsibility.

GRI 405-1 Diversity of governance bodies and employees

Part of total workforce	2019	2018
CEO, EVPs, CxOs, Sub. CEOs, SVPs	3%	N/A
VPs, Heads of	10%	N/A
Managers	10%	10%
Non-managers	77%	77%

By gender	2019	2018
Board of directors		
Women	33%	33%
Men	67%	67%
CEO, EVPs, CxOs, Sub. CEOs, SVPs		
Women	45%	N/A
Men	55%	N/A
VPs, Heads of		
Women	43%	N/A
Men	57%	N/A
Managers		
Women	47%	48%
Men	53%	52%
Non-managers		
Women	46%	44%
Men	54%	56%
Total		
Women	46%	44%
Men	54%	56%

By age	2019	2018
Board of directors		
<30	–	–
30–50	17%	50%
>50	83%	50%
CEO, EVPs, CxOs, Sub. CEOs, SVPs		
<30	–	N/A
30–50	76%	N/A
>50	24%	N/A
VPs, Heads of		
<30	6%	N/A
30–50	85%	N/A
>50	9%	N/A
Managers		
<30	4%	4%
30–50	86%	88%
>50	10%	8%
Non-managers		
<30	28%	26%
30–50	64%	67%
>50	8%	7%
Total		
<30	23%	21%
30–50	69%	71%
>50	8%	8%

N/A means that data was not available due to changes in employee categories. Managers are defined as employees with personnel responsibility. This employee category also includes team leaders. Non-managers are defined as employees without personnel responsibility.

ENVIRONMENTAL DATA

Carbon footprint, tonnes CO_2e	2019	2018
Scope 1 – direct emissions	205	263
Scope 2 – indirect emissions	1,293	1,206
Total Scope 1 & 2	**1,498**	**1,469**
Scope 3 – other indirect emissions	5,986	6,416
Total Scope 1, 2 & 3	**7,484**	**7,885**
Emissions per employee	3.77	4.42

The data covers the main emission sources in NENT Group's operations:

i) **Facilities** – energy use in NENT Group's offices and other facilities, including broadcasting and TV production when performed directly by the company.

ii) **Materials** – consumption of office supplies, fruit and coffee.

iii) **Travel** – business travel (including air, rail and road travel) and hotel stays.

In 2019, NENT Group switched from a location-based to a market-based method of calculating CO_2e from energy use. This allows the purchase of renewable energy to be accounted for in the total carbon footprint. The market-based method was applied retroactively, meaning that the 2018 and 2019 figures are comparable.

Energy consumption, GJ	2019	2018
Direct energy consumption	**–**	**–**
Indirect energy consumption	**20,767**	**19,616**
Cooling	5	–
Electricity	15,298	12,098
Heating	5,464	7,518
Total	**20,767**	**19,616**
Energy consumption per employee	10.47	10.99

At NENT Group, no fuel is burnt that falls under the direct energy use category. The calculation methodologies used are based on the GHG Protocol and are supplemented where necessary by additional data and assumptions. At NENT Group, the following emissions fall within the three scopes outlined in the GHG Protocol:

Scope 1 direct emissions – Leased and owned cars, fuel.

Scope 2 indirect emissions – Cooling, electricity and heating.

Scope 3 other indirect emissions – Heating, use of materials and travel such as private and rental cars, hotel nights, taxi and air travel.

Emission figures are calculated via quarterly data gathering processes across the company's facilities, as well as from external travel suppliers. The figures are based on all three GHG Protocol scopes and the base year is 2018.

In 2019, for the first time all NENT Group's companies reported available carbon data. This data improvement may have led to increases for some indicators, such as electricity. For further information on NENT Group's green actions, please refer to page 39 of this report.

CORPORATE GIVING DATA

KSEK	2019	2018
Donated media time	45,301	30,958
Products & services	–	1,525
Cash donations	39	209
Total donations	**45,340**	**32,692**
Funds raised for charity	8,080	8,239
Total corporate giving	**53,420**	**40,931**

Hours	2019	2018
Volunteering hours	58	422

The value of donated media time is based on the estimated market value of the commercial media time that NENT Group has donated to charity organisations. Funds raised for charity include NENT Group's own fundraising campaigns and funds raised together with NGOs. Products & services refers to any products or services that have been donated to charity free of charge, such as subscriptions. In 2018, the majority of volunteering hours related to NENT Group's Diabetes Gala.

COMPLIANCE DATA

Content compliance breakdown – TV & Streaming

Number of complaints	2019	2018
Advertising	**–**	**4**
Not in breach	–	4
Out of which relating to minors	–	1
Sponsorship	**–**	**1**
Not in breach	–	1
Out of which relating to minors	–	–
Programmes, promos & other	**7**	**15**
Not in breach	7	15
Out of which relating to minors	–	1
Total	**7**	**20**
Still pending at the end of 2019	2	–
Fines/penalties	–	–

The figures refer to the number of broadcast complaints, and are divided into various categories (advertising, sponsorship and programmes and promos). All NENT Group's Ofcom licensed TV channels and streaming services are included in these figures. 'Not in breach' means that the complaint was dismissed by Ofcom and that the content in question was determined to be in compliance with rules and regulations. 'Still pending' means that the complaint has yet to be ruled upon.

Content compliance breakdown – Radio

Number of complaints	2019	2018
Advertising	**–**	**–**
Not in breach	–	–
Sponsorship	**–**	**–**
Not in breach	–	–
Programmes, promos & other	**–**	**–**
Not in breach	–	–
Total	**–**	**–**
Still pending at the end of 2019	–	–
Fines/penalties	–	–

All of NENT Group's radio stations hold local licenses and are therefore locally regulated. No broadcast complaints relating to NENT Group's radio channels were received in 2018 or 2019.

Content compliance training

Number of people trained	2019	2018
Internally	74	131
Externally	14	–
Total	**88**	**131**

Anti corruption

Number of cases	2019	2018
Confirmed incidents of corruption	–	–
Whisteblower incidents	1	–

NENT Group's central Content Compliance Team provides continuous training for employees whose daily work involves NENT Group's content compliance procedures, such as those working in acquisitions, programming, scheduling, sales, on-air planning and creative services.

When necessary, the Content Compliance Team also trains external production teams who produce content for NENT Group's services or channels. For more information on NENT Group's whistleblowing process see page 38.

GRI 205-3 GRI 417-2 GRI 417-3

GRI Index

GRI 101 Foundation 2016 – General Disclosures

	Organisational Profile	Reference	Assurance	Comment
102-1	Name of the organization	Administration report (Page 60)	✓	
102-2	Activities, brands, products, and services	Business segment (Pages 67–68)	✓	
102-3	Location of headquarters	Administration report (Page 60)	✓	
102-4	Location of operations	At a glance (Inside cover page-page 1) Data tables (Page 135)	✓	
102-5	Ownership and legal form	The NENT Group Share (Page 42)	✓	
102-6	Markets served	Business segments (Pages 67–68)	✓	
102-7	Scale of the organization	At a glance (Inside cover page-page 1) Consolidated balance sheet (Page 71)	✓	NENT Group portfolio covers five products and services (Viaplay, Viafree, Viasat, TV and Radio)
102-8	Information on employees and other workers	Data tables (Page 135)	✓	
102-9	Supply chain	Value Chain (Page 130)	✓	
102-10	Significant changes to the organization and its supply chain	Significant events in 2019 by quarter (Page 61)	✓	
102-11	Precautionary Principle or approach	Committing to our conduct (Page 39)	✓	
102-12	External initiatives	CEO's Statement (Page 6)	✓	
102-13	Membership of associations	Membership of associations (Page 131)	✓	
	Strategy	**Reference**	**Assurance**	**Comment**
102-14	Statement from senior decision-maker	CEO's Statement (Pages 4–6)	✓	
102-15	Key impacts, risks, and opportunities	How we create impact (Pages 29–30) Risk and risk management (Page 57)	✓	
	Ethics and Intergrity	**Reference**	**Assurance**	**Comment**
102-16	Values, principles, standards, and norms of behavior	Committing to our conduct (Pages 37–39)	✓	
102-17	Mechanisms for advice and concerns about ethics	Committing to our conduct (Page 38)	✓	

	Governance	Reference	Assurance	Comment
102-18	Governance structure	Governance and responsibility (Page 49)	✓	
102-20	Executive-level responsibility for economic, environmental, and social topics	Governance and responsibility (Page 49)	✓	
102-22	Composition of the highest governance body and its committees	Governance and responsibility (Page 47)	✓	
102-23	Chair of the highest governance body	Board of Directors (Page 51)	✓	
102-24	Nominating and selecting the highest governance body	Governance and responsibility (Page 46)	✓	
102-25	Conflicts of interest	Governance and responsibility (Page 47) Administration report (Page 66)	✓	
102-26	Role of highest governance body in setting purpose, values and strategy	Governance and responsibility (Page 49)	✓	
102-27	Collective knowledge of highest governance body	Governance and responsibility (Page 49)	✓	
102-30	Effectiveness of risk management processes	Risk and risk management (Page 57)	✓	
102-31	Review of economic, environmental, and social topics	Governance and responsibility (Page 49) Risk and risk management (Page 57)	✓	
102-32	Highest governance body's role in sustainability reporting	Governance and responsibility (Page 49)	✓	
102-33	Communicating critical concerns	Risk and risk management (Page 57) Committing to our conduct (Page 38)	✓	
102-35	Remuneration policies	Governance and responsibility (Page 49) Administration report (Page 66)	✓	
102-36	Process for determining remuneration	Governance and responsibility (Page 49) Administration report (Page 66)	✓	
	Stakeholder Engagement	**Reference**	**Assurance**	**Comment**
102-40	List of stakeholder groups	Stakeholder engagement and materiality determination (Page 129)	✓	
102-41	Collective bargaining agreements	Data tables (Page 137)	✓	
102-42	Identifying and selecting stakeholders	Stakeholder engagement and materiality determination (Page 128)	✓	
102-43	Approach to stakeholder engagement	Stakeholder engagement and materiality determination (Page 128)	✓	
102-44	Key topics and concerns raised	Stakeholder engagement and materiality determination (Page 129)	✓	

	Reporting Practice	Reference	Assurance	Comment
102-45	Entities included in the consolidated financial statements	Financial statements (Pages 69–77) Report scope and boundaries (Page 150)	✓	
102-46	Defining report content and topic Boundaries	Stakeholder engagement and materiality determination (Pages 127–128) Report scope and boundaries (Page 150)	✓	
102-47	List of material topics	Stakeholder engagement and materiality determination (Page 127)	✓	
102-48	Restatements of information	Report scope and boundaries (Page 150)	✓	
102-49	Changes in reporting	Report scope and boundaries (Page 150)	✓	
102-50	Reporting period	Report scope and boundaries (Page 150)	✓	
102-51	Date of most recent report	Report scope and boundaries (Page 150)	✓	
102-52	Reporting cycle	Report scope and boundaries (Page 150)	✓	
102-53	Contact point for questions regarding the report	Report scope and boundaries (Page 150)	✓	
102-54	Claims of reporting in accordance with the GRI Standards	Report boundaries and scope (Page 150)	✓	
102-55	GRI content index	GRI Index (Pages 144–149)	✓	
102-56	External assurance	Independent assurance statement (Page 151)	✓	

GRI 200 Economic Standard Series – Material Topics

GRI 201	Economic Performance 2016	Reference	Assurance	Comment
103-1 to 103-3	Management approach	Administration report (Pages 59–68) Materiality determination (Pages 127–128)	✓	
201-1	Direct economic value generated and distributed	Consolidated income statement (Page 70) Consolidated balance sheet (Page 71)	✓	Partially reported. Excludes payments to government, community investments; and direct economic value on separate levels since it is not considered material.
GRI 203	**Indirect Economic Impacts 2016**	**Reference**	**Assurance**	**Comment**
103-1 to 103-3	Management approach	Developing Nordic Storytelling and the creative industry (Page 31). Promoting an equal, diverse and inclusive society (Pages 32–34). Materiality determination (Pages 127–128)	✓	
203-1	Infrastructure investments and services supported	Developing Nordic Storytelling and the creative industry (Page 31). Promoting an equal, diverse and inclusive society (Page 34). Data tables (Page 142)	✓	
203-2	Significant indirect economic impacts	Promoting an equal, diverse and inclusive society (Pages 33–34)	✓	
GRI 205	**Anti-corruption 2016**	**Reference**	**Assurance**	**Comment**
103-1 to 103-3	Management approach	Committing to our conduct (Pages 37–38) Materiality determination (Pages 127–128)	✓	
205-2	Communication and training about anti-corruption policies and procedures	Committing to our conduct (Page 37)	✓	Partially reported. We only disclose the total % of employees at NENT Group that were trained.
205-3	Confirmed incidents of corruption and actions taken	Committing to our conduct (Pages 37–38) Data tables (Page 143)	✓	

GRI 300 Environmental Standards Series – Material Topics

GRI 302	Energy 2016	Reference	Assurance	Comment
103-1 to 103-3	Management approach	Committing to our conduct (Pages 37–39) Materiality determination (Pages 127–128)	✓	
302-1	Energy consumption within the organization	Data tables (Page 141)	✓	
302-3	Energy intensity	Data tables (Page 141)	✓	
GRI 305	**Emissions 2016**	**Reference**	**Assurance**	**Comment**
103-1 to 103-3	Management approach	Committing to our conduct (Pages 37–39) Materiality determination (Pages 127–128)	✓	
305-1	Direct (Scope 1) GHG emissions	Data tables (Page 141)	✓	
305-2	Energy indirect (Scope 2) GHG emissions	Data tables (Page 141)	✓	
305-3	Other indirect (Scope 3) GHG emissions	Data tables (Page 141)	✓	
305-4	GHG emissions intensity	Data tables (Page 141)	✓	

GRI 400 Social Standards Series – Material Topics

GRI 401	Employment 2016	Reference	Assurance	Comment
103-1 to 103-3	Management approach	Nurturing our culture (Pages 35–36) Committing to our conduct (Page 38) Materiality determination (Pages 127–128)	✓	
401-1	New employee hires and employee turnover	Data tables (Page 136)	✓	
401-3	Parental leave	Data tables (Page 137)	✓	Partially reported. Method for data collection regarding return to work and retention will be reviewed and reported on next year.
GRI 402	**Labour/Management Relations 2016**	**Reference**	**Assurance**	**Comment**
103-1 to 103-3	Management approach	Committing to our conduct (Page 38) Materiality determination (Pages 127–128) Data tables (Page 137)	✓	
402-1	Minimum notice periods regarding operational changes	Data tables (Page 137)	✓	
GRI 403	**Health and Safety 2016**	**Reference**	**Assurance**	**Comment**
103-1 to 103-3	Management approach	Nurturing our culture (Pages 35–36) Committing to our conduct (Page 38) Materiality determination (Pages 127–128)	✓	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Data tables (Page 138)	✓	Due to the small number of injuries, we do not provide a regional breakdown of the types of injuries to protect the privacy of our employees.

GRI 404	Training and Education 2016	Reference	Assurance	Comment
103-1 to 103-3	Management approach	Nurturing our culture (Pages 35–36) Committing to our conduct (Page 38) Materiality determination (Pages 127–128)	✓	
404-1	Average hours of training per year per employee	Data tables (Page 139)	✓	
404-3	Percentage of employees receiving regular performance and career development reviews	Nurturing our culture (Page 36) Data tables (Page 139)	✓	
GRI 405	**Diversity and Equal Opportunity 2016**	**Reference**	**Assurance**	**Comment**
103-1 to 103-3	Management approach	Promoting an equal, diverse and inclusive society (Pages 32–34). Nurturing our culture (Pages 35–36). Committing to our conduct (Page 38). Materiality determination (Pages 127–128)	✓	
405-1	Diversity of governance bodies and employees	Data tables (Page 140)	✓	
GRI 406	**Non-discrimination 2016**	**Reference**	**Assurance**	**Comment**
103-1 to 103-3	Management approach	Promoting an equal, diverse and inclusive society (Pages 32–34). Nurturing our culture (Pages 35–36). Committing to our conduct (Page 38). Materiality determination (Pages 127–128)	✓	
406-1	Incidents of discrimination and corrective actions taken	Promoting an equal, diverse and inclusive society (Page 33)	✓	
GRI 412	**Human Rights Assessment 2016**	**Reference**	**Assurance**	**Comment**
103-1 to 103-3	Management approach	Committing to our conduct (Pages 37–38) Materiality determination (Pages 127–128)	✓	
412-2	Employee training on human rights policies or procedures	Committing to our conduct (Page 37)	✓	Partially reported. Data for total training hours is not available.
GRI 417	**Marketing and Labelling 2016**	**Reference**	**Assurance**	**Comment**
103-1 to 103-3	Management approach	Committing to our conduct (Page 38) Producing quality content (Pages 40–41) Materiality determination (Pages 127–128)	✓	
417-2	Incidents of non-compliance concerning product and service information and labeling	Producing quality content (Page 40) Data tables (Page 143)	✓	
417-3	Incidents of non-compliance concerning marketing communications	Producing quality content (Page 40) Data tables (Page 143)	✓	

G4 Media Sector Disclosures

	Content creation	Reference	Assurance	Comment
103-1 to 103-3	Management approach	Developing Nordic Storytelling and creative industry (Page 31). Promoting an equal, diverse and inclusive society (Pages 32–34). Committing to our conduct (Page 38). Producing quality content (Pages 40–41). Materiality determination (Pages 127–128)	✓	
M2	Methodology for assesing and monitoring adherence to content creation values	Promoting an equal, diverse and inclusive society (Pages 32–33). Producing quality content (Pages 40–41)	✓	
M3	Actions taken to improve adherence to content creation values, and results obtained	Developing Nordic Storytelling and creative industry (Page 31). Promoting an equal, diverse and inclusive society (Pages 32–33) Committing to our conduct (Page 38) Producing quality content (Pages 40–41)	✓	
	Content dissemination	**Reference**	**Assurance**	**Comment**
103-1 to 103-3	Management approach	Committing to our conduct (Page 38) Producing quality content (Pages 40–41) Materiality determination (Pages 127–128)	✓	
M4	Actions taken to improve performance in relation to content dissemination issues (accesibility and protection of vulnerableaudiences and informed decision making) and results obtained	Producing quality content (Page 41)	✓	
M5	Number and nature of responses (feedback/complaints) related to content dissemination, including protection of vulnerable groups	Producing quality content (Page 40)	✓	
	Audience interaction	**Reference**	**Assurance**	**Comment**
103-1 to 103-3	Management approach	Committing to our conduct (Page 38) Producing quality content (Pages 40–41) Materiality determination (Pages 127–128)	✓	
M6	Methods to interact with audiences and results	Producing quality content (Page 41)	✓	Partially reported. We do not disclose number of people engaged, broken down by engagement method due to such group aggregated data inavailability.
	Media Literacy	**Reference**	**Assurance**	**Comment**
103-1 to 103-3	Management approach	Producing quality content (Pages 40–41) Materiality determination (Pages 127–128)	✓	
M7	Actions taken to empower audiences through media literacy skills development and results obtained	Producing quality content (Page 41)	✓	

Report scope and boundaries

This is NENT Group's first Annual report with an integrated Sustainability report since separating from previous parent company Modern Times Group (MTG) and listing independently on Nasdaq Stockholm in 2019. The report was prepared in accordance with the GRI Standards (Core Level), and it fulfills the requirements for sustainability reporting as stipulated by the Annual Accounts Act (ÅRL). We have also applied the GRI G4 Media Sector Supplement for indicators where possible.

The report's content has been defined by the topics which were deemed material in our materiality assessment conducted in 2018, and served as a basis for our first NENT Group's sustainability strategy. The report covers NENT Group's performance in a wider sense of sustainability, assessing our impacts in the society through the sustainable development goals, and the areas where we believe we can add wider societal value.

The report boundary has been defined by using the completeness principle to reflect NENT Group's significant economic, environmental and social impacts. The reporting scope includes operations over which we have full control (i.e. subsidiaries where NENT Group AB owns 51% or more). The data covers NENT Group's companies which were active in 2019.

There were significant data improvements in 2019 allowing for better data monitoring & reporting, such as the integration of all NENT Group's companies into our Group HR system, and almost all Nordic NENT Studios companies into our Group Travel system, which was not the case before for our NENT Studios segment. For specification on methods of workforce data collection please refer to page 135.

Strix Benelux based in the Netherlands was excluded from the workforce data due to an ongoing reorganisation process. One small NENT Studios office in Romania was not included in the carbon data for energy use.

Because of the reorganisation at NENT Group in 2019, information about average minimum time of notice period about reorganisation has been included.

We continue to work towards further integration, and take steps to improve data accuracy. In 2019 we switched from a location-based to a market-based method of calculating CO_2e from energy use, which allows for the purchase of renewable energy to be accounted for in the total carbon footprint.

Reporting period
1 January 2019–31 December 2019

Reporting framework:
GRI Standards (Level: Core) & G4 Media Supplement

Changes in reporting:
First year reporting, hence no changes

Date of most recent report:
First year reporting

Restatements of information:
First year reporting, hence no restatements

Contact details

For questions regarding NENT Group's operational sustainability work, please contact the Sustainability department (sustainability@nentgroup.com).

Questions regarding NENT Group's Annual Report and Sustainability Report should be directed to the Investor Relations department (investors@nentgroup.com). Both departments are located at NENT Group's head office at Ringvägen 52 in Stockholm, Sweden.

GRI 102-45 GRI 102-46 GRI 102-48 GRI 102-49 GRI 102-50 GRI 102-51 GRI 102-52 GRI 102-53 GRI 102-54

Independent assurance statement

Introduction

We have been engaged by the Board of Directors and the Chief Executive Officer of Nordic Entertainment Group AB to undertake a limited assurance engagement of Nordic Entertainment Group AB Sustainability Report for the financial year 2019. Nordic Entertainment Group AB has defined the scope of the Sustainability Report that also is the Statutory Sustainability Report on pages 28–41, 49, 57 and 126–150.

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 Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 150 in the Sustainability Report and are part of the Sustainability Reporting Standards published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Nordic Entertainment Group AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Managing Director as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management. A Statutory Sustainability Report has been prepared.

Stockholm 2 April 2020
KPMG AB

Joakim Thilstedt
Authorised Public Accountant

Torbjörn Westman
Expert Member of FAR

GRI 102-56

Definitions & Glossary

Financial key ratio definitions

Capital employed
Capital employed is the sum of current and non-current assets less current and non-current liabilities, provisions and liabilities at fair value. All items are non-interest-bearing.

Cash flow from operations
Cash flow from operations comprises operating cash flow before financial items and tax payments, taking into account other financial cash flow.

Earnings per share
Earnings per share is expressed as net income attributable to equity holders of the parent divided by the average number of shares.

EBITDA
EBITDA is read Earnings Before Interest, Tax, Depreciation and Amortisation.

Equity/assets ratio
The equity/assets ratio corresponds to shareholders' equity including non-controlling interest, expressed as a percentage of total assets.

Interest coverage ratio
Interest coverage ratio is calculated as operating income less financial costs divided by financial costs.

Items affecting comparability (IAC)
Items affecting comparability refers to material items and events related to changes in the Group's structure or lines of business, which are relevant for understanding the Group's development on a like-for-like basis.

Net debt
Net debt is the sum of short- and long-term interest-bearing liabilities less total cash and interest-bearing assets. As from 1 January 2019 net debt also includes lease liabilities net of sublease receivables and dividend payable.

Operating income
Operating income comprise results before interest and tax. A synonym for operating income is EBIT (Earnings Before Interest and Tax).

Operating margin %
Operating profit as a percentage of net sales.

Organic growth
Change in net sales compared to the same period of the previous year excluding acquisitions and divestments and adjusted for currency effects.

Return on capital employed (ROCE) %
Return on capital employed is calculated as operating income as a percentage of average capital employed.

Return on equity (ROE) %
Return on equity is expressed as net income as a percentage of average shareholders' equity.

Working Capital
Current assets, excluding cash and equivalents and current tax assets, reduced by interest-free current liabilities, excluding current tax liabilities.

Financial calendar

Q1 Results Announcement
Thursday, 23 April 2020
Silent period 2–23 April

Annual General Meeting 2020
Tuesday, 19 May 2020
Stockholm

Documentation and further details of when and how to give notice to attend will be published in advance on www.nentgroup.com

Q2 Results Announcement
Wednesday, 22 July 2020
Silent period 1–22 July

Q3 Results Announcement
Thursday, 22 October 2020
Silent period 1–22 October

Operational key ratio definitions and glossary

AVOD, Advertising video on-demand
A video on demand service that is free for users and funded through advertising.

Branded content
Editorial content (i.e. not advertising spots) that is funded by and produced for an advertiser.

Carriage fee
A fee paid by a TV distributor to NENT Group in order to show NENT Group's TV channels.

CSOL, Commercial share of listening
A company's share of commercial radio listening in the age group 12+ years (Norway) or 12–79 years (Sweden).

CSOV, Commercial share of viewing
A company's share of commercial TV viewing in the age group 15–49 years.

Direct-to-consumer
The distribution of products and services by a company directly to the customer.

EST, Electronic sell-through
A sub-category of TVOD whereby customers pay a one-time fee to download content for permanent access.

Non-scripted content
Content such as reality entertainment shows or documentaries that do not follow a set script.

Original
Content created and owned by a media company (as opposed to content acquired from another company) for direct distribution to its own or partners' customers.

Scripted content
Content such as drama series or films that follow a set script.

Sublicensing
The licensing of content by one company from another company currently holding this license.

SVOD, Subscription video on-demand
A video on demand service where a customer pays a regular subscription fee to access the service.

Third-party customer
A customer who has access to NENT Group's content through a third-party company.

TV Everywhere
A common feature of pay-TV services that enables customers to access pay-TV content over the internet.

TVOD, Transaction video on-demand
A video on demand service where customers can purchase content on a pay-per-view basis.

VOD, Video on-demand
A general term for services that enable customers to stream or download video content whenever they want and on a range of devices.

Addresses

Nordic Entertainment Group AB
Telephone
+46 (0)8 562 025 00
www.nentgroup.com

Postal address
P.O. Box 2094
SE-103 13 Stockholm
Sweden

Visitors' address
Ringvägen 52
SE-118 67 Stockholm
Sweden

Investors
investors@nentgroup.com

Sustainability
sustainability@nentgroup.com

Media
press@nentgroup.com

Whistleblowing
sustainability@nentgroup.com

we are the beat of entertainment

nordic
entertainment group