Admission to trading of the shares in

Nordic Entertainment Group AB (publ)

on Nasdaq Stockholm

IMPORTANT INFORMATION

This prospectus (the "**Prospectus**") has been prepared due to the resolution of the extraordinary general meeting of Modern Times Group MTG AB (publ) ("**MTG**") on 7 February 2019 to distribute all shares in Nordic Entertainment Group AB (publ) through a dividend to the shareholders of MTG, and the admission to trading on Nasdaq Stockholm of the shares of Nordic Entertainment Group AB (publ). In this Prospectus, "**NENT Group**", the "**Company**" or the "**Group**" refers to Nordic Entertainment Group AB (publ) or Nordic Entertainment Group AB (publ) and its subsidiaries, as the context requires.

This Prospectus is governed by Swedish law. Disputes arising from this Prospectus and related legal matters shall be settled exclusively by Swedish law and by the Swedish courts, with Stockholm District Court as the court of first instance. This Prospectus has been prepared in both Swedish and English language versions. In the event of any discrepancies between the versions, the Swedish version shall prevail. The Swedish version of the Prospectus has been approved and registered by the Swedish Financial Supervisory Authority in accordance with Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Act (Sw. *lagen (1991:980) om handel med finansiella instrument*). The approval and registration of the Swedish Prospectus do not imply that the Swedish Financial Supervisory Authority guarantees that the information in the Swedish Prospectus is accurate or complete.

This Prospectus is solely a translation of the Swedish Prospectus that has been prepared due to the application for admission to trading of the Company's shares on Nasdaq Stockholm and the Prospectus does not include any offering to subscribe or in any other way acquire shares or other securities in the Company in either Sweden or any other jurisdiction. The shares in NENT Group have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or the security legislation of any other state or other jurisdiction in the United States and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the United States except under an available exemption from, or by a transaction not subject to, the registration requirements under the U.S. Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States. No public offer will be made in the United States. The shares in NENT Group have neither been approved nor rejected by the United States Securities and Exchange Commission, any state securities authority or other authority in the United States. The Prospectus and other documents relating thereto may not be distributed or published in any jurisdiction unless in compliance with applicable laws and regulations. Persons who receive this Prospectus are required to inform themselves of, and comply with, such restrictions and in particular not to publish or distribute the Prospectus in conflict with applicable laws and regulations. Actions in conflict with the described restrictions may constitute a breach of applicable securities legislation.

The publication of this Prospectus does not mean that the information in the Prospectus is accurate or updated at any other time than the date of publication of this Prospectus or that no changes have occurred in the Company's activities after the date of publication of this Prospectus. If any significant changes of the information in the Prospectus occur, such changes will be published in accordance with the provisions on prospectus supplements of the Swedish Financial Instruments Act.

An investment in securities is associated with risks, see the section "*Risk factors*". When investors make an investment decision they must make an independent judgements of legal, tax, business, financial and other consequences of subscription and acquisition of shares and rely on their own examinations, analysis and investigations of the Company. Before an investment decision, potential investors should engage their own professional advisers and carefully evaluate and consider the investment decision.

Forward-looking statements

This Prospectus contains forward-looking statements that reflect the Company's current view on future events and financial, operational and other development. Forward-looking statements can be identified by not exclusively relating to historical or present facts and events or by containing words such as "may", "shall", "expect", "believes", "estimates", "plans", "prepares", "predict", "intends", "forecast", "attempts", "could", or negations of such terms, or similar expressions or comparable terminology. Any forward-looking statements are made as per the date of the Prospectus. The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any change in information or events or similar circumstances, other than as required by applicable laws and regulations. Although the Company considers the expectations expressed in such forward-looking statements to be reasonable, there is no guarantee as regards the outcome or correctness of the statements. Accordingly, prospective investors should not place undue reliance on these and other forward-looking statements.

Business and market data

The section "*Risk factors*" includes a non-exhaustive description of risk factors which may cause actual result or development to differ materially from historical information or forward-looking statements. This Prospectus includes historical market data and industry trends. Certain information has been derived from reports prepared by third parties and the Company has strived to present such information accurately in this Prospectus. Even if the Company considers these sources to be reliable, no independent verification has been made, and the accuracy or completeness of the information cannot be guaranteed. Business and market data are inherently subject to uncertainty and do not necessarily reflect actual market conditions. The value of comparisons of statistics for different markets is limited for various reasons. Among such reasons are that markets may have been defined differently and that information may have been gathered by different methods and on the basis of different assumptions. Certain information in this Prospectus has been prepared by the Company, in some cases based on assumptions. Although the Company believes that the methods and assumptions are reasonable, the information has only to a limited extent been reviewed or verified against external sources. Against this background, the reader shall note that market statistics presented in the Prospectus are subject to uncertainty and that its accuracy cannot be guaranteed. However, as far as the Company is aware and have been able to ascertain from information published by third parties, no facts have been omitted which would render the information provided inaccurate or misleading.

Presentation of financial information

Unless otherwise stated herein, no financial information in this Prospectus has been audited or reviewed by the Company's auditor. Financial information relating to the Company in this Prospectus, that is not a part of the information that has been audited or reviewed by the Company's auditor as stated herein, has been collected from the Company's internal accounting and reporting system. Some of the key performance indicators presented in this Prospectus are so-called alternative performance measures, i.e., financial measures that are not defined in accordance with IFRS. A non-IFRS financial measure is defined as one that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. These non-IFRS measures should not be considered in isolation or as a substitute to performance measures derived and calculated in accordance with IFRS. In addition, such measures, as defined by the NENT Group, may not be comparable to other similarly titled measures used by other companies.

Certain figures included in this Prospectus have been rounded off. Consequently, some tables do not add up correctly. For instance, this is the case when financial amounts are presented in thousands, millions or billions, and do primarily occur in sections "*Selected financial information*", "*Operational and financial review*" and "*Capital structure and other financial information*".

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Important dates

Last day of trading in MTG's shares of Class A and Class B including the right to the distribution of shares of Class A and Class B in NENT Group, respectively:	22 March 2019
MTG' shares of Class A and Class B are traded excluding the right to the distribution of shares of Class A and Class B in NENT Group, respectively:	25 March 2019
Record date for the receipt of shares in NENT Group:	26 March 2019
Estimated first day of trading in NENT Group's shares of Class A and Class B on Nasdaq Stockholm:	28 March 2019

Other information

ISIN code for NENT Group's shares of Class A:	SE0012324226
ISIN code for NENT Group's shares of Class B:	SE0012116390
Ticker symbol for NENT Group's shares of Class A:	NENT A
Ticker symbol for NENT Group's shares of Class B:	NENT B

Financial information

Interim financial report 1 January – 31 March 2019	7 May 2019

Summary

The summary is made up of disclosure requirements (hereinafter referred to as "elements"). The elements are numbered in Sections A – E. This summary contains all the elements required to be included in a summary for the relevant type of security and issuer. Because some elements are not required to be addressed, there may be gaps in the numbering sequence of the elements. Even though an element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be provided regarding the element. In such instances, a short description of the element is included in the summary, along with the reference "not applicable".

Section A – Introduction and warnings

A.1	*Introduction and warnings*	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on an assessment of the Prospectus in its entirety by the investor. Where statements in respect of information contained in the Prospectus are challenged in a court of law, the plaintiff investor may, in accordance with member states' national legislation, be forced to pay the costs of translating the Prospectus before legal proceedings are initiated. Under civil law, only those individuals who have produced the summary, including translations thereof, may be enjoined, but only if the summary is misleading, incorrect or inconsistent with the other parts of the Prospectus or if it does not, together with other parts of the Prospectus, provide key information to help investors when considering whether to invest in the securities.
A.2	*Financial intermediaries*	Not applicable. Financial intermediaries are not entitled to use the Prospectus for subsequent trading or final placement of securities.

Section B – Issuer

B.1	*Legal and commercial name*	Nordic Entertainment Group AB (publ), corporate registration number 559124-6847. In this summary, "NENT Group", the "Company" or the "Group" refers to Nordic Entertainment Group AB (publ) or Nordic Entertainment Group AB (publ) and its subsidiaries, as the context requires.
B.2	*Domicile, legal form, legislation and country of incorporation*	NENT Group is a Swedish public limited liability company (Sw. *publikt aktiebolag*) governed by the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*). The Company was incorporated in Sweden in August 2017 and registered with the Swedish Companies Registration Office (Sw. Bolagsverket) in September 2017. The Company's current name was registered on 23 April 2018. NENT Group has its registered office in the municipality of Stockholm, Sweden.
B.3	*Operations*	NENT Group is the leading[1] entertainment provider in the Nordic region. NENT Group provides broadcast TV and video streaming services in Sweden, Denmark, Norway and Finland, 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 streamed radio in Sweden and Norway; and a bundled TV & 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. The UK office also provides creative services, on-air planning, broadcast operations, regulatory compliance and a number of other key corporate functions. NENT Group also creates, produces and distributes television shows, commercials, feature films and branded content, and manages social media talents. The majority of the production business lies within the Studios business area, where the Group produces content for broadcasters, streamers, distributors and advertisers. Furthermore, NENT Group acquires and distributes content rights to broadcasters, streamers and distributors. The majority of NENT Group's activities in this area are in the Nordic region but it also operates production companies in other European countries and sells content to customers worldwide.

B.3	*Operations, cont*	NENT Group's revenues are generated from a mix of consumer subscription fees from services such as TV and streaming; third party distributor carriage fees; advertising sales; and content production and distribution fees. 1) NENT Group is the leading broadcaster and streaming service provider in the Nordics in terms of revenue 2017 (source: publicly available annual reports for Bonnier, TV2 Danmark, Discovery and Egmont).
B.4a	*Tendencies and trends influencing the issuer and its industries*	NENT Group has identified the following trends and growth drivers that NENT Group judges to be of great importance for the continued development of the market. **Entertainment consumption and spending is rising** The range of options in how to watch content is greater than ever before. The same trend is true for audio consumption. This has had a significant impact on consumer behaviour, and the result is that consumers now consume more video and listen to more radio than ever before. **Video entertainment viewing is increasingly streamed, on-demand and on mobile** Streamed and on-demand viewing is increasing in popularity compared to live and scheduled viewing. Technological improvements are responsible for the increase in connected devices capable of displaying high quality TV and video. These improvements, together with the higher internet speeds, increased reliability, affordability and higher coverage of both fixed and mobile internet have made online video more available than ever before. **Overall subscription and advertising spend remain concentrated on traditional broadcast models** The changes in consumer behaviour and viewing habits have resulted in declining linear TV viewing, especially amongst younger and city dwelling audiences. Traditional linear pay-TV subscriptions are still expected to account for 50 percent of the total pay-TV subscriptions, including online services, in the Nordic region and 71 percent of total pay-TV spend in 2021, compared to 60 percent and 80 percent, respectively, in 2018[2]. **Streaming allows for personalised content and targeted marketing** A strength of streaming services is that they are able to use consumer data to tailor the experience and customise recommendations and content to the customer. This includes both programming and marketing. **Advertising buying is becoming increasingly automated** Programmatic advertising buying is accounting for an increasing proportion of overall advertising buying in the Nordic region. Programmatic advertising is the automation of the buying and selling or fulfilment of desktop display, video and mobile advertisements using real time bidding. **Quality and relevance of content is becoming more important** The competition for consumer time, as well as the range of video services available, are making it ever more important for broadcasters and streaming providers to provide high quality and exclusive content, in order to attract and retain subscribers, and to achieve higher viewing shares that drive higher advertising market shares. Broadcasters and streaming providers are therefore increasingly producing their own TV series with the help of independent production companies, and investing in exclusive access to movie releases, TV series and premium live sports events. **Increasing technology, media and telecommunications consolidation and convergence** Changes in consumer behaviour and within incumbent models, and the increasing competition for consumer attention and spending, are leading to increasing consolidation and convergence in the technology, media and telecommunications sectors as market participants seek scale and differentiation so as to attract and retain more customers and drive higher efficiency levels. 2) IHS research 2018 (paid subscription) and NENT Group research (as regards compilation of numbers that have been obtained in different currencies).
B.5	*Group and issuer's position in the group*	The Group comprised 108 directly and indirectly owned companies as per 31 December 2018, where Nordic Entertainment Group AB will be the parent company of the Group. As per the same date, the Group also comprised 11 associated companies (Sw. *intressebolag*) or joint ventures in total.

B.6	*Major share-holders*	As per the date of the Prospectus, NENT Group is a wholly-owned subsidiary of Modern Times Group MTG AB (publ) ("**MTG**"). The shares of NENT Group will be distributed to the shareholders of MTG in proportion to each shareholder's holding of MTG shares on the record date for the distribution (i.e. 26 March 2019). Each share in MTG entitles to one share of the same class in NENT Group. Based on the assumption that the shares of NENT Group had been distributed to MTG's shareholders with 31 January 2019 as the record date, Nordea Funds (holding 8.96 percent of the votes and 9.52 percent of the shares), Capital Group (holding 8.91 percent of the votes and 9.37 percent of the shares) and Swedbank Robur Funds (holding 7.81 percent of the votes and 8.30 percent of the shares) are the only shareholders with more than five percent of all shares or the voting rights of all shares in the Company.
B.7	*Financial summary*	**Condensed combined income statement** Unless otherwise stated, the selected financial information presented below has been derived from NENT Group's audited combined financial statements for the financial years ended 31 December, 2016, 2017 and 2018 which have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU ("IFRS"), and audited by NENT Group's independent auditors.

(SEKm)	Full year 2018	Full year 2017	Full year 2016
Net sales	14,568	13,688	12,897
Cost of goods and services	–9,805	–9,032	–8,686
Gross income	**4,763**	**4,656**	**4,211**
Selling and administrative expenses	–3,243	–3,177	–2,842
Other operating revenues and expenses	24	15	–6
Items affecting comparability	–40	75	–65
Operating income	**1,504**	**1,570**	**1,298**
Net interest	–37	–66	–93
Other financial items	–15	–30	–35
Income before tax	**1,452**	**1,474**	**1,170**
Tax	–160	–180	–240
Net income for the year	**1,292**	**1,294**	**931**
Net income for the year, attributable to:			
Equity holders of the parent	1,286	1,287	928
Non-controlling interest	6	7	2
Earnings per share[1]			
Basic earnings per share (SEK)	19.24	19.29	13.93
Diluted earnings per share (SEK)	19.09	19.17	13.89

1) Refers to MTG's number of shares.

B.7	*Financial summary, cont.*

Condensed combined balance sheet

(SEKm)	31 Dec 2018	31 Dec 2017	31 Dec 2016
Non-current assets			
Intangible assets	3,405	3,036	3,029
Machinery, equipment and installations	152	120	140
Shares and participations	20	24	22
Other non-current assets	127	137	143
Total non-current assets	**3,704**	**3,317**	**3,334**
Current assets			
Total inventories	2,428	2,042	1,567
Accounts receivables	1,224	1,017	1,055
Other current assets	4,418	3,939	3,862
Cash, cash equivalents and short-term investments	428	89	33
Total current assets	**8,498**	**7,086**	**6,517**
Total assets	**12,202**	**10,403**	**9,851**
Total equity[1]	**597**	**2,573**	**1,970**
Long-term borrowings[1]	0	0	0
Other non-current liabilities	495	609	755
Total non-current liabilities	**495**	**609**	**755**
Current liabilities			
Short-term borrowings[1]	0	0	0
Other current liabilities	6,738	6,111	6,233
Liabilities related to MTG	4,372	1,110	892
Total current liabilities	**11,110**	**7,221**	**7,126**
Total liabilities	**11,605**	**7,830**	**7,881**
Total shareholders' equity and liabilities	**12,202**	**10,403**	**9,851**

1) NENT Group's equity and borrowings as per 31 December 2018 are not representative of the equity and borrowings at the time of listing, as they are impacted by internal preparations and transactions under way in advanced of listing.

Condensed combined statement of cash flows

(SEKm)	Full year 2018	Full year 2017	Full year 2016
Net income for the year	1,292	1,294	931
Depreciations, amortisations and write-downs	208	164	141
Other adjustments for non-cash items	–5	–42	–119
Cash flow from operations	**1,496**	**1,417**	**953**
Changes in working capital	–380	–695	–369
Net cash flow from/to operations	**1,116**	**722**	**584**
Net investments in operations	–19	–62	–2
Capital expenditures in tangible and intangible assets	–550	–154	–180
Other investing activities	2	16	23
Cash flow from/used in investing activities	**–567**	**–200**	**–159**
Cash flow from/used in financing activities	**–209**	**–466**	**–476**
Total net change in cash and cash equivalents	**339**	**56**	**–51**
Cash and cash equivalents at the beginning of the year	**89**	**33**	**84**
Cash and cash equivalents at the end of the year	**428**	**89**	**33**

B.7	*Financial summary, cont.*

Business segments

Net sales by segment

(SEKm)	Full year 2018	Full year 2017	Full year 2016
Broadcasting & Streaming	12,800	11,961	11,139
of which advertising	*4,017*	*3,759*	*3,618*
of which subscription & other	*8,783*	*8,202*	*7,521*
Studios	1,911	1,986	1,897
Central operations	84	162	181
Eliminations	–228	–420	–320
Total	**14,568**	**13,688**	**12,897**

Operating income by segment

(SEKm)	Full year 2018	Full year 2017	Full year 2016
Broadcasting & Streaming	1,661	1,574	1,370
Studios	45	44	56
Operative segments, total	**1,706**	**1,617**	**1,427**
Central operations	–162	–123	–64
Operating income before IAC	**1,544**	**1,495**	**1,363**
Items affecting comparability	–40	75	–65
Total	**1,504**	**1,570**	**1,298**

Operating margin by segment

(%)	Full year 2018	Full year 2017	Full year 2016
Broadcasting & Streaming	13.0	13.2	12.3
Studios	2.4	2.2	3.0
Operating margin before IAC	**10.6**	**10.9**	**10.6**
Total	**10.3**	**11.5**	**10.1**

Key operating performance indicators[1]

SEKm	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Broadcasting & Streaming											
CSOV[2] Sweden (15–49)	28.7	25.4	24.1	24.6	22.2	24.1	23.1	23.9	23.1	23.6	23.4
CSOV Norway (15–49)	17.5	14.1	17.6	15.3	15.4	15.5	15.1	15.9	13.5	17.7	15.6
CSOV Denmark (15–49)	22.4	22.8	24.6	23.1	23.6	23.6	21.4	24.6	21.6	23.4	22.7
CSOL[3] Sweden (12–79)	38.1	40.4	39.6	40.3	43.4	40.9	38.0	40.4	42.8	41.9	41.1
CSOL Norway (12+)	69.8	69.0	69.6	67.9	66.8	68.3	66.0	67.1	71.3	68.5	68.2
Subscriber base ('000s)	1,937	1,967	1,964	2,001	2,046	2,046	2,173	2,130	2,111	2,218	2,218
of which Viaplay	*937*	*1,000*	*1,007*	*1,062*	*1,108*	*1,108*	*1,202*	*1,177*	*1,166*	*1,258*	*1,258*
of which Viasat direct-to-consumer[4]	*534*	*512*	*519*	*517*	*510*	*510*	*505*	*498*	*496*	*493*	*493*
of which Viasat tredjepart	*467*	*455*	*437*	*422*	*428*	*428*	*466*	*455*	*449*	*466*	*466*

1) The numbers in the table below are obtained from the Company's internal accounting system.
2) Commercial share of viewing for the Group's own channels (CSOV).
3) Commercial share of listening levels for the Group's stations (CSOL).
4) Satellite and broadband subscribers where Viasat has a direct relationship with the customer.

B.7 *Financial summary, cont.*

Selected key performance indicators

Some of the key performance measures presented below are so-called non-IFRS financial measures, i.e., financial measures that are not defined under IFRS. NENT Group believes that these non-IFRS financial measures provide a better understanding of the trends of the financial performance and that such measures which are not calculated in accordance with IFRS are useful information to investors combined with other measures that are calculated in accordance with IFRS.

A non-IFRS financial measure is defined as one that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. These non-IFRS financial measures are unaudited and should not be considered in isolation or as an alternative to performance measures derived in accordance with IFRS. In addition, such measures, as defined by NENT Group, may not be comparable to other similarly titled measures used by other companies.

Group and segment performance data[1)]

SEKm	FY 2018	FY 2017	FY 2016
Group			
Net sales	14,568	13,688	12,897
Organic sales growth (%)	3.8	5.4	4.8
Change in reported net sales (%)	6.5	6.1	5.0
Operating income before IAC	1,544	1,495	1,363
Operating margin before IAC (%)	10.6	10.9	10.6
Operating income	1,504	1,570	1,298
Operating margin (%)	10.3	11.5	10.1
Net debt/EBITDA	2.3	0.6	0.6
Net debt	3,944	1,021	860
Capital employed (period-end)	4,541	3,594	2,829
ROCE (%)	36.5	47.5	60.7
Earnings Per Share (SEK)	19.24	19.29	13.93
Broadcasting & Streaming			
Organic sales growth (%)	4.5	6.6	6.2
Operating margin before IAC (%)	13.0	13.2	12.3
Studios			
Organic sales growth (%)	–7.3	4.2	3.4
Operating margin before IAC (%)	2.4	2.2	3.0

1) The numbers in the table below are derived from the Company's internal accounting system, except for net sales, operating income and earnings per share which are derived from NENT Group's audited combined financial statements for the financial years ended 31 December, 2016, 2017 and 2018.

Financial definitions

NON-IFRS measures	Description	Reason for use
Reported net sales	Increase in sales compared to the previous period in percent.	Sales growth provides an understanding of the Group's sales development.
Organic growth	Change in net sales compared to the same period of the previous year excluding acquisitions and divestments and adjusted for currency effects.	Organic growth provides an understanding of the Group's sales development driven by volume, price and product mix changes.
EBITDA	EBITDA is read Earnings Before Interest, Tax, Depreciation and Amortisation.	EBITDA is valuable to indicate the business' cash generating ability.
Operating income before IAC	Operating income after the reversal of material items and events related to changes in the Group's structure or line of business.	Operating income before items affecting comparability provides an understanding of the Group's development on a like-for-like basis.
Operating margin	Operating margin is operating income as a percentage of net sales.	Operating margin shows the business' operating result in relation to net sales and is a measurement of profitability in NENT Group's operational business.

B.7	*Financial summary, cont.*	**Financial definitions, cont**

NON-IFRS measures	Description	Reason for use
Operating margin before IAC	Operating margin before IAC is operating income before IAC as a percentage of net sales.	Operating margin before IAC shows the business' operating result before IAC in relation to net sales and is a measurement of profitability in NENT Group's operational business.
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.	Separate reporting of items affecting comparability provides a better understanding of the Group's operating activities and offers more comparable figures between periods.
Net debt	Net debt is the sum of short- and long-term interest-bearing liabilities less total cash and interest- bearing assets.	Net debt is a measurement of the financial position. It is used to track the debt evolvement and to analyse leverage and refinancing needs.
Net debt/EBITDA ratio	Net debt in relation to EBITDA for the last 12 months.	The net debt to EBITDA ratio provides a performance measure for net debt in relation to cash profits generated by the operations, i.e., an indication of the Group's ability to pay its debt.
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.	Capital employed shows the amount of capital that is utilised to run the operations.
Return on capital employed (ROCE)	Return on capital employed is calculated as operating income before items affecting comparability as a percentage of average capital employed.	Return on capital employed is a central ratio for measuring return on capital tied up in the operations.

Significant events after 31 December 2018

On 7 February 2019, the shareholders of MTG resolved to distribute all of the shares in NENT Group to the MTG shareholders.

B.8	*Selected pro forma financial information*	Not applicable. The Company has not presented any selected pro forma financial information.
B.9	*Profit forecast*	Not applicable. The Prospectus does not contain a profit forecast or calculation of expected earnings.
B.10	*Auditor's remarks*	Not applicable. There are no remarks in the audit reports.
B.11	*Insufficient working capital of the issuer*	Not applicable. In the opinion of the Company, the Company's working capital is sufficient for the Company's current needs for the 12-months period following the date of the Prospectus.

Section C – Securities

C.1	*Securities being admitted to trading*	Shares of Class A (ISIN code: SE0012324226) and shares of Class B (ISIN code: SE0012116390) of Nordic Entertainment Group AB (publ).
C.2	*Denomination*	The shares of Class A and Class B are denominated in SEK.

C.3	*Total number of shares*	According to the Company's articles of association, the share capital shall amount to not less than SEK 500,000 and not more than SEK 2,000,000, divided among not less than 50,000,000 shares and no more than 200,000,000 shares.[1)] As at the date of this Prospectus, the Company's registered share capital amounts to SEK 500,000 divided among 500,000 class B shares.[2)] The quota value of each share is SEK 1. All shares are fully paid.
C.4	*Rights attached to the securities*	Each share of Class A in the Company entitles the holder to ten (10) votes at General Meetings in the Company and each share of Class B in the Company entitles the holder to one (1) vote at General Meetings in the Company. Each shareholder is entitled to vote for all of the shares held by the shareholder in the Company. If NENT Group resolves to issue new Class A and Class B shares, against other payment than contribution in kind, each holder of Class A and Class B shares shall have preferential rights to subscribe for new shares of the same class in proportion to the number of old shares held by such holder (primary preferential rights). All shares in the Company have equal rights to the Company's assets upon liquidation and distribution of dividends.
C.5	*Restrictions on the free transferability*	Not applicable. The shares are not subject to any restrictions on transferability.
C.6	*Admission to trading*	On 26 February 2019, Nasdaq Stockholm's Listing Committee resolved to approve NENT Group's application to admit the Company's shares of Class A and Class B to tradingon Nasdaq Stockholm provided that, inter alia, the distribution requirement for the Company's shares of Class A and Class B is met. Trading is expected to commence on or about 28 March 2019.
C.7	*Dividend policy*	NENT Group's dividend policy is to distribute an annual cash dividend of between 30 percent and 50 percent of adjusted net income. The intended proposed NENT Group annual cash dividend for 2018 was announced in connection with MTG's Q4 2018 results. NENT Group's Board of Directors proposes the payment of a dividend of SEK 6.50 per share, corresponding to 33 percent of the adjusted net income for 2018 (i.e. SEK 435 million in total). The dividend is subject to the approval of the NENT Group Annual General Meeting to be held on 22 May 2019. As NENT Group's results for the financial year 2018 did not include the full run rate costs of being a separate and listed company, the proposed dividend is at the low end of the range.

Section D – Risks

D.1	*Risks related to the issuer and industry*	An investment in securities is associated with risk. Ahead of any investment decision, it is important to carefully analyse the risk factors that are considered to be material for the future performance of NENT Group and its shares. These risks include, inter alia, the following main risks related to the industry and operations of NENT Group: • NENT Group derives substantial revenues from the sale of advertising time and space on its pay and free-TV channels, radio channels, streaming platforms and websites. Any material decrease in the advertising expenditures in the countries in which the Company operates generally and advertising expenditures accounted for by television and radio specifically may have a material adverse effect on the Group's operations, earnings and financial position. • The Group's business depends significantly on advertising revenues, which represented 28.8 percent of its revenues in 2018. The amount of such revenues is determined by the amount of commercial advertising time sold and the advertising prices charged. Both the advertising time and prices are affected by the relative quality and popularity of the Group's programming, ratings for its television and radio stations, its broadcast reach, its audience share and the distribution of the channels on which it sells advertising, the availability of alternative forms of entertainment, the viewing behaviour of the television audience, television and radio listening levels and general economic conditions. Any adverse negative development in any of these factors could result in a decline in the Group's advertising revenues, which in turn may have a material adverse effect on the Group's operations, earnings and financial position.

1) These articles of association, with new limits for the highest and lowest number of shares, were adopted at an Extraordinary general Meeting on 5 March 2019. As at the date of this Prospectus, these articles of association were not yet registered at the Swedish Companies Registration Office.
2) On 4 March 2019, NENT Group held an Extraordinary General Meeting that resolved upon a split of the Company's shares so that the total number of class A and class B shares, respectively, in NENT Group on the record date for the distributions shall amount to the same number of Class A and Class B shares, respectively, in MTG.

D.1	*Risks related to the issuer and industry, cont.*	• The Group's business depends substantially on subscription revenues, which represented 56.8 percent of its revenues in 2018. Any material decrease of the Company's programming popularity or other competitive pressures could reduce the number of subscribers and/or lead to a reduction of the level of subscription fees, which in turn may have a material adverse effect on the Group's operations, earnings and financial position. • If NENT Group is unable to produce or secure a steady supply of high-quality programming, or if NENT Group fails to anticipate, identify or react appropriately to changes in the Group's viewers' tastes by providing appropriate programming, the Group's audience shares could be negatively affected. As a result, NENT Group may lose subscribers and subscription revenues and/or a significant portion of the Group's market share and consequently the Group's advertising revenues. • The programme content and programme services the Group has licensed from third parties are subject to fixed term contracts which will expire at the end of the term or may terminate early. The Company cannot be sure that, upon the expiration of current contracts, programme content or programme services will continue to be available to it on acceptable financial and technical terms, (including encryption, territorial limitation and copy protection) or at all. • Any failure to acquire popular or locally produced programming on competitive terms and future increases in the cost of acquiring or producing such content could have a material adverse effect on the Group's operations, result and financial position. • The Group's business depends upon the continued efforts, abilities and expertise of its entertainment personalities. If the Group fails to retain or recruit entertainment personalities or if these individuals lose their current appeal, this could have a material adverse effect on the Group's operations, earnings and financial position. • Programming represents a significant expense. Given the size of these commitments at any time, a reduction in the Group's advertising revenues could adversely affect the Group's operating margins and results of operations. • NENT Group uses satellite systems to transmit its programme services to subscribers, cable television operators and other distributors worldwide. Prolonged or repeated disruptions in the Group's signals could lead to a loss of viewers, damage to the Group's reputation and a reduction in the Group's advertising revenues. Competition for the limited satellite transponder capacity may also limit the Group's ability to grow. • The Group currently depends on a number of third party net-work operators (such as cable, IPTV and mobile broadband operators) for the distribution of a large percentage of its programming. Any decrease in distribution via, or decrease in subscription fees received by, these third party operators could have a negative impact on the Company's advertising and pay-TV revenues (such as cable, IPTV and mobile broadband operators). • There is a risk that the Group's efforts to enforce its rights and protect its products, services and intellectual property will not be successful in preventing content piracy or signal theft. • The Group maintains substantial goodwill on its balance sheet which has an indefinite life and has been recorded following acquisitions of other companies. As at 31 December 2018, such goodwill amounted to SEK 2,274 million. If events or changes in the economic environment or other factors cause a reduction of the fair value of these assets, the Group may have to recognise impairment losses, which may have a material adverse effect on the Group's operations, result and financial position. • NENT Group requires broadcasting licenses and, in some cases, other operating licenses or authorisations from national regulatory authorities. Failure to obtain any requisite licenses, non-renewal or termination of any necessary broadcasting or operating licenses or authorisations, or material modification of the terms of any renewed licenses could have a material adverse effect on the Group's operations, results and financial position.

D.3	*Risks related to the shares*	Set out below is a summary of the key risks specific to NENT Group's shares: • Since an investment in shares can increase or decrease in value, there is a risk that an investor will not regain the capital invested. The price trends of NENT Group's shares will further depend on a number of factors, some of which are NENT Group specific and others linked to the stock market as a whole or otherwise outside the Company's control (such as holders' sale of substantial holdings). • Future dividends, and the extent of any such dividends, depend on NENT Group's future earnings, financial condition, cash flow, working capital requirements and other factors and there is a risk that NENT Group's earnings do not permit dividends in the future.

Section E – Offer

E.1	*Net proceeds and expenses*	Not applicable. NENT Group will not issue any securities in connection with the admission of the shares to trading and will thus not receive any proceeds or have cost attributable to the issuance of shares. NENT Group estimates that NENT Group's share of the total costs related to split of MTG and the distribution and listing of NENT Group's shares will amount to approximately SEK 145 million, of which SEK 90 million has already been incurred up until the end of Q4 2018.
E.2a	*Reasons for the offer and use of proceeds*	Not applicable. The Prospectus does not relate to any offer.
E.3	*Terms and conditions of the offer*	Not applicable. The Prospectus does not relate to any offer. The shares in NENT Group will be distributed to the shareholders of MTG in proportion to each shareholder's holding of MTG shares on the record date for the distribution (i.e. 26 March 2019). Each Class A share in MTG entitles the holder to one Class A share in NENT Group and each Class B share in MTG entitles to one Class B share in NENT Group. Aside from being registered as a shareholder on the record date for the distribution (directly registered or nominee registered), no further actions are required in order to receive shares in NENT Group. The distribution is expected to be carried out pursuant to the requirements of the Swedish Lex ASEA rules regarding taxation.
E.4	*Interests material to the offer*	Not applicable. The Prospectus does not relate to any offer.
E.5	*Lock-up agreements*	Not applicable. No lock-up agreements have been entered into in connection with the admission to trading of the Company's shares.
E.6	*Dilution*	Not applicable. The Prospectus does not relate to any offer.
E.7	*Costs for the investors*	Not applicable. The Prospectus does not relate to any offer. No expenses are charged to the shareholders in connection with the admission to trading of the Company's shares on Nasdaq Stockholm.

Risk factors

An investment in the Company involves a number of risks. Prospective investors should carefully consider each of the risks set out below and all other information contained in this Prospectus before deciding to invest in the Company. The risks described below could have a material adverse effect on the Group's business, results of operations and financial position. In such circumstances, the trading price of the shares could decline and investors could lose part or all of their investment in the shares. The risks described below are not the only ones applicable to NENT Group. Additional risks that are not currently known to NENT Group or, based on customary risk assessment, risks NENT Group currently considers immaterial, may also impair NENT Group's business operations and may have a material adverse effect on its business, financial position and results. The order in which the risks are presented is not intended to indicate the probability of their occurrence or the expected magnitude of their negative impact.

This Prospectus also contains forward-looking statements that are based on assumptions and estimates and subject to risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to the risks described below.

Risks relating to the Company and its business

The demand for NENT Group's products and services depends, among other things, on general economic and market conditions in its markets

NENT Group's business is, and will in the future continue to be, affected by economic and market conditions, including factors such as the unemployment rate, level of consumer confidence, real disposable income, changes in consumer spending habits, and interest rates in the markets in which NENT Group operates, mainly Sweden, Denmark, Norway and Finland. In particular, advertising revenues are cyclical and substantially dependent upon prevailing economic conditions, with less money being spent on advertising in times of economic downturn. Negative developments in the markets in which NENT Group operates could reduce the demand for NENT Group's products and services and thus adversely affect NENT Group's subscription, advertising and other revenues, which in turn may have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group's business is dependent on the level of advertising expenditures in its markets

NENT Group derives substantial revenues from the sale of advertising space on its channels and platforms. NENT Group's advertising revenues depend on the level of advertising expenditures in the countries in which NENT Group operates generally and advertising expenditures accounted for by television and radio specifically, and NENT Group's share of total advertising in those markets accounted for by television and radio. The future level of advertising expenditures in the countries in which NENT Group operates and the proportion of such expenditures accounted for by television or radio is affected by factors such as consumer behaviour, consumer spending and the general economic climate in such countries, all of which are outside NENT Group's control. Any material decrease in the advertising expenditures in the countries in which the Company operates generally and advertising expenditures accounted for by television and radio specifically may have a material adverse effect on NENT Group's operations, earnings and financial position.

The market for digital entertainment is highly competitive and NENT Group may face difficulties in competing successfully in the future

The 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 and other media, as well as pirated content. NENT Group'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 and acquire quality content and develop user communities in a sustainable manner.

Many consumers maintain simultaneous relationships with multiple entertainment providers and can easily shift spending from one provider to another. For example, consumers may subscribe to HBO, Viaplay and Netflix, or a combination thereof, all in the same month. NENT Group's current offers represent only a few of many existing and potential new technologies for viewing filmed entertainment. Furthermore, many of NENT Group's international online entertainment competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than NENT Group. Some of its competitors have adopted, and may continue to adopt, aggressive pricing policies and devote substantially more resources to marketing and systems development than NENT Group is able to do. If the Company is unable to successfully compete with current and new competitors and technologies, it may not be able to achieve adequate market share, increase its revenues, or achieve and maintain profitability, which in turn may have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group is dependent on the sale of advertising time at competitive prices

NENT Group's business depends significantly on advertising revenues, which represented 28,8 percent of its revenues in 2018. The amount of such revenues is determined by the amount of commercial advertising time sold by or through NENT Group and the advertising prices charged. Both the advertising time and prices are affected by the relative quality and popularity of NENT Group's programming, ratings for its television and radio stations, its broadcast reach, its audience share and the distribution of the channels on which it sells advertising, the availability of alternative forms of entertainment, the viewing behaviour of the television audience, television and radio listening levels and general economic conditions. Any adverse negative development in any of these factors could result in a decline in NENT Group's advertising revenues, which in turn may have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group is dependent on its ability to attract new, and retain existing, subscribers for its pay-TV services and charge competitive subscription fees

NENT Group's business depends substantially on subscription revenues, which represented 56,8 percent of its revenues in 2018. The amount of such revenues is determined by the number of subscribers and level of subscription fees. The ability to attract new and retain existing subscribers for NENT Group's pay-TV services and the ability to charge competitive subscription fees is largely dependent on the popularity of the programming it is able to secure and NENT Group's ability to provide the subscribers a high quality experience for selecting and viewing titles, including providing accurate recommendations. If consumers do not perceive NENT Group's service offering to be of high quality, or if NENT Group introduces new services that are not favourably received by them, the Company may not be able to attract or retain subscribers. Furthermore, NENT Group may, as a result of declining popularity of the programming, competitive pressures or other factors, be required to decrease the level of the subscription fees. Any material decrease of the Company's programming popularity or other competitive pressures could reduce the number of subscribers and/or lead to a reduction of the level of subscription fees, any of which could lead to a decline in NENT Group's subscription revenues, which in turn may have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group may not be able to develop, produce or acquire programming that is attractive to its audiences

The ability of programming to generate advertising or subscription revenue depends substantially on NENT Group's ability to develop, produce and acquire programming that matches audience tastes and attracts high audience shares. Audience acceptance of a television or radio programme represents a response not only to the television or radio programme's artistic components but also to critical review, promotion by the distributor, availability of alternative forms of entertainment and leisure activities, general economic climate, public tastes generally and other intangible factors, all of which could change rapidly and cannot be predicted with certainty. There is a risk that some of NENT Group's television and radio programming will not be successful, and that the Company's programming library will lose its audience appeal more quickly than anticipated.

If NENT Group is unable to produce or secure a steady supply of high-quality programming, or if NENT Group fails to anticipate, identify or react appropriately to changes in NENT Group's viewers' tastes by providing appropriate programming, NENT Group's audience shares could be negatively affected. As a result, NENT Group may lose subscribers and subscription revenues and/or a significant portion of NENT Group's market share and consequently

NENT Group's advertising revenues. Any of these factors could have a material adverse effect on NENT Group's operations, earnings and financial position.

Moreover, if any of the programming NENT Group produces, commissions or licenses does not achieve the audience share levels NENT Group anticipate, NENT Group may be required to write-off all or a portion of the carrying cost of such programming, and NENT Group could be forced to broadcast more expensive programming to maintain audience share, either of which could have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group's programming may become more difficult or expensive to acquire

One of NENT Group's competitive strengths is its supply of live sports programming, such as Champions League and Premier League, which is licensed from third parties. The programme content and programme services NENT Group has licensed from third parties are subject to fixed term contracts which will expire at the end of the term or may terminate early. The Company cannot be sure that, upon the expiration of current contracts, programme content or programme services will continue to be available to it (whether by renewal or otherwise) on acceptable financial and technical terms (including encryption, territorial limitation and copy protection), or at all.

Television programming is an important element of the Company's operating costs. The cost of acquiring content attractive to the Company's viewers, such as feature films, popular television series and formats, and sports programming rights, has increased, and may continue to increase, as a result of greater competition from existing and new television channels and other competitors. The Company's expenditure in respect of locally produced programming may also increase due to new laws and regulations mandating the broadcast of a greater number of locally produced programmes, changes in audience tastes in favour of locally produced content in the Company's operating markets, and competition for local talent.

Any failure to acquire popular or locally produced programming on competitive terms and future increases in the cost of acquiring or producing such content could have a material adverse effect on NENT Group's operations, result and financial position.

NENT Group is dependent on being able to retain and recruit senior executives and key personnel

NENT's employees are one of NENT Group's most important assets as the success of its business to a large extent is dependent on the decisions and the actions they take. The wrong employee in the wrong place, dissatisfied staff, poor leadership and an organisation that does not encourage open dialogue and stimulate personal development may lead to employee unhappiness and underperformance, and ultimately to employees leaving NENT Group. Dissatisfied staff and high staff turnover may lead to increased costs, impaired contractual relationships and reduced internal efficiency, which in turn may result in reduced profitability. NENT Group is therefore dependent on being able to recruit, develop and retain employees and senior executives with the right skills. If any of these risks should materialise, it may have a material adverse effect on NENT Group's operations, result and financial position.

NENT Group is dependent on being able to retain and recruit entertainment personalities

NENT Group employs or contracts with several entertainment personalities within the entertainment business with loyal audiences and also produces broadcast content with highly regarded directors, actors and other talent.
NENT Group's business is dependent upon the continued efforts, abilities and expertise of these individuals. These individuals are for example important to achieve audience endorsement of NENT Group's programmes, motion pictures and other content. If NENT Group fails to retain or recruit entertainment personalities or if these individuals lose their current appeal, this could have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group may be unable to protect its domain names, which in turn may affect its reputation and brands

NENT Group currently hold various domain names relating to its brands, including viasat.se and viaplay.se. Failure to protect NENT Group's domain names could affect adversely its reputation and brands, and make it more difficult for users to find its services. Furthermore, NENT Group may be unable to acquire or maintain relevant domain names in the future, or be unable to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of its trademarks and other proprietary rights, which could have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group has substantial future programming commitments that it may not be able to vary in response to a decline in advertising or subscription revenues

Programming represents a significant expense, and at any given time NENT Group generally has substantial fixed commitments for the succeeding two to four years. Given the size of these commitments at any time, a reduction in the Group's advertising or subscription revenues could adversely affect the Group's operating margins and results of operations. The Group would have only limited ability to reduce the Group's costs in the short-run in response to such developments.

For example, NENT Group acquires syndicated programming rights under these multi-year commitments before it can be determined whether such programming will perform well in NENT Group's operating markets. In the event any such programming does not attract adequate audience share, it may be also necessary to increase NENT Group's expenditures by investing in additional programming as well as to write down the value of such underperforming programming, which may have a material adverse effect on NENT Group's operations, result and financial position.

NENT Group is subject to risks relating to acquisitions and disposals of businesses

NENT Group may in future further expand its business through acquisitions of businesses that improve and complement NENT Group's existing operations, both in existing and potential new markets. NENT Group depends on several factors to be able to complete future acquisitions. For example, NENT Group must find suitable acquisition targets at the right price, negotiate acceptable purchase terms, finance the acquisitions and obtain necessary permits from regulatory authorities. When it comes to acquisitions and new geographic markets, NENT Group also depends on its knowledge of and ability to adapt to prevailing market practice. Consequently, there is a risk that NENT Group's future potential acquisitions cannot be completed at advantageous terms or at all, which could limit NENT Group's growth.

There are several operational and financial risks in connection with acquisitions, especially in relation to how new operations are to be integrated into NENT Group's existing operations. Integration presumes that it is possible to use the existing structure in an optimal manner, that the operations in the acquired businesses can be changed, that necessary reconstruction measures can be implemented and that there is sufficient access to staff with necessary expertise, and there is a risk that one or more factors will impede efficient integration of the new business. In addition to integration risk, other risks include exposure to unknown liabilities, acquisition and expansion costs higher than expected, and problems with obtaining necessary permits to conduct operations. There is a risk that NENT Group's assessments and assumptions concerning the potential for acquisitions or expansion or concerning acquired businesses may prove to be incorrect, or that liabilities, unforeseen events or other risks previously unknown to NENT Group may occur. There is a risk that NENT Group will fail to integrate acquired businesses, and that the synergies expected to result from the acquisition will thus not be not realised.

NENT Group may also wish to dispose of operations and facilities that no longer fit into NENT Group's strategy. There is a risk that NENT Group will not be able to dispose of operations or assets at all in the future, or that such disposals will not be able to take place on favourable terms. Should any of these risks be realised, they could have a material adverse effect on NENT Group's operations, result and financial position.

NENT Group is subject to the risk of failure or destruction of satellites and facilities that the Group depends upon to distribute its programming

NENT Group uses satellite systems to transmit its programme services to subscribers, cable television operators and other distributors worldwide. The distribution facilities include uplinks, communications satellites and downlinks. Despite the back-up and redundancy systems, transmissions may be disrupted as a result of accidents, technical faults, disasters or other circumstances that impair uplinks, satellites, downlinks, fibre networks and Conditional Access Systems. Prolonged or repeated disruptions in NENT Group's signals could lead to a loss of viewers, damage to NENT Group's reputation and a reduction in NENT Group's advertising revenues.

Currently, there are a limited number of communications satellites available for the transmission of programming. Pursuant to the contractual arrangements with the satellite owner, if a transponder were to malfunction, NENT Group has the automatic right to receive capacity on a qualifying transponder on other satellites of the satellite owner, provided such capacity is available. However, if a disruption occurs, there is a risk that additional capacity on a qualifying transponder will not be available in a timely fashion or at all and NENT Group may not be able to secure alternate distribution facilities in a cost-efficient and timely manner or at all. This could have a material adverse effect on NENT Group's operations, result and financial position.

NENT Group accesses uplinks and downlinks, and satellite transponder capacity pursuant to contractual arrangements with third party owners/operators of such communications channels. There is a risk that, upon expiration of the existing contractual arrangements, NENT Group will not be able to renew or extend its access or secure alternative satellite transponder capacity at attractive terms or at all. This could have a material adverse effect on NENT Group's operations, result and financial position.

Competition for the limited satellite transponder capacity may also limit NENT Group's ability to grow. If NENT Group cannot obtain additional channels on competitive terms, its ability to expand its operations could be restricted, which could have a material adverse effect on NENT Group's operations, result and financial position.

NENT Group is dependent on third party operators for the distribution of its programming

NENT Group currently depends on a number of third party network operators (such as cable, IPTV and mobile broadband operators) for the distribution of a large percentage of its programming in certain of its markets. There is a risk that such third party operators will not continue to distribute NENT Group's channels in the future. Any decrease in distribution via, or decrease in fees received by, these third party operators could have a negative impact on the Company's advertising and pay-TV revenues, which in turn could have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group is subject to risks relating to cybersecurity

NENT Group is exposed to cybersecurity threats such as computer viruses, system attacks (such as attacks via malicious software (*malware*)) and unauthorised physical or electronic access, which could lead to interruptions and delays in its services, misappropriation of NENT Group's or its customers data, deletion or modification of stored information or other interruptions to its business. Any unauthorised access to information may lead to an unintentional disclosure of, or unauthorised access to, information regarding, for example, customers or employees or other sensitive data or information. Unauthorised breaches of NENT Group's systems may also cause NENT Group to incur additional costs associated with, among other things, enhancing security, violations of privacy or other laws, penalties or litigation. In addition, NENT Group's reputation could be damaged following such unauthorised access to NENT Group's platforms by third parties. For example, NENT Group's customers or suppliers may lose confidence in NENT Group's services and products, which may have an adverse effect on NENT Group's business. Accordingly, cybersecurity threats, if materialised, could have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group's business is vulnerable to significant changes in technology

The television broadcasting industry is affected by rapid innovations in technology. The implementation of new technologies and the introduction of broadcasting distribution systems other than analogue terrestrial broadcasting, such as digital terrestrial broadcasting, direct-to-home cable and satellite distribution systems, the internet, video-on-demand and user-generated content sites, and the availability of television programming on portable digital devices, have changed consumer behaviour by increasing the number of entertainment choices available to audiences. This has fragmented television audiences in more developed markets and could adversely affect NENT Group's ability to retain audience share and attract advertisers as such technologies and broadcasting systems penetrate its operating markets.

New technologies that enable viewers to choose when and what content to watch, as well as to fast-forward or skip advertisements, may also cause changes in consumer behaviour that could negatively affect NENT Group's businesses. NENT Group's competitors may strengthen their positions by increasing the capacity to provide services, or developing the means of delivering services favoured by changes in consumer behaviour.

In addition, compression techniques and other technological developments may increase the number of channels broadcast in NENT Group's operating markets and expand programming offerings to highly targeted audiences. Reductions in the cost of launching additional channels could lower entry barriers for new channels and encourage the development of increasingly targeted niche programming on various distribution platforms. To maintain its market share, NENT Group's television broadcasting operations may be required to expend substantial financial and managerial resources on the implementation of new broadcasting technologies or distribution systems.

Moreover, expansion of the broadcasting industry caused by technological innovation may fuel competition for audiences and advertising revenue as well as the competitive demand for programming. Any substantial further investment to address such competitions could have a material adverse effect on NENT Group's operations, result and financial position.

Technological developments may increase the threat of content piracy and signal theft and limit NENT Group's ability to protect its intellectual property rights

DTH (*Direct to Home*) access to NENT Group's services is restricted through a combination of physical and technological access controls, including smartcards, which NENT Group provides to its individual DTH customers. The counterfeiting of smartcards, or otherwise overcoming their security features, may lead to unauthorised viewing and use of content. Technology developments, including digital copying and file compressing, and the growing penetration of high-bandwidth internet connections, increase the threat of content piracy by making it easier to duplicate and widely distribute pirated materials. In addition, developments in software or devices that circumvent encryption technology increase the risk of unauthorised usage and distribution of DTH programming signals.

There is a risk that NENT Group's efforts to enforce its rights and protect its products, services and intellectual property will not be successful in preventing content piracy or signal theft. Ineffective control of content piracy and signal theft may adversely affect NENT Group's revenue generation from its products and services including, but not limited to, films, television shows and DTH programming signals, and could have a material adverse effect on NENT Group's operations, results and financial position.

NENT Group may be required to impair the value of goodwill and other intangible assets

NENT Group maintains substantial goodwill on its balance sheet which has an indefinite life and has been recorded following acquisitions of other companies. As at 31 December 2018, such goodwill amounted to SEK 2,274 million. NENT Group does not amortise goodwill but instead performs an impairment test annually or when events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. Intangible assets which are amortised may similarly face a reduction in the fair value, causing impairment losses. NENT Group considers all current information in respect of determining the need for or calculating any impairment charge, including changes in the economy, decreases in NENT Group's audience shares or ratings, increased competition or changes in the audience measurement system. If events or changes in the economic environment or other factors cause a reduction of the fair value of these assets, NENT Group may have to recognise impairment losses, which may have a material adverse effect on NENT Group's operations, result and financial position.

NENT Group's broadcasting licenses may not be renewed and may be subject to revocation, NENT Group may have to obtain new licenses due to Brexit and NENT Group may have difficulties obtaining new licenses

NENT Group requires broadcasting and, in some cases, other operating licenses or authorisations from national regulatory authorities in NENT Group's operating markets in order to conduct its broadcasting business. Certain of NENT Group's broadcasting licenses will expire at various times. NENT Group's licenses and authorisations may not be renewed or extended as required to continue to operate NENT Group's business. Furthermore, such licenses may be subject to revocation.

The failure to comply in all material respects with the terms of broadcasting licenses or other authorisations, including the associated applications filed by NENT Group, may result in such licenses or other authorisations not being renewed or otherwise being terminated. Furthermore, there is a risk that renewals or extensions of existing licenses will not be issued on the same terms as existing licenses. In addition, it may turn out that NENT Group does not succeed in obtaining all requisite approvals and licenses in the future for its operations without the imposition of restrictions or conditions which may have an adverse consequence to the Company, or that compliance issues will be raised in respect of its operations, including those conducted prior to the date of this Prospectus.

Furthermore, NENT Group may have to obtain new broadcast licenses due to a "hard Brexit" (where the UK is no longer part of the EU Single Market and Customs Union, the UK would have to negotiate market access for the broadcasting sector which has not been included in a Free Trade Agreement to date due to the "cultural exception" veto which can be exercised by any EU Member State). The Audiovisual Media Services Directive ("**AVMSD**") (Directive 2010/13/EU) sets out a country of origin principle, according to which audiovisual media service providers are only subject to the jurisdiction of one EU country. Providers of broadcasting channels and of video on-demand services based in one country are only subject to one set of rules and regulation from this 'country of origin'. NENT Group broadcasts TV channels and on-demand services to the Nordics that are licensed through the UK communications regulator Ofcom. A broadcast licence issued by Ofcom is valid in the whole of the EU.

In a scenario in which the UK leaves the EU without agreement (a "no deal" scenario) on 29 March 2019 or subsequently, the AVMSD and the country of origin principle will no longer apply to services under UK jurisdiction that are broadcast into the EU, as the UK would be classified as a third country. This would imply that NENT Group needs to consider where to relocate the broadcast licences, which would most probably then be in Sweden. This may lead to both financial, legal and social consequences for NENT Group. For example, there is a risk that new licenses will not be issued on the same terms as existing licenses and be stricter in terms of regulation.

Failure to obtain any requisite licenses, non-renewal or termination of any necessary broadcasting or operating licenses or authorisations, or material negative modification of the terms of any renewed licenses could have a material adverse effect on NENT Group's operations, result and financial position.

NENT Group is subject to risks related to intellectual property rights

NENT Group's intellectual property rights comprise, amongst others, a substantial amount of trademarks such as TV3, TV6, TV10, Viasat, Viafree, Viaplay, Rix FM, P4 Norway, Splay and Strix, which are important for NENT Group's business. NENT Group may from time to time need to take legal actions against third parties in order to protect its intellectual property rights. Moreover, a third party may, founded or unfounded, bring an action for infringement of such third party's intellectual property rights, including in respect of intellectual property rights that has been developed by third parties and acquired by NENT Group in business or asset purchase transactions, or initiate legal proceedings to declare NENT Group's intellectual property rights invalid. If NENT Group is found guilty of infringement after such claim, NENT Group could be required to enter into royalty or licensing agreements on unfavourable terms, pay damages, discontinue the use of challenged trade names or technology, or develop non-infringing alternative intellectual property rights. In addition, legal proceedings concerning infringement of intellectual property rights are also both costly and time-consuming and may divert the attention of NENT Group's management from NENT Group's day-to-day operations.

If NENT Group should be subject to significant infringement of NENT Group's intellectual property rights, regardless of whether this results in legal proceedings and the outcome of such proceedings, or if NENT Group should infringe a third party's intellectual property rights, this could have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group is subject to risks related to disputes and other legal proceedings

NENT Group may become involved in legal proceedings with customers, suppliers, partners and third parties as part of the Company's daily operations. Disputes, claims, investigations and legal proceedings may lead to NENT Group being sentenced to pay damages or to cease engaging in certain activities. In addition, NENT Group or its board members, senior executives, employees or affiliated companies may be subject to official investigations or criminal proceedings. Such disputes, claims, investigations and legal proceedings may be time-consuming, may disrupt daily operations, may give rise to claims involving significant amounts, and may entail significant legal expenses. In addition, it can often be difficult to foresee the outcome of complex disputes, claims, investigations and legal proceedings. Consequently, disputes, claims, investigations and legal proceedings may have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group's business is affected by laws, rules and regulations in the markets in which it operates

NENT Group's businesses are regulated in many different jurisdictions. The regimes that regulate NENT 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 NENT Group's business, or those of any of its competitors, could have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group is subject to credit and counterparty risks

NENT Group is exposed to credit risk, which includes the risk that NENT Group's counterparties cannot fulfil their payment commitments against NENT Group and thereby creates a loss for NENT Group. If NENT Group's customers do not fulfil their obligations regarding payment of accounts receivables due to, for example, financial difficulties, such risk could arise. NENT Group requires high credit ratings for all material credit sales and solvency information is obtained to reduce the risk of bad debt. However, these measures may prove to be insufficient. Under NENT Group's financial agreements, credit risk exposure includes exposure to counterparties in lease transactions and other financial investments and arrangements. If customers or counterparties to NENT Group fail to fulfil their payment commitments to NENT Group, this could have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group is subject to currency risks

NENT Group is exposed to exchange rate fluctuations due to its international operations and structure. This applies to both currency flows (transaction exposure), and the conversion of NENT Group foreign subsidiaries' and associated companies' earnings and balance sheets into SEK reporting currency (translation exposure). NENT Group's net sales are denominated in multiple currencies in addition to SEK, including DKK and NOK. A significant proportion of NENT Group's operating costs are also denominated in currencies other than SEK as, for example, NENT Group acquires the majority of its programming content in USD and EUR, and acquires the rights to broadcast sporting events in multiple currencies including GBP and EUR. The Company is therefore exposed to exchange rate fluctuations, which can have a material adverse effect on the Group's operations, results and financial position. Current or future hedging measures may not provide NENT Group with protection against the negative effects of exchange rate fluctuations. The effectiveness of NENT Group's hedging measures depends on the accuracy of its assumptions and forecasts, which, if incorrect, could also have a material adverse effect on the Group's operations, results and financial position.

NENT Group is subject to interest rate risks

Interest rate risk is the risk that changes in the market interest rates will adversely affect cash flow, financial assets and liabilities. NENT Group is exposed to interest rate risk through loans, financial assets and utilised interest-bearing credit facilities. In addition to the extent of interest-bearing liabilities, interest expenses are affected primarily by the level of current market interest rates and credit institution's margins, as well as the interest rate adjustment period strategy adopted by NENT Group.

Market interest rates are greatly affected by the expected rate of inflation. Shorter-term interest rates are affected primarily by the repo rate, which is a monetary policy instrument. In times of rising inflation expectations the interest rate may be expected to rise, and in times of declining inflation expectations the interest rate may be expected to decline. The longer the average fixed-interest term on NENT Group's loans, the longer it will take before a change in interest rates affects NENT Group's interest expenses. The Group is affected by the interest rate situation in the currencies in which NENT Group has liabilities (for example SEK, NOK, DKK, USD and EUR). A higher interest rate and higher interest expenses could have a material adverse effect on NENT Group's operations, earnings and financial position.

NENT Group is exposed to 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. NENT Group is subject to the assessment of tax authorities' in many jurisdictions and in such an assessment, NENT Group's interpretation of the tax legislation may be questioned and tax authorities in different jurisdictions may disagree with, and later challenge the taxable profits reported in such jurisdictions according to existing intra-group agreements and cross border transactions. There is a risk that NENT Group's tax position, both for prior years and the current year may change because of the decisions made by the tax authorities concerned or because of amended laws, agreements and other regulations. Such decisions or amendments may potentially also have a retroactive effect. These factors may have a significant negative impact on NENT Group's business, financial position and results.

Indemnities under the master separation agreement may result in unforeseen costs for NENT Group

The master separation agreement entered into between MTG and NENT Group stipulates that NENT Group, as a main rule, will indemnify MTG for liabilities relating to NENT Group's operations and that MTG, as a main rule, will indemnify NENT Group for liabilities relating to MTG's operations. If there were to occur unforeseen liabilities pertaining to NENT Group's operations (as defined in the master separation agreement) that would trigger indemnification liability under the master separation agreement, this could have a material adverse effect on NENT Group's business, financial condition and results of operations.

Risks relating to the shares

Investments in shares are subject to risk and investors may lose their investment

Risk and risk-taking are unavoidable aspects of share ownership. Since an investment in shares can increase or decrease in value, there is a risk that an investor will not regain the capital invested. There is a risk that the market will not react favourably to the distribution of the NENT Group shares, and investors may perceive the standalone companies less favourably than the current MTG group. The price trends of NENT Group's shares will further depend on a number of factors, some of which are NENT Group specific and others linked to the stock market as a whole or otherwise outside the Company's control (such as holders' sale of substantial holdings). These factors could also increase share price volatility. Consequently, every decision to invest in shares should be preceded by a thorough analysis.

There is a risk that an active, liquid and functioning markets for trading in NENT Group's shares does not emerge

Prior to the listing on Nasdaq Stockholm, no public market exists for NENT Group's shares. Accordingly, there is a risk that an active market for trading in the shares will not develop following the listing of the shares on Nasdaq Stockholm. Furthermore, low liquidity of NENT Group's shares could entail difficulties in selling shares at a point in time that is considered desirable for the shareholder or at a price level that could be obtained if a favourable liquidity situation prevailed.

Holders of shares in the United States or other countries outside Sweden may not be able to participate in any potential future rights issues

If NENT Group issues additional new shares with preferential rights for existing shareholders, shareholders in certain other countries may be subject to limitations that prevent them from participating in such rights offerings, or that otherwise makes participation difficult or limited. For example, shareholders in the United States may not be able to exercise any rights to subscribe for new shares unless a registration statement under the Securities Act is effective in respect to such shares or an exemption from the registration requirements under the Securities Act is available. NENT Group does not currently expect to prepare such a registration statement in the event it were to offer new shares. Other shareholders in jurisdictions outside Sweden may be similarly affected. NENT Group is under no obligation to file a registration statement under the Securities Act or to seek similar approvals or relevant exemptions under the laws of any other jurisdiction outside Sweden, and attempting to do so in the future may be impractical and costly. To the extent that NENT Group's shareholders in jurisdictions outside Sweden are not able to subscribe for new shares in any future rights issues, their proportional interests in NENT Group will be reduced.

NENT Group's potential to pay dividends to its shareholders depends on the Group's future earnings, financial condition, cash flow, working capital requirements and other factors

Shareholders of NENT Group are entitled to receive dividends (assuming dividends are resolved on by the Annual General Meeting) as of the date on which the shareholders are included in the share register maintained by Euroclear. Future dividends, and the extent of any such dividends, depend on NENT Group's future earnings, financial condition, cash flow, working capital requirements and other factors. There are also many risks that could adversely impact NENT Group's operations, which could entail that NENT Group's earnings do not permit dividends in the future.

Any future capital increases by NENT Group could have a negative impact on the price of the shares and non-participation in such capital increases will result in dilution effects

NENT Group may in the future increase its share capital in directed issues of instruments against cash or contributions in kind for various reasons, including to finance any future acquisition or other investments or to strengthen its balance sheet. Such share capital increases will result in a diluted ownership for shareholders who, for whatever reason, are not invited or cannot participate in such an issue. A share capital increase without preferential rights for existing shareholders to participate may only be made in accordance with applicable Swedish law and good practices in the Swedish stock market, which among other things require objective and legitimate reasons for the deviation from the preferential rights. Such share capital increases will result in dilution effects for existing shareholders at that time and could have an adverse effect on the share price, earnings per share and net asset value per share.

Differences in currency exchange rates may have an adverse effect on the value of shareholdings or dividends

The shares will be traded in SEK, and any dividends will be paid in SEK. As a result, shareholders outside Sweden may experience adverse effects on the value of their shareholding and their future dividends due to their exposure to SEK, if SEK depreciates against the relevant currency.

The rights of NENT Group shareholders may differ from the rights typically offered to shareholders of a United States corporation

NENT Group is incorporated under Swedish law. The rights of holders of NENT Group shares are governed by Swedish law, including the provisions of the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and by NENT Group's articles of Association. The rights of holders of NENT Group shares may in certain respects differ from the rights of shareholders in the United States corporations.

Background and reasons

At the extraordinary general meeting of MTG held on 7 February 2019, the shareholders of MTG resolved, in accordance with the proposal of the Board of Directors, to distribute all of the shares in the wholly owned subsidiary NENT Group to the shareholders of MTG. The Board of Directors of NENT Group has applied for a listing of NENT Group's shares of Class A and Class B on Nasdaq Stockholm. Nasdaq Stockholm's listing committee decided on 26 February 2019 to approve NENT Group's application for admission of the Company's shares to trading on Nasdaq Stockholm, provided that certain customary conditions are fulfilled, including that the distribution requirement for the Company's shares is fulfilled. The first day of trading in NENT Group shares is expected to be 28 March 2019.

The Board and management believe that an increased long-term shareholder value will be created by splitting the group into two separate and publicly listed companies. MTG's heritage dates back to 1987 when Scandinavia's first commercial TV channel was founded, and it has since expanded both in the Nordic region and internationally. The entertainment portfolio of brands today span broadcast and streamed TV & radio services and content production, as well as next generation entertainment experiences in esports, online gaming and digital video. A split from MTG and distribution of shares in NENT Group is intended to create two publicly listed companies whose leading brands can shape the future of their respective industries. A split will provide both businesses with enhanced focus and agility to capitalise on changes in consumer trends, capture growth opportunities and generate sustainable value for all stakeholders of both companies. It will provide two clear investment cases and equity stories with distinct financial profiles and capital allocation models. The timing is right as both companies have performed well operationally and financially, have strong leadership teams and inspired workforces. The split is expected to accelerate both companies' development in line with their strategic objectives.

The Board of Directors is responsible for the content of this Prospectus. The Board of Directors hereby declares that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the Board of Directors' knowledge, in accordance with fact and contains no omission likely to affect its import.

Stockholm, 7 March 2019
Nordic Entertainment Group AB (publ)
The Board of Directors

Information regarding the distribution of NENT Group

Resolution on distribution

On 7 February 2019, the Extraordinary General Meeting of MTG resolved, in accordance with the Board of Directors' proposal, to distribute all shares in the wholly-owned subsidiary NENT Group to the shareholders of MTG. Shareholders of MTG who on the record date for the distribution are registered as shareholders are entitled to receive one share in NENT Group for each share of the same class held in MTG. Aside from being registered as a shareholder on the record date for distribution (directly registered or nominee registered), no further actions are required in order to receive shares in NENT Group. The distribution of the shares in NENT Group is expected to be carried out pursuant to the requirements of the Swedish Lex ASEA rules regarding taxation. For further information, please see the section "*Certain tax issues*" on page 95 of this Prospectus.

Distribution ratio

All shares in NENT Group will be distributed to the shareholders of MTG. Each share of Class A in MTG entitles to one share of Class A in NENT Group and each share of Class B in MTG entitles to one Class B share in NENT Group. Treasury shares held by MTG on the record date for distribution of shares in NENT Group do not entitle to distribution. At a General Meeting of NENT Group, each share of Class A entitles to ten votes and each share of Class B entitles to one vote.

Record date

The record date with Euroclear Sweden AB ("**Euroclear**") for entitlement to receive shares in NENT Group is 26 March 2019. The final day for trading in shares in MTG including the right to receive shares in NENT Group is 22 March 2019. The shares of MTG will be traded excluding the right to receive shares in NENT Group as of 25 March 2019.

Receipt of shares in NENT Group

Those registered as shareholders in the share register of MTG kept by Euroclear on the record date for the distribution will receive shares in NENT Group without taking any further actions. The shares of NENT Group will be available on the securities account (Sw. *värdepapperskonto*) of each shareholder entitled to receive the distribution (or the securities account belonging to the party who is otherwise entitled to receive the distribution) no later than two banking days after the record date. Thereafter, Euroclear will send a statement containing information on the number of shares registered on the securities account of the recipient.

Nominee-registered holdings

Shareholders whose shares in MTG are registered in the name of a nominee (i.e. a bank or another nominee) will not receive an account statement from Euroclear. Notification will instead be made in accordance with the procedures of the respective nominee.

Listing of shares in NENT Group

The Board of Directors of NENT Group has applied for a listing of NENT Group's shares of Class A and Class B on Nasdaq Stockholm. Nasdaq Stockholm's listing committee decided on 26 February 2019 to approve NENT Group's application for admission of the Company's shares to trading on Nasdaq Stockholm provided that certain customary conditions are fulfilled, including that the distribution requirement for the Company's shares is fulfilled.

Right to dividends

The shares in NENT Group entitle to dividends for the first time on the record date for dividends occurring immediately after the distribution of the shares of NENT Group has been completed. Any dividends will be paid following a resolution by a General Meeting. The payment of any dividends will be administered by Euroclear or, should the shares be nominee-registered, in accordance with the procedures of the respective nominee. Entitlement to dividends is limited to shareholders registered in the share register maintained by Euroclear on the record date for the dividend as resolved upon by the General Meeting. For further information regarding taxation of dividends, please see section "*Certain tax issues*".

Transaction costs

NENT Group estimates that NENT Group's share of the total costs related to the split of MTG and the distribution and listing of NENT Group will amount to approximately SEK 145 million, of which SEK 90 million up until the end of Q4 2018.

Section
Market overview

Market overview

This Prospectus contains statistics, data and other information regarding markets, market sizes and other industry data relating to NENT Group's markets and operations. As the Company has no access to the facts and assumptions contained in all third party sources referred to in this Prospectus, the Company cannot control all such information and, even if the Company believes that the information is reliable, the Company cannot guarantee its accuracy or completeness. However, as far as the Company is aware and able to ascertain by comparisons with other information published by the third parties, no information has been omitted that would render information inaccurate or misleading.

Introduction to NENT Group

NENT Group is the leading[1] entertainment provider in the Nordic region. NENT Group provides broadcast TV and video streaming services in Sweden, Denmark, Norway and Finland, 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 streamed radio in Sweden and Norway; and a bundled TV & broadband offering in Sweden. NENT Group also creates, produces and distributes television shows, commercials, feature films and branded content, and manage social media talents, primarily in the Nordic region but also internationally.

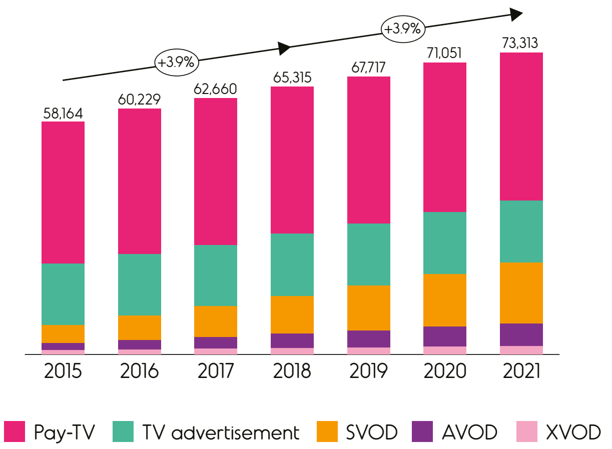
The markets in which NENT Group operates

The Nordic TV broadcasting and video streaming market

Broadcasters and streaming service providers, such as NENT Group primarily derive their revenues from subscription fees and the sale of advertising space on their channels and platforms. Subscription revenues are derived by offering pay-TV and free-TV channels 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 free-TV and pay-TV channels, radio channels and streaming platforms.

The total value of the Nordic market for TV broadcasting and video streaming services, including both subscription and advertising revenues but excluding carriage fees, was approximately SEK 65.3 billion in 2018 according to NENT Group research. The total market has grown at a historical compound annual growth rate (CAGR) of 3.9 percent in the period from 2015 to 2018, and is expected to grow at a CAGR of 3.9 percent in the period from 2018 to 2021. The market is changing significantly in terms of how content is viewed, with consumers increasingly streaming content on-the-go and on-demand as opposed to scheduled viewing in the home. The future growth of the market is expected to be driven by increasing consumption of streamed video entertainment products.

Nordic TV broadcasting and video streaming market (SEKm)[2]



Source: Zenith Advertising Expenditure Forecasts December 2018 (paid subscription), IHS research 2018 (paid subscription) as well as NENT Group estimates as regards SVOD and AVOD research as well as compilation of numbers that have been obtained in different currencies
Note: XVOD includes both Video On Demand & Electronic Sell-Through

The traditional TV broadcasting market in the Nordic region comprises a few large players and has relatively high barriers to entry. The market participants are predominantly either public service players with low to no profit intentions or commercial players with local country footprints. The public service players primarily derive their revenue from national government-controlled consumer license fees, and their TV channels and related online services are generally free to use with limited or no advertising. The commercial

1) NENT Group is the leading broadcaster and streaming service provider in the Nordics in terms of revenue 2017 (source: publicly available annual reports for Bonnier, TV2 Danmark, Discovery and Egmont).
2) SVOD=Subscription Video On Demand, AVOD=Advertising, or Ad based, Video On Demand, and XVOD= Extended Video on Demand.

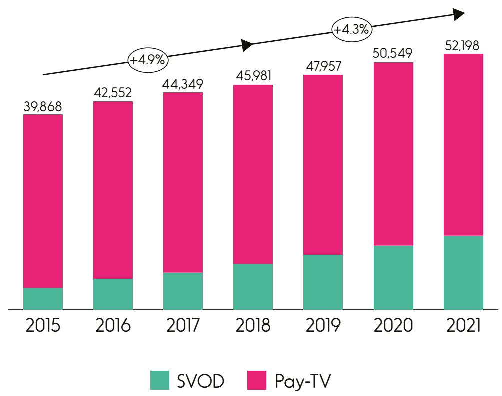
broadcasters offer a range of linear and online content packages, from basic offerings of the most popular advertising-funded channels to premium offerings, which also includes pay-TV channels and high quality thematic channels (such as movies, series, documentaries, sports and news). The packages are often complemented with value added services such as high definition content or online and on-demand services. The packages are distributed on a variety of owned and third party platforms including terrestrial, cable, telecommunication (copper and fibre) and satellite. The markets are fully digitalised.

Content is also offered on-demand on streaming platforms by local, regional and international players. The streaming market is highly competitive, with high levels of innovation, rising mobile consumption, a wide range of content, and a variety of personalised features and functionalities. This market has developed rapidly in the Nordics due to high fixed line and mobile internet penetration levels and fast download speeds. The population is also well used to watching English language as well as subtitled international content. The market participants comprise broadcasters that have complemented their offerings with streaming services, and "pure play" international streaming providers. These streaming services typically provide consumers with unlimited access to advertising-free premium digital content (series, movies and sports) for a subscription fee, or advertising funded free to access digital content (TV shows, clips and user generated content).

The channels and streaming services require national or local licenses in the country that they operate in, or from another European Union country, and are subject to the prevailing regulations.

The traditional Nordic TV subscription market, measured as the subscription fees paid by consumers for access to pay-TV and free-TV channels, has grown at a CAGR of 1.1 percent in the period from 2015 to 2018 and is expected to grow at a CAGR of 0.3 percent in the period from 2018 to 2021, as the number of subscriptions is expected to remain stable or decline, while average revenue per subscriber increases. As viewing increasingly shifts online and mobile, the Nordic subscription video-on-demand market has grown at a CAGR of 28.4 percent in the period from 2015 to 2018 and is expected to grow at a CAGR of 17.6 percent in the period from 2018 to 2021, driven by increased household penetration, increased number of subscriptions per household and increased average revenue per subscription. (Sources as per the following chart.)

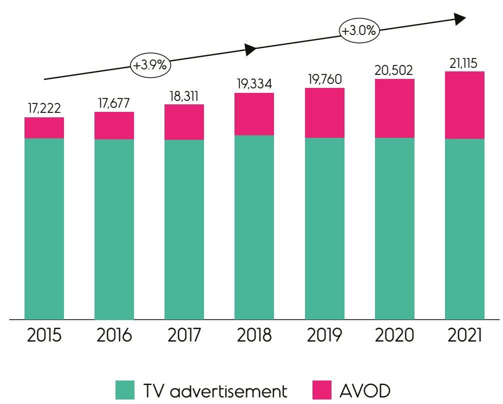
Nordic TV subscription market (SEKm)



Source: IHS research 2018 (paid subscription) as regards Pay-TV, NENT Group estimates based on research regarding SVOD and NENT Group research (as regards compilation of numbers that have been obtained in different currencies)

Advertising revenue is derived from advertising time sold on broadcast free-TV and pay-TV channels, and advertising time and space sold on free to use video streaming platforms. The traditional free-TV advertising market has grown at a CAGR of 0.5 percent in the period from 2015 to 2018 and is expected to decline at a CAGR of –0.6 percent in the period from 2018 to 2021, as TV advertising price rises partly offset the gradual decline in linear TV viewing. As viewing increasingly shifts online, the Nordic TV advertising video-on-demand market has grown at a CAGR of 26.8 percent in the period from 2015 to 2018 and is expected to grow at a CAGR of 16.1 percent in the period from 2018 to 2021, driven by broader content offerings, higher viewing levels, higher advertising market shares, and rising advertiser demand and prices. (Sources as per chart below.)

Nordic TV advertising market (SEKm)



Source: Zenith Advertising Expenditure Forecasts December 2018 (paid subscription) and NENT Group estimates as regards AVOD research

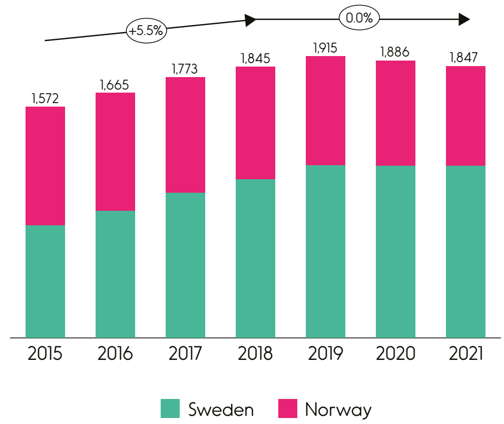
The Swedish and Norwegian radio markets

The radio broadcasting markets in Sweden and Norway comprise a few large players and have relatively high barriers to entry, due to the requirement for local broadcasting licenses that are granted for several years and limited by spectrum availability. The market participants are either public service players with low to no profit intentions or commercial players with local country footprints. The public service players primarily derive their revenues from national Government controlled consumer license fees and the radio stations and related online services are generally free to use with little or no advertising. The commercial broadcasters operate licensed local stations and/or national networks over licensed frequency bands and derive their revenues from advertising. The content is thematic and typically features music, talk shows, sports and news. The commercial operations are often complemented by value added streaming services.

The channels and services are available by analogue or digital broadcast signal, streaming and online, and are subject to local regulation. The Norwegian market is fully digitalised with digital audio broadcasting licenses already awarded, whereas the Swedish market is not yet digitalised but has recently awarded new national and regional/local FM licenses.

The radio advertising market in Sweden has grown at a CAGR of 12.1 percent in the period from 2015 to 2018, and is expected to grow at a CAGR of 2.8 percent in the period from 2018 to 2021. The Swedish market is expected to benefit from rising listening numbers, higher share of the total advertising market, and rising advertiser demand and pricing, as new national coverage licenses have been awarded in August 2018. The radio advertising market in Norway has declined at a CAGR of –1.7 percent in the period from 2015 to 2018 and is expected to decline at a CAGR of –4.1 percent in the period from 2018 to 2021. After years of sustained growth, the Norwegian radio market started to decline in 2016 and is expected to continue to decline, not least as the country's transition from FM to digital radio (DAB) in 2017 had an initial effect of weakened radio reach across the country. (Sources as per chart below.)

Swedish and Norwegian radio advertising markets (SEKm)



Source: Zenith Advertising Expenditure Forecasts December 2018 (paid subscription) and NENT Group research (as regards compilation of numbers that have been obtained in different currencies)

The Nordic content production and distribution market

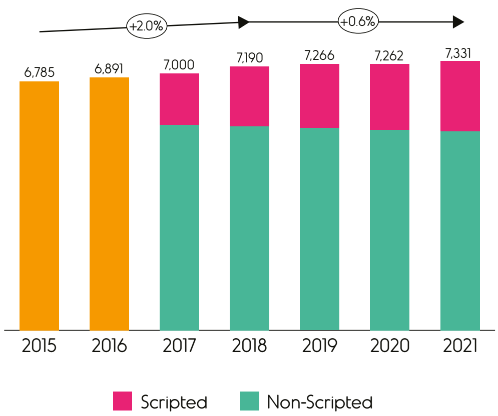
The Nordic market for content production and distribution comprises a limited number of large scale production groups and a larger number of small scale independent production companies. These market players produce and distribute long and short form, scripted and non-scripted shows for public service and commercial TV broadcasters and video streaming customers in the Nordic region and the international markets. The companies acquire and develop programming in various stages from concept development through to full scale production, and a format can either be developed in-house or produced on behalf of third parties.

The market has undergone a significant consolidation in recent years. Conversely, the number of potential customers has increased with the arrival of local and international streaming service providers, as well as the entry of new content buyers and platforms including telecommunications companies, social networks, brand advertisers and sponsors.

The decline in linear TV viewing has had a negative impact on broadcast TV production budgets, but has been more than compensated for by the rise in demand for video streaming services and the shift from non-scripted programming to higher priced scripted productions.

The Nordic TV content production market has grown at a CAGR of 2.0 percent in the period from 2015 to 2018 and is expected to grow at a CAGR of 0.6 percent in the period from 2018 to 2021, driven by the rising demand for high quality scripted drama in particular, as well as the increasing number of market participants. The overall content production market is also expected to benefit from the rising demand for branded entertainment. (Sources as per chart below.)

Nordic TV production market (SEKm)



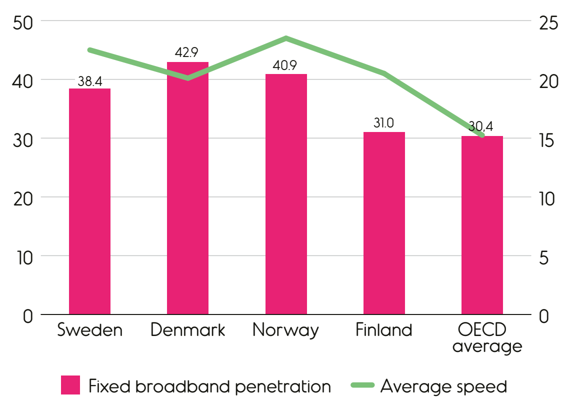
Source: NENT Group research

Notable market trends and growth drivers

Entertainment consumption and spending is rising

The range of options in how to watch content is greater than ever before. Consumers can choose from traditional linear TV, live and on-demand streaming services, recorded and downloaded content. The same trend is true for audio consumption. This has had a significant impact on consumer behaviour, and the result is that consumers now consume more video and listen to more radio than ever before. A record high of approximately 30 hours of video were consumed per person per week in 2017, of which more than 41 percent was on-demand content[1]. The Nordic countries are leading the way with fully digitalised content distribution markets, higher internet penetration levels and faster access speeds than almost any other market. This is also resulting in a rising number of pay-TV subscriptions and a growing overall video and audio advertising market. Broadcasters and streaming operators are, however, also increasingly competing for consumer attention with other forms of digital media entertainment including gaming, esports, online video networks and social media.

Nordic fixed broadband penetration and average access speed (%; Mbps)



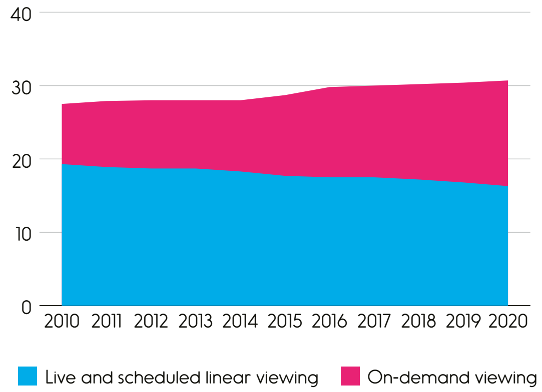
Source: OECD (http://www.oecd.org/sti/broadband/broadband-statistics/)

1) Ericsson ConsumerLab 2017, Adults 16–69, broadband-connected homes & watching TV/Video at least weekly in Brazil, Canada, China, Germany, India, Italy, Russia, South Korea, Spain, Sweden, Taiwan, UK & US.

Video entertainment viewing is increasingly streamed, on-demand and on mobile

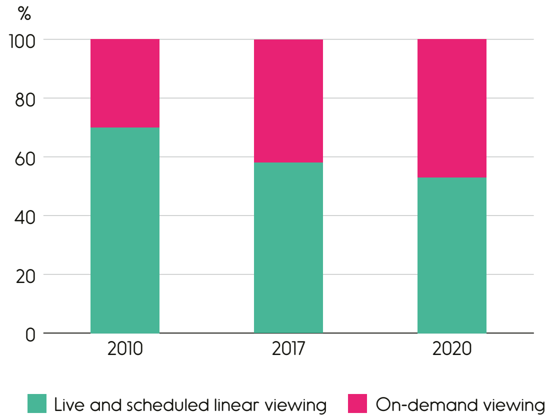
Streamed and on-demand viewing is increasing in popularity compared to live and scheduled viewing. Technological improvements are responsible for the increase in connected devices capable of displaying high quality TV and video. This content can now be watched on all devices from smart TVs to computers, smart phones, games consoles, tablets, virtual reality headsets and streaming devices. These improvements, together with the higher internet speeds, increased reliability, affordability and higher coverage of both fixed and mobile internet have made online video more available than ever before. Streaming and on-demand services are more convenient for the customer, who can decide what content to consume, when to consume it and on what device to consume it. Mobile devices are becoming increasingly popular for streaming and on-demand video consumption. Consumers spend an average of 12.5 hours a week watching TV and video on a mobile device, which is more than a 52 percent increase in time spent than in 2010. Smartphone penetration has increased from 70 percent in 2012 to almost 95 percent in 2017[1]. The added functionality of downloading content from on-demand services to local devices is contributing to this trend as consumers no longer rely on the availability and quality of local internet connections to consume their favourite content.

Video entertainment consumption (hours per week)



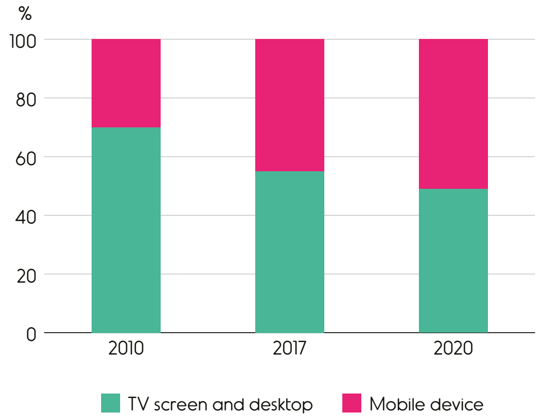
Source: Ericsson Consumer & Industry Insight Report, October 2017

Active viewing hours of on-demand vs- live and scheduled TV



Source: Ericsson Consumer & Industry Insight Report, October 2017

Active weekly viewing hours per screen type



Source: Ericsson Consumer & Industry Insight Report, October 2017

1) Ericsson ConsumerLab 2017, Adults 16–69, broadband-connected homes & watching TV/Video at least weekly in Brazil, Canada, China, Germany, India, Italy, Russia, South Korea, Spain, Sweden, Taiwan, UK & US.

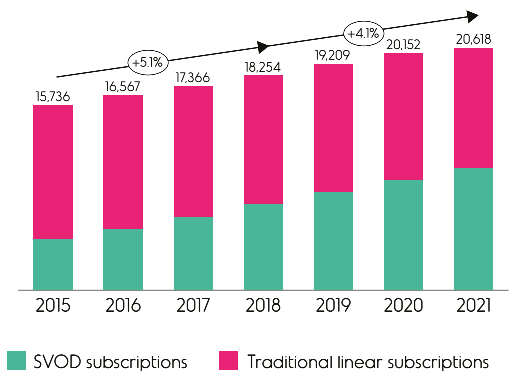
Overall subscription and advertising spend remain concentrated on traditional broadcast models

The changes in consumer behaviour and viewing habits have resulted in declining linear TV viewing, especially amongst younger and city dwelling audiences. Traditional linear pay-TV subscriptions are still expected to account for 50 percent of the total pay-TV subscriptions, including online services, in the Nordic region and 71 percent of total pay-TV spend in 2021, compared to 60 percent and 80 percent, respectively, in 2018[1]. This reflects the bundled nature of home entertainment packages with broadband, telephony and TV typically offered together, and the enduring demand for high quality scheduled viewing in the home.

In addition, linear broadcast TV advertising prices have been rising each year across the Nordic region and TV has taken advertising market share from print media in particular. This reflects the high reach of TV, the demographically attractive audience profile, the easily measurable nature of the viewing and the high TV-viewing on channels in prime-time evening viewing slots, all of which contributes to an attractive return on investment for advertisers. Online advertising volumes and prices are also rising but currently represent 19 percent of the video advertising market, compared to 10 percent in 2015[2]. This reflects the fragmented nature of online video viewing and the lack of universally recognised and accepted audience measurement systems.

The online based subscriptions services and advertising are expected to continue to increase their share of total volume and value of the video market as spending reflects the shifts in viewing.

Nordic Pay-TV subscriptions (thousands)



Source: IHS research 2018 (paid subscription), NENT Group estimates based on research regarding SVOD and NENT Group research (as regards compilation of numbers that have been obtained in different currencies)

Streaming allows for personalised content and targeted marketing

A strength of streaming services is that they are able to use consumer data to tailor the experience and customise recommendations and content to the customer. This includes both programming and marketing. Due to the connected and interactive nature of the relationship with the consumer, intelligent systems can gather data and learn the preferences of viewers, so as to enhance the viewing experience by recommending other programming and targeting advertising and promotions of interest to the viewer. This is very different from the typically one-way relationship in traditional linear broadcasting.

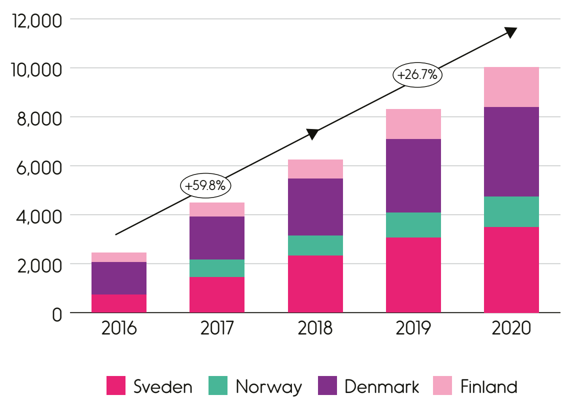
Targeted and performance-based marketing is increasingly favoured by advertisers. Targeted marketing displays advertisements that are specifically chosen for the targeted audience in order to increase the efficiency, and digital media allows the use of performance-based marketing where advertisers only pay for the number of views, click-throughs or even only if consumers purchase the marketed product.

1) IHS research 2018 (paid subscription) NENT Group estimates based on research regarding SVOD and NENT Group research (as regards compilation of numbers that have been obtained in different currencies).
2) Zenith Advertising Expenditure Forecasts December 2018 (paid subscription), NENT Group research as regards AVOD and compilation of numbers that have been obtained in different currencies.

Advertising buying is becoming increasingly automated

Programmatic advertising buying is accounting for an increasing proportion of overall advertising buying in the Nordic region. This provides a 24/7 buying solution for advertisers and automated tracking that is simpler, more efficient, adds advertising volumes and reduces cost per ad. Programmatic advertising is the automation of the buying and selling or fulfilment of desktop display, video and mobile advertisements using real time bidding. It describes how online campaigns are booked, flighted, analysed, and optimised by way of demand-side software interfaces and algorithms. This contrasts with traditional advertising sales, which are conducted by sales staff and agencies using requests for proposal, manual insertion orders and human negotiations. Money spent on advertising through programmatic channels in the Nordics, including video advertising and other advertising formats, is expected to amount to SEK 10,030 million in 2020. This compares with SEK 6,252 million in 2018, and corresponds to a CAGR of 26.7 percent[1].

Nordic market for programmatic advertising (SEKm)



Source: Zenith Programmatic Marketing Forecasts 2018 (paid report)

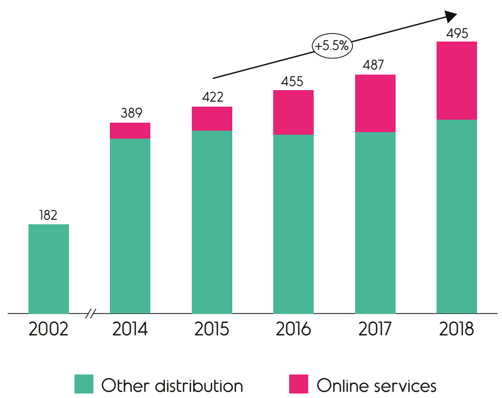
Quality and relevance of content is becoming more important

The competition for consumer time, as well as the range of video services available, are making it ever more important for broadcasters and streaming providers to provide high quality and exclusive content, in order to attract and retain subscribers, and to achieve higher viewing shares that drive higher advertising market shares. Broadcasters and streaming providers are therefore increasingly producing their own TV series with the help of independent production companies, and investing in exclusive access to movie releases, TV series and premium live sports events.

The importance of local content is also increasing in the Nordic region, not just in terms of language but also in terms of culturally and socially relevant content. This can be in the form of mass appeal non-scripted reality and other TV shows, or high quality scripted drama productions, local feature films, local live sports and other events.

Broadcasters and streaming providers are therefore increasingly investing in owning content rather than licensing it. In-house produced content also provides companies with the opportunity to resell the content to other broadcasters and streaming providers. Examples of such original productions that have been exclusively premiered on streaming services include Advokaten and Ingen utan Skuld (SE); Okkupert (NO) and Friheden (DK) on Viaplay; House of Cards and Stranger Things on Netflix; and Game of Thrones and Westworld on HBO Nordic.

Number of U.S. original scripted series



Source: FX Networks Research (https//wwwhollywoodreporter.com/live-feed/peak-tv-update-scripted-originals-hit-high-2018-1169047)

1) Zenith Programmatic Marketing Forecasts 2018 (paid report).

Increasing technology, media and telecommunications consolidation and convergence

Changes in consumer behaviour and within incumbent models, and the increasing competition for consumer attention and spending are leading to increasing consolidation and convergence in the technology, media and telecommunications sectors as market participants seek scale and differentiation so as to attract and retain more customers and drive higher efficiency levels. As entertainment consumption has moved online, the demand for data volume has risen but is today a commoditised and deflationary utility. Operators are therefore seeking differentiation by moving into the video content business, while content owners are seeking scale through a closer partnership with distributors. This trend has been seen around the world, and in the US in particular, with the proposed tie-ups of Verizon and AOL and Yahoo, then AT&T and Time Warner, and now Disney and Fox, and Comcast and Sky. The Nordic region has seen similar trends with Telenor's previous ownership of C More; the purchase of SBS and Eurosport by Discovery, and the announced acquisition of Bonnier Broadcasting by Telia. This trend is expected to continue and to favour those with fully integrated entertainment and communications models that can deliver real synergies and consumer benefits.

Market structures and competitive landscape

Nordic TV broadcasting and video streaming

In terms of viewing, each of the Nordic markets is dominated by a national public service broadcaster that is publicly funded through household license fees and government funding. These broadcasters provide both linear and on-demand services that do not include advertising.

National public service TV providers

Sweden	Norway	Denmark	Finland
SVT	NRK	DR	Yle
SVT play	NRK TV	DR tv	Yle AREENA

Source: NENT Group

The commercial landscape is different and comprises a number one national commercial TV broadcaster in each country – TV2 in Norway that is owned by Egmont; TV4 in Sweden that is owned by Bonnier; and TV2 in Denmark that is owned by the Danish state (source: publicly available information such as websites). In addition to these, there are two pan-Nordic players – Nordic Entertainment Group and Discovery Networks. These players all provide advertising funded TV channels and on-demand services. In addition, there are a number of pay-TV channels available in the market, of which Nordic Entertainment Group's Viasat, Discovery (including Eurosport) and Bonnier's CMore are the leading local providers, with other international media groups such as Fox, Disney, Turner, BBC, Viacom and HBO also providing channels to the main distributors. The TV distribution market in each country comprises a mixture of telecommunications, broadband, cable and fibre operators; digital terrestrial broadcasters; and satellite networks. In addition, a number of the above players and leading international players also provide advertising and/or subscription funded streaming services, including NENT Group's Viaplay and Viafree, Netflix, Amazon and HBO Nordic.

Nordic commercial TV landscape

	Pay-TV platforms	Pay-TV channels	Free TV channels	SVOD	AVOD	TVOD	Pan-Nordic
	←		✔			→	✔
Netflix & Amazon	✘	✘	✘	✔	✘	✘	✔
HBO Nordic	✘	✔	✘	✔	✘	✘	✔
Discovery Networks	✘	✔	✔	✔	✔	✘	✔
Local broadcasters	✘	✔	✔	✔	✔	✔	✘

Source: NENT Group

Swedish and Norwegian radio

In terms of listening, the Swedish and Norwegian radio markets are each dominated by a national public service broadcaster that is publicly funded by license fees and government funding. These broadcasters provide multiple networks that are broadcasted and available online but do not include advertising.

National public service radio networks

	Sweden	Norway
Sveriges Radio	P1 P2 P3 P4	
NRK Radio		NRK P1 NRK P2 NRK P3

Source: NENT Group

The commercial landscape is different and comprises two major commercial radio operators in Sweden and Norway – Nordic Entertainment Group and Bauer Media. The NRJ network is operated in cooperation with Bauer Media in Sweden and by Nordic Entertainment Group in Norway. There are a total of 10 FM stations and 3 national FM networks in Sweden, of which NENT Group owns one and Bauer Media and NRJ own one each. The Norwegian market has now been fully digitalised and there are 17 commercial stations with national DAB+ licenses, of which NENT Group owns or operates eight and Bauer Media owns or operates nine. All of the above stations and networks are also available online. (Source: publicly available information such as websites).

Commercial radio networks in Sweden and Norway

	Sweden	Norway
nordic entertainment group		
BAUER		

Nordic content production & distribution

The five largest groups of content production companies in the Nordics are NENT Group (owner of Strix, Monster, Nice Drama, Baluba, Brain Academy, Splay One and Paprika), Banijay Zodiak Nordic (owner of Nordisk Film TV, Mastiff, Jarowskij and Yellow Bird), Endemol Shine Nordics (owner of Meter Television, STO-CPH, Rubicon and Filmlance), Warner Bros International TV Production and ITV Studios. These groups comprise a number of local production companies across the Nordics, which produce programming for the major Nordic and international TV broadcasters and video streaming providers, video platforms, social media networks, and advertisers. They compete for scripts, talent and production contracts. They also operate production companies outside the Nordic region.

In addition, there are a number of companies that acquire content and format rights, in order to produce and/or sell these internationally to other media companies. Alongside NENT Group's DRG are Banijay Rights, Warner Bros and ITV Studios. These companies compete for the best content and format rights, as well as for contracts with broadcasters and streaming providers as regards the content they distribute.

Finally, the Nordic market also includes digital video networks, which manage influencer/talents and produces marketing campaigns for digital platforms, and also produce branded content for advertisers. Some of the players within this area are NENT Group's Splay One and RTL's United Influencers, as well as global players such as YouTube and Facebook. These companies compete with Splay One to represent influencer talents and receive assignments from clients as regards marketing services and to produce content.

Section
Business overview

Business overview

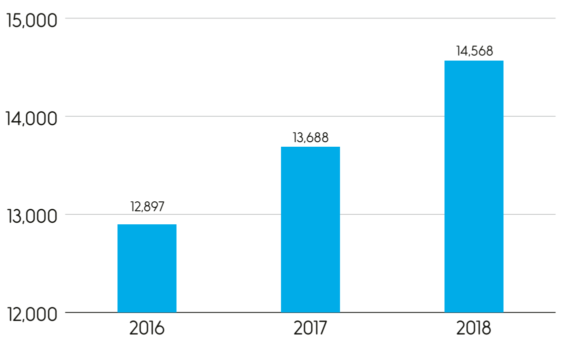
Introduction

NENT Group is the leading[1] entertainment provider in the Nordic region. The Company 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. The UK office also provides creative services, on-air planning, broadcast operations, regulatory compliance and a number of other key corporate functions.

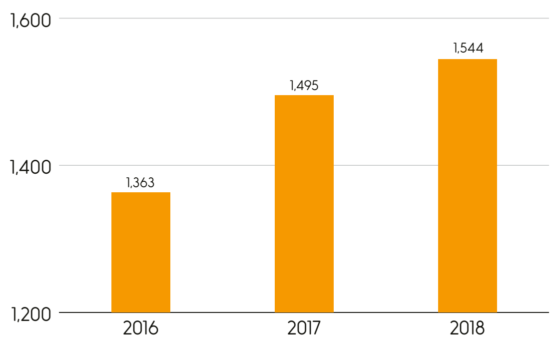
NENT Group also creates, produces and distributes television shows, commercials, feature films and branded content, and manages social media talents. The majority of the production business lies within the Studios business area, where the Group produces content for broadcasters, streamers, distributors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

NENT Group's revenues are generated from a mix of consumer subscription fees from services such as TV and streaming; third party distributor carriage fees; advertising sales; and content production and distribution fees.

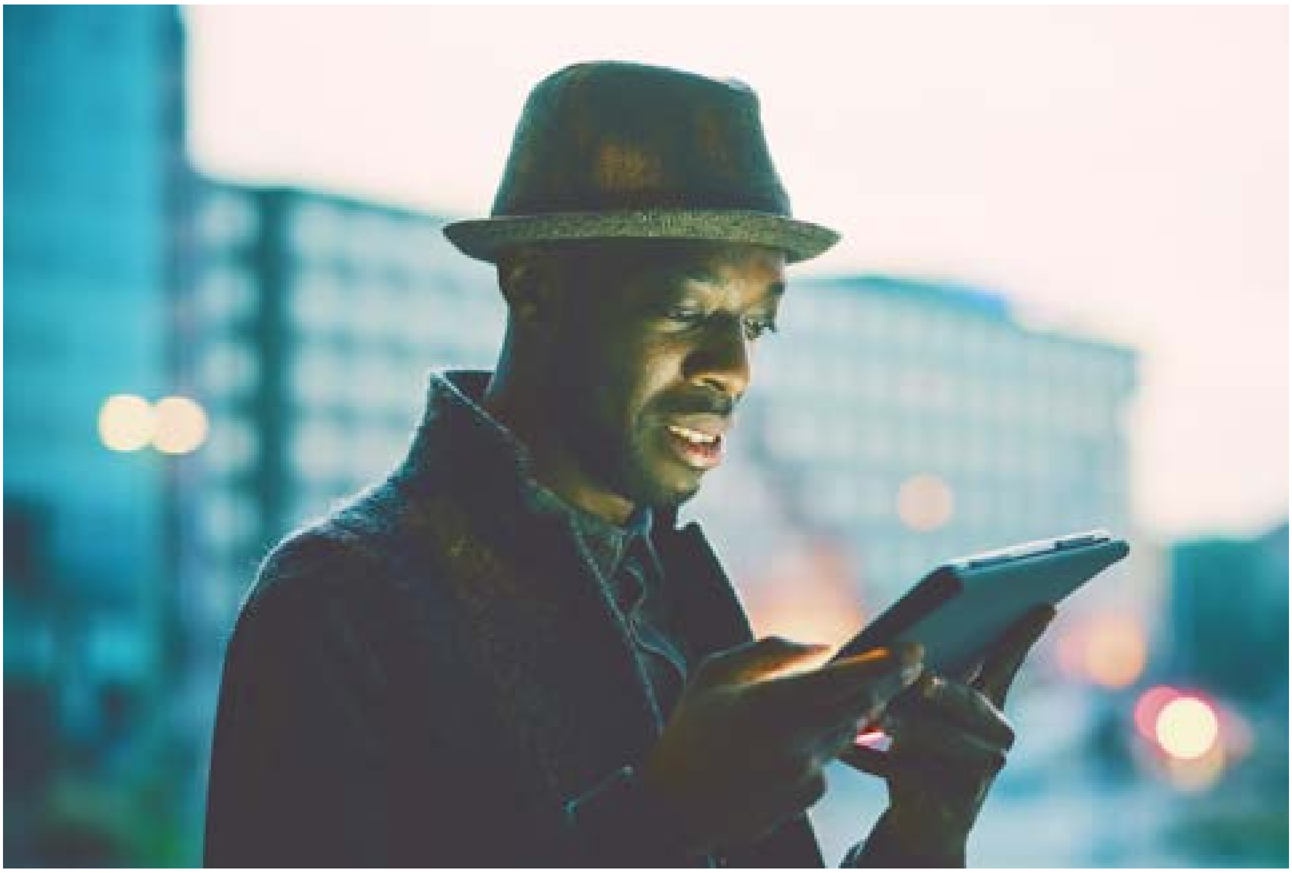
Group net sales (SEKm)



Group income before items affecting comparability (SEKm)



1) NENT Group is the leading broadcaster and streaming service provider in the Nordics in terms of revenue 2017 (source: publicly available annual reports for Bonnier, TV2 Danmark, Discovery and Egmont).

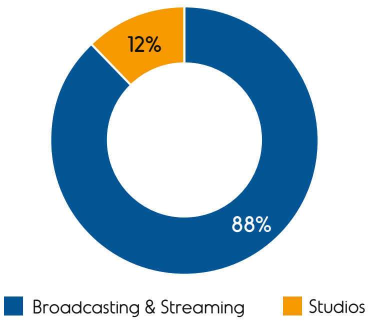


Overview

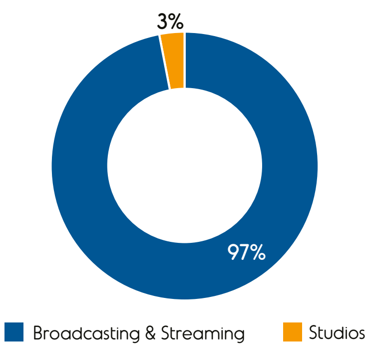
2018 net sales increased by 3.8 percent on an organic basis to SEK 14.6 billion. During the period from 2016 to 2018, net sales grew at a compound annual growth rate ("**CAGR**") of 4.6 percent on an organic basis. NENT Group has two reporting segments – Broadcasting & Streaming, and Studios. Broadcasting & Streaming accounted for 87.8 percent of 2018 external net sales and Studios for 12.1 percent. Sweden accounted for 40.6 percent of 2018 net sales, Denmark for 29.0 percent, Norway for 20.8 percent, Finland for 5.3 percent and the Rest of the World for 4.2 percent.

2018 total segment operating income before items affecting comparability ("**IAC**") and central operations increased by 5.5 percent to SEK 1,706 million, with an operating margin of 11.7 percent. Segment operating income before IAC and central operations grew at a compound annual growth rate of 9.4 percent between 2016 and 2018. Broadcasting & Streaming accounted for 97.4 percent of 2018 segment operating income and Studios for 2.6 percent. NENT Group total operating income of SEK 1,504 million in 2018 included IAC of SEK –40 million and central operations costs of SEK –162 million. The IAC comprised mainly of restructuring costs.

Net sales by segment, before eliminations



Operating income by segment, before items affecting comparability



History

Year	Event
1987	• TV3 launched in Sweden, then Norway and Denmark, as Scandinavia's first commercial TV channel
1989	• Acquisition of exclusive rights to broadcast coverage of Ice Hockey World Championship
1991	• Viasat satellite TV platform launched in Sweden
1992	• Acquisition of exclusive rights to broadcast coverage of UEFA Champions League
1996	• MTG enters radio market by acquiring stations in Sweden and renaming them as RIX FM • Viasat satellite TV platform launched in Finland
1997	• MTG demerged from Kinnevik and shares listed on Nasdaq Stockholm & New York
1999	• Viasat Sport channel launched across the Nordic region
2001	• Viasat becomes the first European TV platform to fully digitalise its broadcasting services
2002	• MTG acquires Lugna Favoriter and Bandit radio stations in Sweden
2004	• Radio P4 Norway loses FM4 national license but then awarded FM5 national license
2006	• TV6 channel launched in Sweden • Acquisition of P4 Radio in Norway
2007	• Viasat4 channel launched in Norway
2008	• Launch of Viasat On-Demand streaming service
2009	• TV3 Puls channel launched in Denmark
2010	• TV10 channel launched in Sweden
2011	• Viaplay launched across the Nordic region • Acquisition of exclusive media rights to Winter (Moscow) and Summer (Rio de Janeiro) Olympic games
2012	• MTG Radio agreement with NRJ Radio discontinued in Sweden
2013	• TV6 channel launched in Norway • Acquisition of Nice Entertainment Group and Digital Rights Group
2015	• Acquisition of Splay Networks
2016	• Viafree launched across Scandinavia • Viasat Sport Premium & TV3 Sport HD launched in Sweden • Viasat Sport 360 launched in Sweden • First Viaplay Original, "Swedish Dicks", premieres
2017	• Viareal launched across the Nordics • Viafree launched in Finland
2018	• Announcement and then termination of merger agreement with TDC Group Announcement and then termination of merger agreement with TDC Group • Separation of Nordic Entertainment Group from MTG
2019	• EGM approves distribution and listing of NENT Group

Strengths and competitive advantages

The pioneering and a leading[1] streaming provider in the Nordics

- TV consumption is gradually migrating from traditional distribution platforms to streaming, and from linear scheduled to on-demand viewing, both of which are positives as NENT Group has higher online than offline audience and market shares.
- NENT Group's total subscriber base is growing quickly and NENT Group's services can address all 12.3 million Nordic households. The number of stand alone paying Viaplay subscribers is already larger than the combined number of Viasat satellite and third party network subscribers.
- Viaplay is a streaming pioneer and a market leader when it comes to the premium segment that combines TV, movies and live sports.[2] Viaplay is also one of the leading providers in the TV & Movies segment.[3]
- Viafree is the natural evolution of free streaming, offering a broad range of on-demand digital-first content at a price premium to traditional free-TV, as well as the potential to upsell customers to Viaplay.

Extensive content offering with unique and long-term combination of acquired and original TV series, Movies and Live Sports

- NENT Group has a comprehensive sports offering combining coverage of local and international sports rights, which are made available across multiple platforms, screens and services. The benefits of this are a broad appeal, higher customer satisfaction, lower churn and limited dependency on any individual rights. The rights are contracted on a multi-year basis.
- The Group also has a broad and deep portfolio of acquired TV series and movies from Hollywood and local studios, including new premieres and library programming, which are made available across multiple platforms, screens and services. The benefits of this are a broad appeal, higher customer satisfaction, lower churn and limited dependency on any single supplier. The rights are contracted on a multi-year basis.
- In addition, NENT Group's content offering comprises a leading[4] portfolio of original local content, 23 original productions and more productions that have already been premiered and more productions in development, which are often co-produced with other companies and then sold to distributors outside the Nordics. This gives NENT Group's streaming services a key competitive advantage when it comes to acquiring and retaining subscribers across the Nordic region. NENT Group also owns a leading[5] Nordic TV content production group and a leading[6] international content distribution house, which provides the ability to source and develop formats in-house and to sell successful formats locally and internationally. Furthermore, NENT Group owns a leading[7] digital first branded entertainment production company in the Nordics, which works with advertisers to deliver powerful social media advertising campaigns and with web talents and influencers to build and commercialise online communities.

Capability to monetise on a multi-platform presence and efficiently integrated structure

- NENT Group has the broadest online and offline entertainment portfolio in the region[8], which is made available on multiple services, platforms and screens. This enhances monetisation capabilities relative to peers, which enables reinvestment to ensure the further development of NENT Group's content and market leadership positions.
- NENT Group is able to acquire a broad range of TV series, movies and sports content because of its ability to monetise this content in multiple windows. This monetisation is possible because NENT Group is present in almost all media release windows and on virtually all distribution platforms.
- The Company also has an extensive portfolio of strategic alliances, which provide economies of scale on a Nordic basis in terms of higher reach, more content, new products and new technologies. These alliances bring a clear competitive advantage, especially over local single market or platform competitors.
- NENT Group develops both content formats and technology solutions in-house, which provide competitive advantage in terms of cost, quality and speed to market. NENT Group also has a highly efficient operating structure and constantly seeks to optimise costs. The Company has consistently acted early and pre-emptively to adjust cost bases to new market realities and to ensure that profits are protected or grown even when market conditions have challenged that growth potential.

1) NENT Group is currently the second largest subscription video on-demand streaming service by number of subscribers (source: Mediavision Nordic Video Insights, Fall 2018 (paid report)).
2) Based on the number of subscribers in the Nordics (Source: Mediavision Nordic Video Insights, Fall 2018 (paid report)).
3) Based on the number of subscribers in the Nordics (Source: Mediavision Nordic Video Insights, Fall 2018 (paid report)).
4) Based on the number of productions (source: NENT Group research).
5) Based on the level of revenues for 2018 (source: NENT Group estimate based on research).
6) Based on the level of revenues for 2018 (source: NENT Group estimate based on research).
7) Based on the level branded entertainment revenues for 2018 (source: NENT Group estimate based on research).
8) Based on the amount of content, channels and services in 2018 (source: NENT Group research).

Attractive and growing shareholder returns through profitable growth and healthy margins

- NENT Group has demonstrated a sustained track record of growth, profitability and cash generation. Net revenues have organically grown at a CAGR of 4.6 percent between 2016 and 2018.
- Operating income excluding items affecting comparability and central operations costs has grown at a CAGR of 9.4 percent between 2016 and 2018, with an operating margin of 11.7 percent in 2018.
- Cash flow from operations has grown at a CAGR of 25.3 percent between 2016 and 2018, and NENT Group ended the year with SEK 3.9 billion of net debt, which was equivalent to 2.3 times trailing 12-month EBITDA.
- This allows for a combination of investments to maintain NENT Group's online and content leadership positions, as well as an attractive dividend to shareholders.

A winning team & strong culture

- NENT Group has a highly experienced and committed management team. The executive management team of 16 individuals has an extensive track record in the entertainment and related industries and an average of approximately eight years with the MTG group. NENT Group has a values-based entrepreneurial culture that focuses on the attraction, motivation, development and retention of an inspired workforce that is used to challenging the status quo through disruptive innovation and operational outperformance.
- Key executives have often been developed in-house or drawn from local or international competitors. NENT Group invests in the development and promotion of talents and leaders and the Group has a diverse employee base and is an equal opportunities employer. Moreover, NENT Group has a strong culture with a highly passionate and engaged workforce.

Strategic priorities

NENT Group's strategy is focused on the following areas.

Scale streaming operations

In the highly competitive Nordic markets, NENT Group has leadership positions in both the advertising and subscription funded streaming segments.[1] NENT Group intends to further develop these positions by continuing to extend the Company's sports rights, adding more local content, and continuing to launch new innovations based on NENT Group's broad-based consumer insight.

Invest in TV and Radio

NENT Group's key competitive advantage is its ability to monetise content across multiple windows and platforms as part of the Company's long-term strategic alliances with content owners and distributors. Since the majority of NENT Group's revenues and profits are derived from the Nordic broadcasting business, the Company is focused on ensuring that its commercial free-TV and pay-TV channels, and radio networks have the most attractive programming, marketing and technology platforms as possible, as well as ensuring that NENT Group has the most talented and dedicated workforce as possible.

Drive operational excellence

NENT Group's success is due to its ability to execute quickly and accurately on a clear and compelling strategy. The entertainment industry is constantly changing so the ability to adapt is paramount. NENT Group is committed to running highly efficient businesses with focused local operational teams and effective central functions.

Expand product offering

NENT Group has a successful recent history of launching new products such as Viaplay, Viafree, Viareal, broadband from Viasat and I LIKE RADIO. The Company has ambitions to expand its product portfolio further in each market through organic investments, strategic alliances and acquisitions.

Grow Studios and increase integration

NENT Studios is a leading content producer in the Nordic region[2] and has established relationships with the principal broadcasters, streamers and social networks. The studios are benefitting from both the increasing popularity of high-quality scripted drama productions, and the rising demand from advertisers for branded entertainment. NENT Group expects to increase the amount of content that it buys from NENT Studios, and also for such productions to be co-financed with peers, and then sold to international markets, thereby increasing NENT Group's return on investment.

Further strengthen team and operational set-up

NENT Group is committed to developing and hiring the best talents in the business, and ensuring that the organisation is structured, led and incentivised to deliver sustainable success for the Company. NENT Group constantly analyses and optimises its set-up to ensure that talents are trained and promoted, and that new ideas are tried and tested.

1) Based on number of SVOD subscribers in Scandinavia and AVOD daily reach in Scandinavia (source: Mediavision Nordic Video Insights, Fall 2018 (paid report)).
2) Based on the level of revenues and hours produced in 2018 (source: NENT Group estimate based on research).

Vision, mission, values and financial targets

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 and broadest storytelling entertainment experiences that are relevant, engaging, simple to use, broadly available, and great value for money.

Values

NENT Group has four core values that determine the way in which it conducts business, behaves towards its stakeholders, and engages in society. The values enable NENT Group's mission; define its culture; and unite its organisation.

Bravery. We dare to challenge. We have a challenger DNA that fuels our passion for creating moments that matter. We dare to look beyond short-term goals and have the courage to constantly challenge ourselves and the industry. We stand up for what we think is right and empower people to be themselves.

Equality. We stand diverse and welcome everyone. We respect individual beliefs, practices and backgrounds. We believe in togetherness and embrace diversity and inclusion as the fuel of our creativity and innovation. We also love different, and your uniqueness is our advantage.

Appreciation. We celebrate people to inspire greatness. When we see great work, we are inspired by it and want to be part of it. Our achievements raise our ambitions even higher and motivate us to become better. By giving and listening to constructive feedback, we nurture a culture where everyone knows that their voice matters.

Trust. With clear communications, transparency and cooperation, we foster an open organisation where a sense of community can flourish. With mutual respect, we empower people to enable a culture shaped by responsibility, accountability and possibilities.

NENT Group is the heart**BEAT** of entertainment. NENT Group's purpose is telling stories, touching lives and expanding worlds.

Financial targets

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. Group central operations in 2019 will include costs related to becoming a separate and listed company, so 2019 is the starting reference year with regard to operating income growth and the operating income growth will be from 2020 onwards. The combined business segments (excluding items affecting comparability and central operations) are expected to continue to grow profitably in 2019. NENT Group has grown its organic sales at an average rate of 4.7 percent over the last three years, with an average operating margin before IAC of 10.7 percent.

NENT Group intends to maintain its balance sheet leverage ratio of no more than 2x net debt to trailing twelve month adjusted EBITDA, or 2.5x net debt when adjusted for leases. NENT Group's leverage may exceed these levels temporarily from time to time, in order to finance acquisitions or due to short term effects such as the scheduling of content payments. NENT Group's equity and borrowings as at 31 December 2018 are not representative of the equity and borrowings at the time of listing because they include the impact of internal preparations and transactions in advance of the listing. NENT Group's total equity including non-controlling interests is expected to be approximately 1.4 billion at the end of March, while the Group's net debt at the end of March, excluding leases, is expected to be in line with the net debt level presented at 31 December 2018.

NENT Group's dividend policy is to distribute an annual cash dividend of between 30 percent and 50 percent of adjusted net income. The intended proposed NENT Group annual cash dividend for 2018 was announced in connection with MTG's Q4 2018 results. NENT Group's Board of Directors proposes the payment of a dividend of SEK 6.50 per share (SEK 435 million in total), corresponding to 33 percent of the adjusted net income for 2018. The dividend is subject to the approval of the NENT Group Annual General Meeting to be held on 22 May 2019. As NENT Group's results for the financial year 2018 did not include the full run rate costs of being a separate and listed company, the proposed dividend is at the low end of the range.

Overview of business segments

NENT Group has two reporting segments: Broadcasting & Streaming, and 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 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. The segment comprises a comprehensive entertainment content offering in the Nordic region, with a world-class[1] sports offering in particular. Key brands include Viasat, TV3, TV6, RIX FM, P4 Norway, Viaplay and Viafree. Sweden and Denmark are the largest markets, and there are also substantial growth opportunities in Norway and Finland.

2018 segment net sales grew by 4.5 percent on an organic basis to SEK 12.8 billion. Net sales grew at a CAGR of 5.6 percent on an organic basis between 2016 and 2018. Revenues are split into advertising, which accounted for 31.4 percent of net sales in 2018, and subscriptions and other, which accounted for 68.6 percent. 2018 segment operating income increased by 5.6 percent to SEK 1,661 million, with an operating margin of 13.0 percent. Operating income grew at a CAGR of 10.1 percent between 2016 and 2018.

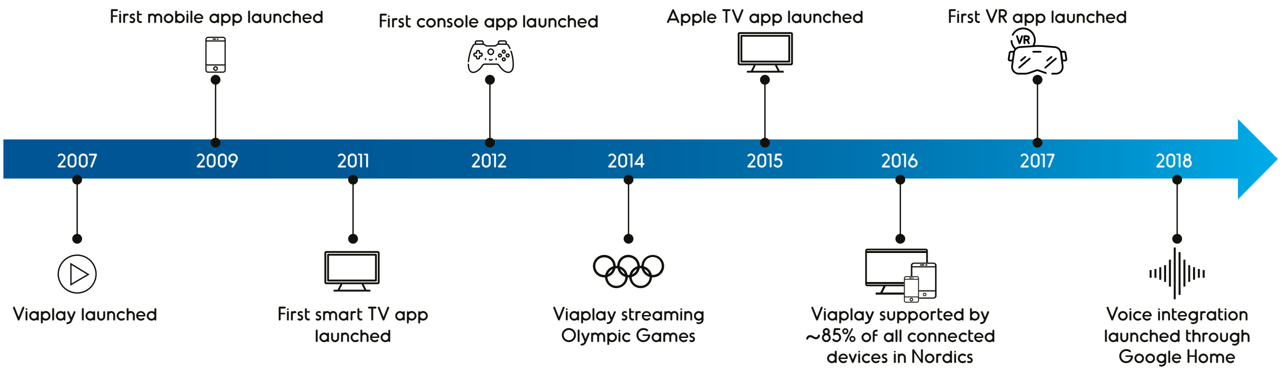
Subscription

Subscriptions account for the majority of the revenues in the Broadcasting & Streaming segment. The main revenue drivers are traditional pay-TV packages that are sold directly to consumers or through third party operators; subscription and transaction-based video-on-demand services that are sold directly to consumers or through third party operators; and the fees paid by third party operators to carry NENT Group's TV channels.

The total subscriber base at the end of 2018 amounted to 2.2 million, of which Viaplay accounted for 1.3 million, Viasat for 0.5 million, and third-party network subscribers for 0.5 million. The Group therefore already has more Viaplay subscribers than for all other platforms combined.

Viasat offers a broad range of traditional pay-TV packages and channels that are made available directly to consumers over satellite (Pan-Nordic) and fibre networks (Sweden). Viasat also makes its channels and packages available on major third-party networks across the Nordic region. These are typically multi-year revenue sharing agreements. A lower proportion of the subscription revenues come from fees paid by third party network operators for the carriage of NENT Group's free-TV channels.

Viaplay is a pioneer in the streaming space with a successful track record of consistent innovation. Viaplay is today a premium video streaming service, which can be viewed anywhere, anytime and on almost any device. The principal revenue driver is subscriptions but Viaplay also offers a full range of paid for services including Electronic Sell-Through, Transaction video on-demand and TV-everywhere solutions.



1) Based on the amount of sports content being made available which is equivalent to offerings in other markets (source: NENT Group research).

Viaplay offers sports, acquired local and international TV series and movies, and original scripted content. Viaplay has increased its focus on commissioning original content, which has proved popular with both viewers and international buyers. Viaplay has a leading position in the premium (TV, Movies and Sports) segment and is also one of the leading players in the basic segment (TV and Movies)[1] The total number of Viaplay subscribers has grown at a CAGR of 15.9 percent between 2016 and 2018. The Viaplay subscriber figures included here do not include subscribers that have the service as part of their traditional Viasat pay-TV subscriptions.

Subscriber base

	31 Dec 2018	31 Dec 2017	31 Dec 2016
Subscriber base ('000s)	2,218	2,046	1,937
of which Viaplay	*1,258*	*1,108*	*937*
of which Viasat direct-to-consumer	*493*	*510*	*534*
of which Viasat 3rd party	*466*	*428*	*467*

Advertising

Advertising revenues are primarily derived from NENT Group's free-TV channels and radio stations, as well as advertising funded streaming services such as Viafree and I LIKE RADIO.

The Group operates 10 advertising-funded TV channels across Sweden, Norway and Denmark. The Company has the number 2 commercial position in the Swedish and Danish TV markets and the number 3 commercial position in Norway.[2] The channel brands are TV3, TV6, TV8 and TV10 in Sweden; TV3, Viasat4 and TV6 in Norway; and TV3, TV3+ and TV3 Puls in Denmark. NENT Group also has several strategic partnership agreements to manage local advertising sales for third party channel owners and video networks. The commercial share of viewing for the Group's own channels are indicated below.

Commercial share of viewing for the Group's own channels (CSOV) (%)

	Full year 2018	Full year 2017	Full year 2016
CSOV Sweden (age 15–49)	23.4	24.1	28.7
CSOV Norway (age 15–49)	15.6	15.5	17.5
CSOV Denmark (age 15–49)	22.7	23.6	22.4

(Source: Webpages for MMS for Sweden and TNS Gallup for Norway and Denmark)

Viafree is a pan-Nordic advertising streaming platform, which is available on most devices and is the natural evolution of the linear free-TV channel business. Viafree offers content from the Group's linear channels, sports, and streaming-exclusive acquired and own productions. The platform has an open architecture, which means that it also makes third party content available. Viafree provides an opportunity to migrate TV viewers online and, over time, to upsell them into the Viaplay subscription model. The Viafree application has been downloaded more than 3.2 million times and Viafree is now gradually introducing a mandatory sign-on function, which will provide targeted solutions for advertisers and a more personalised service for viewers.

The Group operates 13 advertising-funded radio brands across Sweden and Norway. The company is the commercial market leader for commercial radio in Norway and the number 2 player in Sweden.[3] Key brands include P4 Norway, P5 Norway and Bandit in Norway, and RIX FM, Star FM and Power Hit Radio in Sweden. New national and regional licenses were awarded in Sweden in August 2018, which has enabled NENT Group's radio operation to increase its penetration and reach at a lower cost. The Norwegian national radio market is now fully digitalised while the Swedish market uses FM frequencies. All of the Group's radio stations in Sweden and Norway are also available through streaming.

The commercial share of listening levels for the Group's stations are indicated below.

Commercial share of listening levels for the Group's stations (CSOL) (%)

	Full year 2018	Full year 2017	Full year 2016
CSOL Sweden (age 12–79)	41.1	40.9	38.1
CSOL Norway (age 12+)	68.2	68.3	69.8

(Source: Webpages for TNS Gallup for Norway and Sifo Kantar for Sweden)

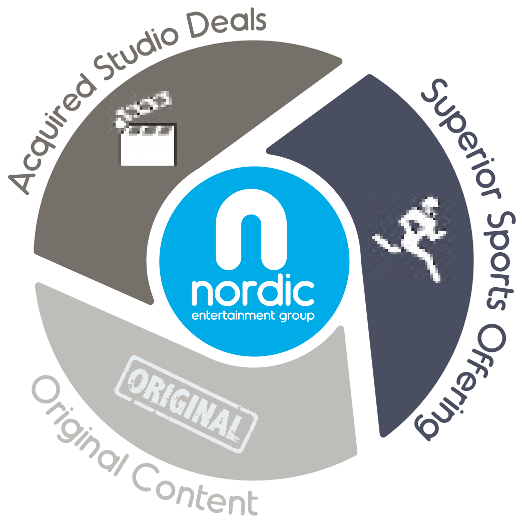
I LIKE RADIO is a streaming service for the Group's Swedish radio stations and provides an additional 18 digital stations. It is the second largest digital commercial radio network operator in Sweden.[4]

1) Mediavision Nordic Video Insights, Fall 2018 (paid report).
2) Based on the combined commercial share of viewing and tv advertising market share in each market in 2018 (source: websites of MMS in Sweden and TSN Gallup in Norway and Denmark as regards ratings).
3) Based on the commercial share of listening (sources: websites of TNS gallup for Norway; Sifo Kantar for Sweden) in each market in 2018.
4) Based on the number of stations made available on the service (source: NENT Group research).

Content

NENT Group is a leading[1] provider of entertainment content in the Nordic region and offers an extensive sports offering, acquired content from international and local studios, and locally produced original content. The Company is constantly reviewing and optimising the mix based on consumer insight and data analysis.

Having a broad and relevant product portfolio is a vital foundation for the Group's success, as it provides the Group with superior monetisation opportunities that, in turn, fund further investments in an even broader content portfolio than would otherwise have been possible. The central acquisitions team in London has over the past years transformed the way that the Group acquires content and a significant proportion of the content portfolio is today acquired on a platform agnostic or neutral basis, meaning that NENT Group decides how to use the content on each platform and service, in order to maximise its impact and value.



The content displayed across the Group's channels, platforms and services can be divided into three categories:

- Sports rights
- Acquired studio content
- Commissioned programming

NENT Group has a broad and comprehensive sports rights portfolio across the Nordic region. The portfolio is a mix of major sports rights in key categories such as Football, Ice Hockey, Motorsports, Golf and Handball. These rights are typically acquired across all media windows and on an exclusive, multi-year and often multi-territory basis from rights holders. Key sports rights include the UEFA Champions League, English Premier League, Danish Superliga, NHL, Formula 1, UFC, PGA Golf, NFL, Ice Hockey World Championship, European and World Handball Championships and ATP Tour tennis. NENT Group is therefore not reliant on any particular one sports right.

The acquired studio content comprises premium TV shows, series and high quality movies from studios all over the world. Most notable are Disney, NBC Universal, Sony Pictures, 20th Century Fox, Viacom and Nordisk Film. Studio deals are generally signed on a multi-year and multi-territory territory basis, with typically exclusive first and second pay window deals, as well as typically non-exclusive library agreements.

A key part of the Group's customer proposition and competitive advantage is local content. This content is typically commissioned for NENT Group's streaming services and free-TV channels, in order to be able to deliver exclusive and high-quality local stories for its audiences. This can either be internally generated ideas from NENT Studios or content ideas pitched by third party production companies, or new series of established local or international formats.
The Company has over the past years ramped up its investments in this area and has already premiered 23 original productions on Viaplay, with many more in production or development. The most notable Originals to date include *Advokaten, Rig 45, ALEX, Hassel, Veni Vidi Vici, The Great*

Hollywood and local studios acquired rights

1) NENT Group is the leading broadcaster and streaming service provider in the Nordics in terms of revenue 2017 (source: publicly available annual reports for Bonnier, TV2 Danmark, Discovery and Egmont).

Escape, Four Hands Menu, Black Lake and Swedish Dicks. Rights to produce, show and distribute certain of these formats have been sold to international customers including Lionsgate, Hulu, the BBC, Channel 4, Canal Plus and Amazon, in return for licence fees and/or revenue shares.

Studios

The Studios segment comprises NENT Studios, which 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[1], and Splay One, which is one of the Nordic region's leading[2] multi-channel network and next generation digital media houses.

NENT Studios' output ranges from scripted and non-scripted, short and long form content, to branded content and social media influencer campaigns.

NENT Studios works across multiple genres, including documentary, reality, game shows, lifestyle and drama, with award-winning titles such as '*Midnight Sun*', '*Nobel*', '*Thicker than water*', '*The Stream*' and '*The Hundred Year-Old Man Who Climbed Out of the Window and Disappeared*. NENT Studios' DRG also distributes content globally for third party content owners, including well known titles such as *Doc Martin* (Buffalo Productions), which is distributed internationally as both a finished programme and scripted format; NTA nominated *The Cry* (Synchronicity) and International super-hit *Don't Tell The Bride* (Renegade Pictures).

11 percent of NENT Studios output was commissioned internally in 2018, with the rest produced for external broadcasters, streaming platforms and other entertainment providers. The sales mix is well balanced between genres. Approximately two thirds of sales come from Studios' own formats, and more than 50 percent come from recurring formats.

The key company brands within Studios include Brain Academy, Nice Drama, Strix, Monster, Moskito, Paprika, DRG and Splay One.

Sweden, Norway and Denmark are the biggest markets, and Studios is also growing its presence outside the Nordic region due to increased demand from international streaming platforms in particular.

Splay One is a next generation digital media house that helps creators and advertisers to build brands and drive sales through social media. SplayOne is focused on creating thumb-stopping content that people want to share and engage with. Splay One's network of social media influencers has a combined reach of 400 million followers across Instagram, YouTube and Snapchat. Splay One is also an authorised reseller of YouTube advertising inventory in Sweden.

Technology & Innovation

NENT Group's products, technology platforms and operations are managed by the Group's Chief Technology and Product department and a team of 300 people based in Stockholm and London. This team is responsible for NENT Group's enterprise IT solutions and security, broadcast operations and distribution, as well as the development of NENT Group's digital set-top boxes, streaming services and web-solutions.

NENT Group has consistently been at the cutting edge of technology innovation in the entertainment industry, from the launch of the first commercial TV channels in the Nordics in 1987 through to the launch of industry leading video on-demand solutions, Viaplay and Viafree. NENT Group stands out as the first European operator to add progressive download functionality to its set-top boxes in 2007, offline mode to its Viaplay streaming service in 2011, 4K sports streaming in 2017, and voice control on Google Assistant in 2018.

NENT Group maintains a platform agnostic approach, whereby it makes its entertainment content as broadly available as possible on its own and third-party networks. NENT Group's linear and video on-demand content is available across all key networks in the Nordics and on the vast majority of consumer platforms, including iOS, Android, Playstation, XBOX, Samsung, LG, Apple TV, Android TV and Chromecast. This requires constant monitoring and updating of the interoperability of its services with both Group and third-party resources for the sourcing, ingesting, sharing and distributing of its products. Its key partners include Encompass for play-out, SynaMedia for DTH, and Astra for satellite capacity, as well as Amazon Web Services for cloud hosting and Comcast for video on-demand and ad-delivery. NENT Group also launched its own broadband offering on Sweden's open fibre networks in 2012.

NENT Group operates an advanced media platform, serving Viaplay, Viasat and Viafree users across multiple monetisation and payment models. The product design and software engineering teams comprise 200 people who develop modern cloud-based micro-services platforms with continuous integration and QC automation capabilities. NENT Group's forward leaning approach enables it to attract, recruit and retain a talented engineering team to build exciting applications and relevant features in a fast moving local and international development space. The scale of the Viaplay service stands out due to its extensive video on-demand catalogue, large user base and highly resilient live sports streaming platform, which streamed more than 13,000 live sports events in 2018 alone and delivered 99.97 percent customer availability.

1) Based on the number of formats sold (source: NENT Group estimates based on research).
2) Based on the number of viewers and revenues in 2018 (source: NENT Group estimates based on research).

NENT Group's primary focus is on the customer, and on constantly enhancing the entertainment experience that it provides across multiple windows and consumer electronic devices. NENT Group has more consumer and customer touchpoints than any other entertainment company in the Nordics[1], and therefore has unrivalled consumer insight that it uses to continually enhance its offering and drive engagement between its brands and platforms. Quality, simplicity, accessibility and affordability are the core drivers of product development, which uses agile methodologies to drive efficiency and data science and enable the delivery of relevant personal experiences.

NENT Group's enterprise IT platform is sourced from Tieto and centres around the cloud-based version of Microsoft's O365. The technology team uses a suite of collaboration tools including Jira, Confluence and Slack to support its development processes. The Group's Information Security team ensures best practices in security, validation and the handling of customer information in compliance with applicable regulatory regimes including GDPR.

Research and development are critical for NENT Group, in order to launch exciting new products and solutions and become even more efficient. NENT Group operates in some of the most advanced fixed and mobile broadband markets and some of the most vibrant technology development markets in the world. NENT Group is therefore committed to constant research and development, both in-house and in partnership, which has most recently led to several new virtual reality and artificial intelligence initiatives that are considered key opportunities for the future.

Organisation & employees

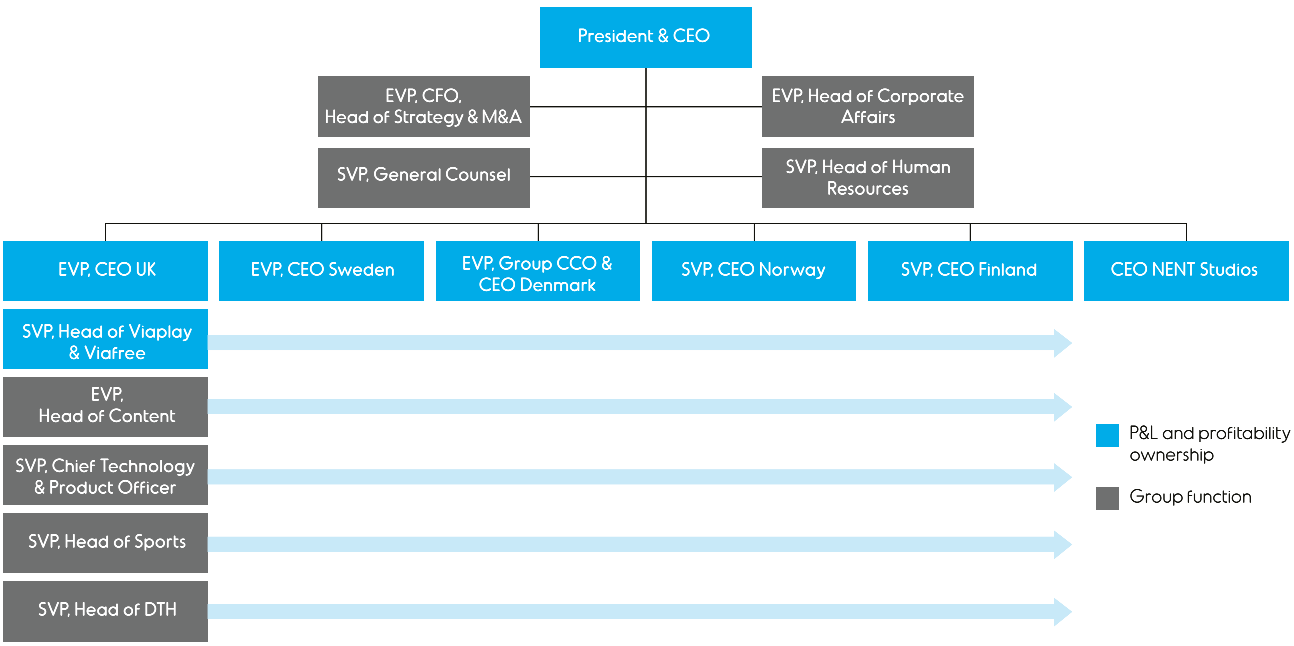
NENT Group's headquarters are located at Ringvägen 52 in Stockholm, Sweden. The Group is managed by the President & CEO; CFO and Head of Strategy and M&A; together with a Group Executive Management ("**GEM**") team of five country CEOs (Sweden, Denmark, Norway, Finland and the UK) and the Heads of Viaplay & Viafree and DTH, as well as the Group Head of Content, Group Head of Sport, Chief Technology & Product Officer, General Counsel, Head of Corporate Affairs and Head of Human Resources. Please refer to section "*Board of Directors, senior executives and auditors*" on page 73. The GEM meets once every two months and a number of specialist sub-committees report into the GEM.

The table below provides an overview of the number of employees by business segment, geography and gender in 2018.

Average number of employees 2018

Segment	Men	Women	Total
Broadcasting & Streaming	731	487	1 218
Studios	140	197	337
Central operations	92	77	169
Total	**963**	**761**	**1 724**
Sweden	548	376	924
Denmark	132	88	220
Norway	173	151	324
Finland	29	40	69
UK	74	86	160
Rest of World	7	20	27

NENT Group – Executive Management



1) Based on the number of Nordic subscribers and consumers of its content in 2018 (source: NENT Group estimates based on research).

Corporate Responsibility

NENT Group's CR activities aim to maximise and sustain the Company's positive impact for employees, shareholders, customers and consumers. This work goes beyond compliance requirements and risk management procedures, and sits alongside NENT Group's Code of Conduct and related policies and guidelines. NENT Group conducted four group-wide e-learning modules in 2018 around the Code of Conduct, Data & Asset Protection, Anti-Bribery and Corruption, and Competition, with more than 90 percent employee completion of each.

NENT Group's 3-year CR strategy is clear and measurable, as well as anchored and integrated in the company's business strategy and cultural values. NENT Group's CR strategy has been developed based on an in-depth analysis of CR related trends, risk and opportunities that significantly impact the business, as well as an extensive dialogue with internal and external stakeholders to establish the most material and relevant topics for stakeholders.

The strategy consists of five focus areas divided into two sections – creating value, and doing better business. The former are the primary strategic drivers for efficiency and positive impact, while the latter are the compliance and risk management 'must haves'. NENT Group aims to create value by developing Nordic storytelling and the creative industry; and promoting a diverse, equal and inclusive society. This will be achieved by using the power of NENT Group's voice through its platforms and reach to inspire and engage. NENT Group aims to continue to improve and do better business in the focus areas of Our Culture, Our Conduct and Our Content.

NENT Group's steering committee is now setting business objectives that are aligned with 8 of the UN's 17 Sustainable Development Goals, and also working to create cross-industry partnerships. These will provide key performance indicators to measure the execution of the strategy, alongside inclusion in Environmental Social Governance indices. NENT Group has also established an Equality, Diversity & Inclusion (EDI) steering group that is working across the Group in all areas from employee recruitment to content production.

NENT Group's strategy, objectives and targets will be followed up in management meetings and by the Board in specific sessions each year.

NENT Group's CR strategy 2019–2021

How we create value

- Develop Nordic storytelling and the creative industry
- Promote an equal, diverse and inclusive society

By using our platforms and reach to inspire and engage

How we do better business

Our Culture
- Promote transparent & inclusive culture
- Attract, develop & empower talent
- Provide safe, fair & engaging workplaces

Our Conduct
- Conduct business responsibly & with integrity
- Protect information & privacy
- Minimise our environmental footprint

Our Content
- Follow responsible sourcing, production & advertising practises
- Protect minors & minorities
- Ensure content accessibility

Section
Selected financial information

Selected financial information

The financial information should be read in conjunction with the sections "*Operational and financial review*", "*Capital structure and other financial information*" and the financial statements contained in the section "*Historical financial information*". Figures recognised in this section have in some cases been rounded and therefore the tables do not always add up exactly.

Presentation of selected financial information

Unless otherwise stated, the selected financial information presented below has been derived from NENT Group's audited combined financial statements for the financial years ended 31 December, 2016, 2017 and 2018 which have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU ("**IFRS**"), and audited by NENT Group's independent auditors, as set forth the attached auditor's report.

IFRS does not specifically address the preparation of combined financial statements. The term "combined financial statements" refers to financial information prepared by aggregating financial information for entities under common control that do not meet the definition of a group according to IFRS 10. The formation of NENT Group comprised transactions between entities that are under common control. Since these transactions are not covered by any IFRS standard, a suitable accounting principle has been applied in accordance with IAS 8. A suitable and established method is to use the previous carrying amount (predecessor basis of accounting), which is the principle that NENT Group has applied. For additional information regarding accounting procedures, see note 1 in the section "*Historical financial information*" on page 105.

Condensed combined income statement

(SEKm)	Full year 2018	Full year 2017	Full year 2016
Net sales	14,568	13,688	12,897
Cost of goods and services	–9,805	–9,032	–8,686
Gross income	**4,763**	**4,656**	**4,211**
Selling and administrative expenses	–3,243	–3,177	–2,842
Other operating revenues and expenses	24	15	–6
Items affecting comparability	–40	75	–65
Operating income	**1,504**	**1,570**	**1,298**
Net interest	–37	–66	–93
Other financial items	–15	–30	–35
Income before tax	**1,452**	**1,474**	**1,170**
Tax	–160	–180	–240
Net income for the year	**1,292**	**1,294**	**931**
Net income for the year, attributable to:			
Equity holders of the parent	1,286	1,287	928
Non-controlling interest	6	7	2
Earnings per share[1]			
Basic earnings per share (SEK)	19.24	19.29	13.93
Diluted earnings per share (SEK)	19.09	19.17	13.89

1) Refers to MTG's number of shares.

Condensed combined balance sheet

(SEKm)	31 Dec 2018	31 Dec 2017	31 Dec 2016
Non-current assets			
Intangible assets	3,405	3,036	3,029
Machinery, equipment and installations	152	120	140
Shares and participations	20	24	22
Other non-current assets	127	137	143
Total non-current assets	**3,704**	**3,317**	**3,334**
Current assets			
Total inventories	2,428	2,042	1,567
Accounts receivables	1,224	1,017	1,055
Other current assets	4,418	3,939	3,862
Cash, cash equivalents and short-term investments	428	89	33
Total current assets	**8,498**	**7,086**	**6,517**
Total assets	**12,202**	**10,403**	**9,851**
Total equity[1]	**597**	**2,573**	**1,970**
Long-term borrowings[1]	0	0	0
Other non-current liabilities	495	609	755
Total non-current liabilities	**495**	**609**	**755**
Current liabilities			
Short-term borrowings[1]	0	0	0
Other current liabilities	6,738	6,111	6,233
Liabilities related to MTG	4,372	1,110	892
Total current liabilities	**11,110**	**7,221**	**7,126**
Total liabilities	**11,605**	**7,830**	**7,881**
Total shareholders' equity and liabilities	**12,202**	**10,403**	**9,851**

1) NENT Group's equity and borrowings as per 31 December 2018 are not representative of the equity and borrowings at the time of listing, as they are impacted by internal preparations and transactions under way in advanced of listing. The financing provided by loan facilities and capital markets programmes are described in the "*Financing*" section on page 71.

Condensed combined statement of cash flows

(SEKm)	Full year 2018	Full year 2017	Full year 2016
Net income for the year	1,292	1,294	931
Depreciations, amortisations and write-downs	208	164	141
Other adjustments for non-cash items	–5	–42	–119
Cash flow from operations	**1,496**	**1,417**	**953**
Changes in working capital	–380	–695	–369
Net cash flow from/to operations	**1,116**	**722**	**584**
Net investments in operations	–19	–62	–2
Capital expenditures in tangible and intangible assets	–550	–154	–180
Other investing activities	2	16	23
Cash flow from/used in investing activities	**–567**	**–200**	**–159**
Cash flow from/used in financing activities	**–209**	**–466**	**–476**
Total net change in cash and cash equivalents	**339**	**56**	**–51**
Cash and cash equivalents at the beginning of the year	**89**	**33**	**84**
Cash and cash equivalents at the end of the year	**428**	**89**	**33**

Net sales by segment

(SEKm)	Full year 2018	Full year 2017	Full year 2016
Broadcasting & Streaming	12,800	11,961	11,139
of which advertising	*4,017*	*3,759*	*3,618*
of which subscription & other	*8,783*	*8,202*	*7,521*
Studios	1,911	1,986	1,897
Central operations	84	162	181
Eliminations	–228	–420	–320
Total	**14,568**	**13,688**	**12,897**

Operating income by segment

(SEKm)	Full year 2018	Full year 2017	Full year 2016
Broadcasting & Streaming	1,661	1,574	1,370
Studios	45	44	56
Operative segments, total	**1,706**	**1,617**	**1,427**
Central operations	–162	–123	–64
Operating income before IAC	**1,544**	**1,495**	**1,363**
Items affecting comparability	–40	75	–65
Total	**1,504**	**1,570**	**1,298**

Operating margin by segment

(%)	Full year 2018	Full year 2017	Full year 2016
Broadcasting & Streaming	13.0	13.2	12.3
Studios	2.4	2.2	3.0
Operating margin before IAC	**10.6**	**10.9**	**10.6**
Total	**10.3**	**11.5**	**10.1**

Net sales by segment[1)]

(SEKm)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full year 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Full year 2018
Broadcasting & Streaming	2,911	3,003	2,819	3,229	11,961	3,120	3,292	2,985	3,403	12,800
of which advertising	*881*	*993*	*805*	*1,080*	*3,759*	*946*	*1,078*	*823*	*1,171*	*4,017*
of which subscription & other	*2,030*	*2,010*	*2,014*	*2,149*	*8,202*	*2,174*	*2,214*	*2,162*	*2,232*	*8,783*
Studios	349	508	568	561	1,986	352	476	480	603	1,911
Central operations	41	41	40	38	162	27	23	12	22	84
Eliminations	–83	–132	–101	–104	–420	–47	–72	–39	–69	–228
Total	**3,218**	**3,421**	**3,326**	**3,724**	**13,688**	**3,452**	**3,719**	**3,439**	**3,959**	**14,568**

1) The quarterly numbers in the table below are obtained from the Company's internal accounting system.

Operating income by segment

(SEKm)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full year 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Full year 2018
Broadcasting & Streaming	299	465	301	509	1,574	310	498	321	532	1,661
Studios	–27	12	38	21	44	–24	9	34	26	45
Central operations	–40	–20	–24	–39	–123	–16	–44	–56	–47	–162
Total operations before IAC	**232**	**457**	**314**	**491**	**1,495**	**271**	**464**	**299**	**511**	**1,544**
Items affecting comparability	0	0	0	75	75	0	–48	3	5	–40
Total	**232**	**457**	**314**	**566**	**1,570**	**271**	**415**	**303**	**516**	**1,504**

1) The quarterly numbers in the table below are obtained from the Company's internal accounting system.

Operating margin by segment[1)]

(%)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full year 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Full year 2018
Broadcasting & Streaming	10.3	15.5	10.7	15.8	13.2	9.9	15.1	10.8	15.6	13.0
Studios	–7.7	2.5	6.6	3.7	2.2	–6.8	1.9	7.1	4.3	2.4
Operating margin before IAC	**7.2**	**13.4**	**9.4**	**13.2**	**10.9**	**7.8**	**12.5**	**8.7**	**12.9**	**10.6**
Total	**7.2**	**13.4**	**9.4**	**15.2**	**11.5**	**7.8**	**11.2**	**8.8**	**13.0**	**10.3**

1) The quarterly numbers in the table below are obtained from the Company's internal accounting system.

Key operating performance indicators[1)]

SEKm	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Broadcasting & Streaming											
CSOV[2)] Sweden (15–49)	28.7	25.4	24.1	24.6	22.2	24.1	23.1	23.9	23.1	23.6	23.4
CSOV Norway (15–49)	17.5	14.1	17.6	15.3	15.4	15.5	15.1	15.9	13.5	17.7	15.6
CSOV Denmark (15–49)	22.4	22.8	24.6	23.1	23.6	23.6	21.4	24.6	21.6	23.4	22.7
CSOL[3)] Sweden (12–79)	38.1	40.4	39.6	40.3	43.4	40.9	38.0	40.4	42.8	41.9	41.1
CSOL Norway (12+)	69.8	69.0	69.6	67.9	66.8	68.3	66.0	67.1	71.3	68.5	68.2
Subscriber base ('000s)	1,937	1,967	1,964	2,001	2,046	2,046	2,173	2,130	2,111	2,218	2,218
of which Viaplay	*937*	*1,000*	*1,007*	*1,062*	*1,108*	*1,108*	*1,202*	*1,177*	*1,166*	*1,258*	*1,258*
of which Viasat direct-to-consumer[4)]	*534*	*512*	*519*	*517*	*510*	*510*	*505*	*498*	*496*	*493*	*493*
of which Viasat tredjepart	*467*	*455*	*437*	*422*	*428*	*428*	*466*	*455*	*449*	*466*	*466*

1) The numbers in the table below are obtained from the Company's internal accounting system.
2) Commercial share of viewing for the Group's own channels (CSOV).
3) Commercial share of listening levels for the Group's stations (CSOL).
4) Satellite and broadband subscribers where Viasat has a direct relationship with the customer.

Selected key performance indicators

Some of the key performance measures presented below are so-called non-IFRS financial measures, i.e., financial measures that are not defined under IFRS. NENT Group believes that these non-IFRS financial measures provide a better understanding of the trends of the financial performance and that such measures which are not calculated in accordance with IFRS are useful information to investors combined with other measures that are calculated in accordance with IFRS.

A non-IFRS financial measure is defined as one that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. These non-IFRS financial measures are unaudited and should not be considered in isolation or as an alternative to performance measures derived in accordance with IFRS. In addition, such measures, as defined by NENT Group, may not be comparable to other similarly titled measures used by other companies. For a description of the calculation non-IFRS financial measures and the reason for use, see the section "*Selected financial information – Financial definitions*" on page 59.

Group and segment performance data[1)]

SEKm	FY 2018	FY 2017	FY 2016
Group			
Net sales	14,568	13,688	12,897
Organic sales growth (%)	3.8	5.4	4.8
Change in reported net sales (%)	6.5	6.1	5.0
Operating income before IAC	1,544	1,495	1,363
Operating margin before IAC (%)	10.6	10.9	10.6
Operating income	1,504	1,570	1,298
Operating margin (%)	10.3	11.5	10.1
Net debt/EBITDA	2.3	0.6	0.6
Net debt	3,944	1,021	860
Capital employed (period-end)	4,541	3,594	2,829
ROCE (%)	36.5	47.5	60.7
Earnings Per Share (SEK)	19.24	19.29	13.93
Broadcasting & Streaming			
Organic sales growth (%)	4.5	6.6	6.2
Operating margin before IAC (%)	13.0	13.2	12.3
Studios			
Organic sales growth (%)	–7.3	4.2	3.4
Operating margin before IAC (%)	2.4	2.2	3.0

1) The numbers in the tables below on pages 55–58 are derived from the Company's internal accounting system, except for net sales, operating income and earnings per share which are derived from NENT Group's audited combined financial statements for the financial years ended 31 December, 2016, 2017 and 2018.

Reconciliation tables for alternative performance measures

The following tables provide a reconciliation of certain performance measures that are not defined under IFRS (alternative performance measures). For a description of the calculation of non-IFRS financial measures and the reason for the application, see the section "*Selected financial information – Financial definitions*" on page 59. The purpose of alternative performance measures 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 IAC
- Net debt and Net debt/EBITDA
- Capital employed and return on capital employed (ROCE)

Sales growth

Since NENT Group generates the majority of its sales in currencies other than in 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 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. The following tables present changes in organic sales growth as reconciled to the change in the total reported net sales.

(SEKm, %)	Full year 2018	%	Full year 2017	%	Full year 2016	%
Broadcasting & Streaming						
Organic growth	543	4.5	733	6.6	654	6.2
Acquisitions/divestments	0	0.0	0	0.0	0	0.0
Changes in FX rates	295	2.5	90	0.8	–2	0.0
Change in reported net sales	**839**	**7.0**	**822**	**7.4**	**651**	**6.2**
Studios						
Organic growth	–145	–7.3	80	4.2	62	3.4
Acquisitions/divestments	3	0.1	6	0.3	69	3.8
Changes in FX rates	68	3.4	3	0.2	–42	–2.3
Change in reported net sales	**–75**	**–3.8**	**89**	**4.7**	**89**	**4.9**
Total						
Organic growth	518	3.8	694	5.4	594	4.8
Acquisitions/divestments	3	0.0	6	0.0	69	0.6
Changes in FX rates	359	2.7	92	0.7	–45	–0.4
Change in reported net sales	**880**	**6.5**	**792**	**6.1**	**618**	**5.0**

Operating income before and after items affecting comparability

Operating income before IAC 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.

(SEKm)	Full year 2018	Full year 2017	Full year 2016
Operating income	1,504	1,570	1,298
Items affecting comparability	40	–75	65
Operating income before IAC	**1,544**	**1,495**	**1,363**

Items affecting comparability

(SEKm)	Full year 2018	Full year 2017	Full year 2016
Restructuring NENT Group	–53	0	–59
Net gain on sale of subsidiaries and associates	0	0	–5
Revaluation of liabilities related to options to acquire shares	14	75	0
Impairment of goodwill related to closed company	–6	0	0
Impairment of content related to MTG[1]	–16	0	0
Deconsolidation of the operations in Tanzania[1]	21	0	0
Total	**–40**	**75**	**–65**

1) These items are reported as discontinued operations in MTG's financial statements.

Items affecting comparability classified by function

(SEKm)	Full year 2018	Full year 2017	Full year 2016
Administration expenses	–53	0	–59
Other operating income	35	75	–5
Other operating expenses	–22	0	0
Total	**–40**	**75**	**–65**

Net debt

Net debt refers to the net of short- and long-term interest-bearing liabilities less total cash and interest-bearing assets. Net debt is used by management to track the debt evolvement of the Group and to analyse the leverage and refinancing need of the Group. The net debt to EBITDA ratio provides a performance measure for net debt in relation to cash profits generated by the business and provides an indication of a business' ability to pay off all its debts. This measure is commonly used by financial institutions to rate credit worthiness.

(SEKm)	31 Dec 2018	31 Dec 2017	31 Dec 2016
Short-term loans	0	0	0
Liabilities and cash pool related to MTG	4,372	1,110	892
Short-term borrowings	**4,372**	**1,110**	**892**
Total long-term borrowings	**0**	**0**	**0**
Total borrowings	**4,372**	**1,110**	**892**
Cash and cash equivalents	428	89	33
Net debt	**3,944**	**1,021**	**860**

Net debt/EBITDA before IAC ratio 12 months trailing

(SEKm)	Full year 2018	Full year 2017	Full year 2016
Operating income before IAC	1,544	1,495	1,363
Depreciation and amortisation	202	164	141
EBITDA	**1,747**	**1,659**	**1,504**
Net debt	**3,944**	**1,021**	**860**
Net debt/EBITDA ratio 12 months trailing	**2.3**	**0.6**	**0.6**

Return on capital employed

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 that operations are responsible for 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.

(SEKm)	31 Dec 2018	31 Dec 2017	31 Dec 2016
Total inventory	2,428	2,042	1,567
Accounts receivables	1,224	1,017	1,055
Other prepaid expenses and current receivables	4,418	3,939	3,862
Advances from customers	–536	–512	–444
Accounts payables	–1,750	–1,495	–1,841
Accrued expenses and other current liabilities	–4,314	–3,934	–3,827
Total working capital	**1,470**	**1,057**	**372**
Intangibles assets	3,405	3,036	3,029
Machinery, equipment and installations	152	120	140
Other assets	147	161	166
Provisions	–309	–438	–410
Other non-current liabilities	–324	–342	–467
Other Items included in capital employed	**3,071**	**2,537**	**2,457**
Capital employed	**4,541**	**3,594**	**2,829**
Average Capital employed (5 quarters)	4,229	3,143	2,245
Operating income before IAC	**1,544**	**1,495**	**1,363**
ROCE, (%)	**36.5**	**47.5**	**60.7**
Capital employed	**4,541**	**3,594**	**2,829**
Financed by:			
Net debt	**3,944**	**1,021**	**860**
Total equity	**597**	**2,573**	**1,970**
Total	**4,541**	**3,594**	**2,829**

Financial definitions

NON-IFRS measures	Description	Reason for use
Change in reported net sales	Increase in sales compared to the previous period in percent.	Sales growth provides an understanding of the Group's sales development.
Organic growth	Change in net sales compared to the same period of the previous year excluding acquisitions and divestments and adjusted for currency effects.	Organic growth provides an understanding of the Group's sales development driven by volume, price and product mix changes.
EBITDA	EBITDA is read Earnings Before Interest, Tax, Depreciation and Amortisation.	EBITDA is valuable to indicate the business' cash generating ability.
Operating income before IAC	Operating income after the reversal of material items and events related to changes in the Group's structure or line of business.	Operating income before items affecting comparability provides an understanding of the Group's development on a like-for-like basis.
Operating margin	Operating margin is operating income as a percentage of net sales.	Operating margin shows the business' operating result in relation to net sales and is a measurement of profitability in NENT Group's operational business.
Operating margin before IAC	Operating margin before IAC is operating income before IAC as a percentage of net sales.	Operating margin before IAC shows the business' operating result before IAC in relation to net sales and is a measurement of profitability in NENT Group's operational business.
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.	Separate reporting of items affecting comparability provides a better understanding of the Group's operating activities and offers more comparable figures between periods.
Net debt	Net debt is the sum of short- and long-term interest-bearing liabilities less total cash and interest-bearing assets.	Net debt is a measurement of the financial position. It is used to track the debt evolvement and to analyse leverage and refinancing needs.
Net debt/EBITDA ratio	Net debt in relation to EBITDA for the last 12 months.	The net debt to EBITDA ratio provides a performance measure for net debt in relation to cash profits generated by the operations, i.e., an indication of the Group's ability to pay its debt.
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.	Capital employed shows the amount of capital that is utilised to run the operations.
Return on capital employed (ROCE)	Return on capital employed is calculated as operating income before items affecting comparability as a percentage of average capital employed.	Return on capital employed is a central ratio for measuring return on capital tied up in the operations.

Selection
Operational and financial review

Operational and financial review

Factors affecting NENT Group's results

NENT Group's results have been affected, and will continue to be affected, by a number of factors, of which some are beyond NENT Group's control. The main factors that are deemed to have affected NENT Group's results in the periods referred to in this section, and that are also expected to affect NENT Group's results in the future, are presented below.

- Demand and market conditions
- Sales volumes, pricing and product mix
- Development, production and acquisition of attractive content
- Seasonality
- Currency effects
- Financing costs
- Acquisitions and divestments
- NENT Group as an independent company
- Changes in accounting principles

Demand and market conditions

NENT Group's results and cash flow depend on the general demand for its products and services. Demand for its subscription-funded products is driven by the pace at which subscription video-on-demand services such as Viaplay penetrate the market, as well as the resilience of more traditional pay-TV platforms such as satellite and cable, through which NENT Group distributes its products. Subscription video-on-demand services have been an addition on top of traditional products but will increasingly become substitute products as content quality, platform stability, and user interfaces improve. The overall demand for pay-TV products is impacted by factors such as breadth of offering, price, access speeds, mobility, capacity, lifestyle changes, on-demand availability, number of market participants and growth in the number of households.

Demand for NENT Group's advertising-funded products is driven by factors such as the attractiveness of the content and the growth in viewing and listening time, as well as the competitive landscape. Growth is also dependent on macroeconomic factors such as disposable income and unemployment rates as well as the spending power and development of advertisers. Advertising spend is also shifting between different products such as print, online, radio and TV. Viewing habits are shifting towards on-demand and mobile products, and this change in consumer behaviour has resulted in a decline in linear TV viewing, primarily amongst younger city dwelling audiences. Traditional linear broadcast TV advertising has, however, proven very resilient as it still provides high reach levels, easy measurability and attractive returns on investment for advertisers. NENT Group also operates Viafree, which is an advertising funded video-on-demand service. Web-TV advertising volumes and prices are on the rise and currently still represent a relatively small but growing share of the total advertising market.

The content production business depends on the development of the traditional advertising and subscription markets, as well as the streaming markets. Market demand for scripted and digital-first productions in particular has grown over recent years as the number and range of content distributors have increased. The 'Nordic Noir' genre, in which NENT Studios specialises, has proven especially popular in the Nordic region as well as internationally.

For a more detailed description of the key drivers that are expected to impact on NENT Group's financial results in the future, please refer to the "*Market overview*" section on page 25.

Sales volumes, pricing and product mix

A significant proportion of NENT Group's sales and profits are derived from subscription fees. NENT Group's ability to retain existing subscribers and attract new ones is primarily driven by NENT Group's ability to provide high quality entertainment experiences on multiple devices and at attractive prices. NENT Group's ability to monetise its content costs across many different products is an important factor in enabling it to provide a competitive content offering. Consumer insight is another key factor and enables NENT Group to provide subscribers with the content that they demand through attractive user interfaces. NENT Group's total subscriber base has continued to grow as the growth in the Viaplay subscriber base has more than offset the decline in the Viasat satellite base. NENT Group offers both premium services and more basic channel and streamed offerings.

A smaller part of the Group's revenue is derived from the sale of advertising time and space on its TV and radio channels, streaming platforms and websites. NENT Group's TV and radio advertising revenue depends on the state of the advertising market in general and the TV and radio market in particular. Other key factors are the general viewing and listening levels. NENT Group also operates the successful advertising funded video-on-demand platform Viafree, where development depends on the ability to attract viewers to the platform and keep them there as long as possible.

NENT Group's financial performance is also a function of pricing and product mix. Overall pay-TV subscription prices have increased in recent years, while streaming services have increased household penetration levels but at typically lower prices. Subscription prices for streaming services have been rising, both in the basic tier and especially with packages that include premium sports. This trend is expected to continue. Advertising prices per viewer have also been going up on both linear TV and streaming products, which reflect the continuing high demand and scarcity due to falling supply as a result of lower linear viewing levels.

Development, production and acquisition of attractive content

The ability of NENT Group to develop, produce and acquire content that matches or exceeds consumer demand is crucial for the Group to generate advertising and subscription revenues. The importance of high quality and relevant content is on the rise in the Nordic region, and broadcasters and streaming providers are stepping up their content investments as a result. The cost of acquiring attractive TV series, movies and sports content has increased as a result of intensified competition. NENT Group is one of the biggest buyers, commissioners and producers of entertainment content in the Nordic region, which provides considerable scale benefits.

NENT Group has transformed the way that it acquires content, and a significant part of the content portfolio is today acquired on a platform neutral basis, meaning that it is fully up to NENT Group as to which platform and service on which it uses the content, in order to maximise its impact and value. Moreover, an extensive portfolio of strategic alliances provides the Group with economies of scale in terms of higher reach, more content and access to technology leadership. The Group's ability to maintain the cost efficiency of its operating activities impacts the Group's results and cash flow.

Furthermore, NENT Studios produces and distributes content for both in-house and third-party customers and relies on the quality of this content to deliver both sales and profits.

Seasonality

Revenue derived from advertising is subject to seasonal patterns. The highest sales quarters are Q4 then Q2, while the lowest are Q3 then Q1. This pattern is expected to continue going forward and is true for advertising both online and offline. Financial performance can also be impacted by the timing of large sports events on NENT Group's or competing channels, such as the Ice Hockey World Cup, the Olympics, and the European and World Cups in Football, which affect viewing figures, revenues and costs. Seasonality effects from the timing of sports seasons can also impact on subscriber growth and revenues. In addition, there is a seasonal effect on cash flow from the timing of payments for key sports rights, which are typically skewed towards Q1 and Q3. The content production business is seasonally weak in Q1 and its financial performance is also dependent on the timing of large-scale scripted productions.

Currency fluctuations

NENT Group may be exposed to material currency translation and transaction effects, which can significantly impact the Group's results and cash flows.

The Group reports its results in SEK, but generates significant revenues in other currencies including DKK and NOK. Currency fluctuations can therefore have a significant impact on the translation of the operating business results back into SEK.

In addition, a significant proportion of the Group's operating costs are denominated in currencies other than SEK. For example, the Group acquires the majority of its programming content in USD and EUR. As a result, currency fluctuations can have a significant impact on the Group's local currency results and cash flows, when recalculating purchases in foreign currency to local currency.

NENT Group's financial policy sets the framework for the hedging of these currency exposures with forward contracts. These activities are described in more detail in the "*Financial exposure and risk management*" section on page 69.

Acquisitions and divestments

NENT Group has historically used a combination of organic initiatives and acquisitions to drive growth. The Group evaluates strategic acquisition opportunities from time to time, in order to enhance its market positions and expand its product offerings. The Group's results can therefore be significantly impacted by the financial profile of the businesses that it acquires, the price that it pays, and how well these businesses are then integrated and perform.

Financing costs

NENT Group's results and cash flow are affected by financing costs, which primarily comprise interest expenses. The Group is exposed to interest rates risk through loans, financial assets and utilised interest-bearing credit facilities. Interest expenses are affected by the level of market interest rates, which are primarily driven by inflation and lender liquidity. The Group is affected by interest rates in the currencies in which the Group has liabilities.

NENT Group as an independent company

NENT Group has been operating as a separate organisation since 1 July 2018 and will after the separation and listing become an independent company. This is expected to lead to higher administrative costs for NENT Group as an independent company compared to when it was a part of the MTG group. NENT Group has established administrative capabilities to independently meet stock market expectations of information disclosure (investor relations) and the formal and legal requirements entailed by a listing on the stock exchange, such as listing and registration fees, publication of financial reports, holding of Annual General Meetings, etc. In addition to the existing finance and accounting organisation, a separate treasury function has been established at NENT Group to independently handle the Group's financial risks and cash management in line with the financial policy. Further examples of functions that have and will be established in conjunction with the separation are the Group's Legal, Risk and Compliance functions.

The majority of these functions and processes to transform NENT Group to an independent company, separated from MTG, have gradually been established during 2018 and 2019. Historical figures related to these ongoing cost items are therefore not fully representative. In addition, the effective tax rate for NENT Group has historically appeared low due to the effect of group contribution, but this will not be representative for the situation as a standalone company. The Group expects that 2020 will be the first full year in which the full effects of the new functions and processes will be incurred and reported. Furthermore, NENT Group, as part of MTG, has not had any external financing. NENT Group has secured financing from a bank consortium prior to the listing. This means that historical financial figures related to interest-bearing liabilities, taxes and financial expenses are not representative of the effect from such financing agreements. For a more detailed description of NENT Group's current financing, please refer to the *"Capital structure and other financial information"* section on page 71.

Changes in accounting principles

IFRS 16

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 should be 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. The expense for operating leases will be replaced by depreciation on the right-of-use asset, and interest expense on the lease liability. The depreciation of lease assets must be separately recognised from the interest on lease liabilities in the income statement. This will increase operating income at the expense of the financial net, and front load the expenses due to linear depreciation but diminishing interest expense. The Group has identified the following categories of leases: offices, cars and car parks. Studio equipment is normally leased short term, and most types of leased office furniture and personal IT equipment are of low value and are therefore out of scope. NENT Group has decided to apply the modified retrospective method, which implies no restatements of previous periods. A right-of-use asset and a leasing obligation amounting to to approximately SEK 850 million was recognised with the first application of the standard on 1 January 2019. The lease obligation will be included in the net debt calculation, and the Net debt/EBITDA ratio will include the impact of the new standard in both the denominator and the numerator of the calculation. The Group's debt covenants will not be impacted by the change. The impact on the income statement is not expected to be material, but it will lead to a partial reclassification of lease expenses from operating income to financial expenses.

IFRS 15

The standard replaces IAS 11 Construction Contracts and IAS 18 Revenue and establishes a new framework for determining when and how much revenue to recognise. The standard introduces a five-step model to be applied to all contracts with customers in order to establish the revenue recognition. The standard has not had any significant effects on the timing and the amount of revenue recognised in the Group's consolidated accounts. IFRS 15 was effective for annual periods beginning on or after 1 January 2018. For further information and disclosures related to revenue recognition see note 3 in the section "*Historical financial information*" on page 107.

Key items included in the income statement

Net sales

The Group's net sales are mainly derived from the selling of advertising air time, subscriptions, content production and various services. Revenues are to some extent also derived from the sale of goods.

Cost of goods and services

Cost of goods and services consists primarily of TV programming costs including acquired content, own productions and sports rights; direct sales costs including subscriber acquisition costs; advertising agency commissions; technical distribution costs; and production costs for NENT Studios.

Selling- and administrative expenses

Selling expenses comprise marketing and sales costs.

Administrative expenses comprise remuneration costs for Group management and other central functions. Administrative expenses also include costs for Accounting, IT, Legal, Human Resources, Corporate Affairs and office rental costs.

Financial items

Financial items consist of financial income and financial expenses. Financial income items primarily include interest income and positive net exchange rate differences. Financial expense items mainly include interest expenses on internal borrowings to MTG, borrowing costs, interest expenses from discounting and other expenses.

Tax

Tax expenses include actual Swedish and foreign corporate income taxes, and deferred taxes arising from temporary differences between accounts for financial reporting and accounts for tax assessment. Such temporary differences are caused mainly by differences between taxable value and the reported value of assets and liabilities. A deferred tax asset is reported according to the value of loss carry forwards if it is judged likely that they will be applied to taxable income in the foreseeable future. Net income for the year is charged with tax on taxable results for the year, and with tax estimated for the change in temporary differences for the year, as current tax and deferred tax expenses, respectively.

Comparison between the financial years 2018 and 2017

Net sales

Net sales for 2018 amounted to SEK 14,568 million compared to SEK 13,688 million in 2017, which represents an increase of SEK 880 million or 6.5 percent. Organic growth was 3.8 percent. In addition to the organic growth, net sales were also supported by a positive currency effect of 2.7 percent.

Broadcasting & Streaming

Net sales for Broadcasting & Streaming in 2018 amounted to SEK 12,800 million compared to SEK 11,961 million in 2017, which represents an increase of SEK 839 million or 7.0 percent. Organic growth was 4.5 percent. In addition to the organic growth, net sales were also affected by a positive currency effect of 2.5 percent.

Net sales related to subscription & other for 2018 amounted to SEK 8,783 million compared to SEK 8,202 million in 2017, which represents an increase by SEK 581 million or 7.1 percent. The increase in net sales was primarily driven by continued Viaplay volume and price driven growth, as well as continued healthy growth in the Swedish broadband and TV business. The subscriber base grew by 8.4 percent during the same period as a result of a 13.5 percent increase in Viaplay, a 3.4 percent decline in Viasat direct-to-consumer and an increase of 9.1 percent in Viasat third-party.

Net sales related to advertising for 2018 amounted to SEK 4,017 million compared to SEK 3,759 million in 2017, which represents an increase of SEK 258 million or 6.9 percent. The increase was a combined result of higher prices, audience shares and growth in Viafree that more than compensated for falling linear viewing levels. Stronger sporting events for NENT Group's free-TV channels, including the Ice Hockey World Cup and two European Handball championships, also contributed to higher advertising sales. In addition, radio advertising sales were up as the positive trend in Sweden accelerated further following the launch of new radio licenses in August 2018.

Studios

Net sales for Studios in 2018 amounted to SEK 1,911 million compared to SEK 1,986 million in 2017, which represents a decrease of SEK 75 million or 3.8 percent. Organic net sales declined by 7.3 percent. The decrease in net sales 2018 was primarily due to the timing of scripted productions compared to 2017 and was partly offset by a positive currency effect of 3.4 percent and a 0.1 percent contribution from the acquisition of Matador Film.

Costs of goods and services

Costs of goods and services for 2018 amounted to SEK 9,805 million compared to SEK 9,032 million in 2017, which represents an increase of SEK 772 million or 8.5 percent. The increase in costs of goods and services was primarily driven by larger investments in content and technology, as well as by currency effects mainly related to the stronger DKK, EUR and NOK.

Gross income

Gross income for 2018 amounted to SEK 4,763 million compared to SEK 4,656 million in 2017, which represents an increase of SEK 107 million or 2.3 percent. The increase in gross income was primarily driven by growth in Broadcasting & Streaming. The gross income margin decreased to 32.7 percent from 34.0 percent, which was primarily a result of larger investments in content and technology.

Selling- and administrative expenses

Selling expenses for 2018 amounted to SEK 857 million compared to SEK 819 million in 2017, which represents an increase of SEK 38 million or 4.6 percent. The increase in selling expenses was primarily due to increased marketing spend in 2018 compared to 2017 to drive growth in Viaplay, BTV Sweden and to launch the new radio licenses in Sweden.

Administrative expenses for 2018 amounted to SEK 2,387 million compared to SEK 2,358 million in 2017, which represents an increase of SEK 29 million or 1.2 percent. The increase in administrative expenses was primarily due to the new organisation set up to run NENT Group as an independent company, which was partly offset by lower long-term incentive programme expenses.

Other operating income and expenses

Other operating income for 2018 amounted to SEK 44 million compared to SEK 59 million in 2017, which represents a decrease of SEK 15 million or 25.3 percent. The decrease in other operating income was primarily due to minor exchange rate differences.

Other operating expenses for 2018 amounted to SEK 17 million compared to SEK 44 million in 2017, which represents a decrease of SEK 26 million or 60.5 percent. The decrease in other operating expenses was primarily due to minor exchange rate differences.

Items affecting comparability

Items affecting comparability for 2018 amounted to SEK –40 million which was primarily related to restructuring costs, compared to SEK 75 million in 2017 that was a result of revaluation of liabilities related to options to acquire the remaining shares in Splay Networks.

Operating income

Operating income for 2018 amounted to SEK 1,504 million compared to SEK 1,570 million in 2017, which represents a decrease of SEK 65 million or 4.2 percent. The decrease in operating income was mainly due to the swing in items affecting comparability, since the underlying business experienced growth driven by Broadcasting & Streaming. During the same period the operating margin decreased to 10.3 percent from 11.5 percent.

Broadcasting & Streaming

Operating income for Broadcasting & Streaming in 2018 amounted to SEK 1,661 million compared to SEK 1,574 million in 2017, which represents an increase of SEK 88 million or 5.6 percent. The increase in operating income was primarily driven by Viaplay subscriber growth and the previously introduced price increases. During the same period the operating margin decreased to 13.0 percent from 13.2 percent.

Studios

Operating income for Studios in 2018 amounted to SEK 45 million compared to SEK 44 million in 2017, which represents an increase of SEK 1 million or 3.3 percent. Operating income was negatively impacted by lower sales, but this was offset by a slightly lower loss for Splay Networks. During the same period the operating margin increased to 2.4 percent from 2.2 percent.

Central operations

Operating income for Central operations in 2018 amounted to SEK –162 million compared SEK –123 million in 2017, which represents a decrease of SEK 39 million or 32.1 percent. The decrease in operating income was due to costs related to the new organisation set up from July 1, 2018 to support NENT Group as an independent company. The effect was only partial for the year 2018 and is expected to increase further in 2019 with additional costs to operate NENT Group as an independent company.

Financial items

Interest income for 2018 amounted to SEK 29 million compared to SEK 6 million in 2017, which represents an increase of SEK 23 million or 389.1 percent. Interest expenses for 2018 amounted to SEK 66 million compared to SEK 72 million in 2017, which represents a decrease of SEK 5 million or 7.4 percent. Other financial items amounted to SEK –15 million in 2018 compared to SEK –30 million in 2017. As a result, net financial items for 2018 amounted to SEK –52 million compared to SEK –96 million in 2017, which represents an increase of SEK 44 million or 45.8 percent.

Income before tax

Income before tax for 2018 amounted to SEK 1,452 million compared to SEK 1,474 million in 2017, which represents a decrease of SEK 22 million or 1.5 percent. The decrease in income before tax was primarily due to the swing in items affecting comparability as the underlying business experienced growth driven by Broadcasting & Streaming. The income before tax margin was 10.0 percent in 2018 compared to 10.8 percent in 2017.

Tax

Tax expense for 2018 amounted to SEK 160 million compared to SEK 180 million in 2017, which represents a decrease of SEK 20 million or 11.1 percent. Tax expense for 2018 corresponded to an effective tax rate of 11.0 percent compared to 12.2 percent in 2017. The effective tax rate was affected by group contribution from NENT Group to MTG.

Net income for the year

Net income for 2018 amounted to SEK 1,292 million compared to SEK 1,294 million in 2017, which represents a decrease of SEK 2 million or 0.1 percent. In 2018, SEK 1,286 million was attributable to equity holders of the parent compared to SEK 1,287 million in 2017. Net income margin decreased to 8.9 percent from 9.5 percent.

Comparison between the financial years 2017 and 2016

Net sales

Net sales for 2017 amounted to SEK 13,688 million compared to SEK 12,897 million in 2016, which represents an increase of SEK 792 million or 6.1 percent. Organic growth was 5.4 percent. In addition to the organic growth, net sales were also supported by a positive currency effect of 0.7 percent.

Broadcasting & Streaming

Net sales for Broadcasting & Streaming in 2017 amounted to SEK 11,961 million compared to SEK 11,139 million in 2016, which represents an increase of SEK 822 million or 7.4 percent. Organic growth was 6.6 percent. The increase in organic sales was primarily driven by the subscription business. In addition to the organic growth, net sales were also impacted by a positive currency effect of 0.8 percent.

Revenues related to subscription & other amounted to SEK 8,202 million in 2017 compared to SEK 7,521 million in 2016, which represents an increase of SEK 681 million or 9.1 percent. The subscriber base grew by 5.6 percent and included an 18.3 percent growth in the Viaplaybase, a 4.4 percent decline in the Viasat direct-to-consumer base, and an 8.4 percent decline in the Viasat third-party network base. In addition to the overall growth in subscriber numbers, consumer price rises also helped to drive up average revenue per user ("ARPU") levels. Further, higher carriage fees from platform operators was a result of the value created by the Group's investments in key sports rights and other content.

Advertising revenue amounted to SEK 3,759 million in 2017 compared to SEK 3,618 million in 2016, which represents an increase of SEK 141 million or 3.9 percent. Revenues increased despite a decline in linear viewing (PUT), as this was more than offset by price inflation, growth in digital advertising sales on Viafree and increased sales in Sweden from the Group's radio stations.

Studios

Net sales for Studios in 2017 amounted to SEK 1,986 million compared to SEK 1,897 million in 2016, which represents an increase of SEK 89 million or 4.7 percent. Organic growth was 4.2 percent. The increase in organic sales was primarily driven by the increased demand for scripted drama and branded entertainment. In addition to the organic growth, net sales were also supported by a positive currency effect of 0.2 percent and a 0.3 percent contribution from the acquisition of Matador Film in Q3 2017.

Costs of goods and services

Costs of goods and services for 2017 amounted to SEK 9,032 million compared to SEK 8,686 million in 2016, which represents an increase of SEK 347 million or 4.0 percent. The increase in costs of goods and services was primarily driven by investments in content and technology. In addition, currency effects predominantly from the stronger USD also led to higher costs which were partially offset by the Group's strict cost control and the full savings effect from the restructuring programme implemented in 2015.

Gross income

As a result of the net sales and cost of goods and services development, gross income for 2017 amounted to SEK 4,656 million compared to SEK 4,211 million in 2016, which represents an increase of SEK 445 million or 10.6 percent. The increase in gross income was primarily driven by the strong growth in subscription revenues. During the same period, gross income margin increased to 34.0 percent from 32.7 percent.

Selling- and administrative expenses

Selling expenses for 2017 amounted to SEK 819 million compared to SEK 761 million in 2016, which represents an increase of SEK 58 million or 7.6 percent. The increase in selling expenses was primarily due to investments to drive sales from both advertising and subscriptions.

Administrative expenses for 2017 amounted to SEK 2,358 million compared to SEK 2,081 million in 2016, which represents an increase of SEK 277 million or 13.3 percent. The increase in administrative expenses was primarily due to growth in Broadcasting & Streaming.

Other operating income and expenses

Other operating income for 2017 amounted to SEK 59 million compared to SEK 16 million in 2016, which represents an increase of SEK 43 million or 260.3 percent. The increase in other operating income was primarily due to currency effects.

Other operating expenses for 2017 amounted to SEK 44 million compared to SEK 21 million in 2016, which represents an increase of SEK 22 million or 105.6 percent. This was primarily driven by the Group's increased Central operations costs.

Items affecting comparability

Items affecting comparability for 2017 amounted to SEK 75 million due to the revaluation of liabilities related to options to acquire remaining shares in Splay Networks, compared to SEK –65 million in 2016 related to restructuring charges.

Operating income

Operating income amounted to SEK 1,570 million in 2017 compared to SEK 1,298 million in 2016, representing an increase of SEK 272 million or 20.9 percent. The increase in operating income was primarily due to the increase in profits in Broadcasting & Streaming. In addition, the operating income was positively affected by items affecting comparability. However, this was partly offset by the decrease in high-margin format sales in Studios. During the same period the operating margin increased to 11.5 percent from 10.1 percent.

Broadcasting & Streaming

Operating income for Broadcasting & Streaming in 2017 amounted to SEK 1,574 million compared to SEK 1,370 million in 2016, which represents an increase of SEK 203 million or 14.8 percent. The increase in operating income was primarily due to strong growth in subscription revenues and the full year effects from the restructuring programme implemented in 2015. During the same period the operating margin increased to 13.2 percent from 12.3 percent.

Studios

Operating income for Studios in 2017 amounted to SEK 44 million compared to SEK 56 million in 2016, which represents a decrease of SEK 13 million or 22.4 percent. The underlying performance was stable, and the decline was a function of lower high-margin format sales. During the same period the operating margin decreased to 2.2 percent from 3.0 percent.

Central operations

Operating income for Central operations in 2017 amounted to SEK –123 million compared to SEK –64 million in 2016, which represents a decrease of SEK 59 million or 91.8 percent. This was primarily due to higher costs related to long-term incentive programmes as a result of the appreciation in MTG's share price.

Financial items

Interest income for 2017 amounted to SEK 6 million compared to SEK 7 million in 2016, which represents a decrease of 1 million or 15.2 percent. Interest expense for 2017 amounted to SEK 72 million compared to SEK 100 million in 2016, which represents a decrease of SEK 28 million or 28.2 percent. Other financial items for 2017 amounted to –30 million compared to SEK –35 million in 2016. Net financial items for 2017 amounted to SEK –96 million compared to SEK –128 million in 2016, which represents an increase of SEK 32 million or 24.8 percent.

Income before tax

Income before tax for 2017 amounted to SEK 1,474 million compared to SEK 1,170 million in 2016, which represents an increase of SEK 303 million or 25.9 percent. The increase in income before tax was partly driven by increase in operating income and supported by lower financial expenses. The profit margin before tax was 10.8 percent in 2017 compared to 9.1 percent in 2016.

Tax

Tax expense for 2017 amounted to SEK 180 million compared to SEK 240 million in 2016, which represents a decrease of SEK 60 million or 25.0 percent. Tax expense for 2017 corresponded to an effective tax rate of 12.2 percent compared to 20.5 percent in 2016. The effective tax rate was affected by group contribution from NENT Group to MTG.

Net income for the year

Net income for 2017 amounted to SEK 1,294 million compared to SEK 931 million in 2016, which represents an increase of SEK 363 million or 39.0 percent. In 2017, SEK 1,287 million was attributable to equity holders of the parent compared to SEK 928 million in 2016. During the same period net profit margin increased to 9.5 percent from 7.2 percent.

Liquidity and capital resources

NENT Group's liquidity requirements mainly arise as a consequence of the need to finance working capital and investments in tangible and intangible assets, as well as acquisitions of businesses. The main sources of liquidity are the cash flow generated by the operating activities and borrowing. NENT Group is currently financed primarily through intra-group financing from MTG. In connection with the listing of NENT Group's shares, the intragroup financing in NENT Group from MTG will be refinanced with bank loan and existing cash. NENT Group has obtained financing commitment from a bank consortium for a SEK 4,0 billion Revolving Credit Facility to be utilised for general corporate purposes. NENT Group will also arrange both a medium-term note and a commercial paper programme, which will be used for capital market funding as soon as possible before or after the listing of NENT Group shares. There will be no loans or derivatives outstanding between NENT Group and MTG after the listing date as described in the section "*Capital structure and other financial information*" on page 71.

Cash flow comparison between the fiscal years 2018 and 2017

Cash flow from operations

Net cash flow from operations for 2018 amounted to an inflow of SEK 1,116 million compared to SEK 722 million in 2017, which represent an increase of SEK 394 million or 54.6 percent. The improvement in cash flow from operations is mainly due to less negative cash flow from changes in net working capital. 2017 was affected by large prepayments for sports rights, which led to a positive impact on the cash flow in 2018.

Cash flow used in investing activities

Cash flow used in investing activities for 2018 gave rise to an outflow of SEK 567 million compared to an outflow of SEK 200 million in 2017, which represents an increase of SEK 367 million or 183.3 percent. The increase in cash flow used in investing activities were primarily due to acquisitions of new radio licenses in Sweden.

Cash flow used in financing activities

Cash flow used in financing activities for 2018 gave rise to an outflow of SEK 209 million compared to an outflow of SEK 466 million in 2017, which represents a decrease of SEK 257 million or 55.1 percent. The reduction in cash flow used in financing activities were primarily driven by the change in financing to MTG, which was partially offset by dividends to companies outside the Group including group and shareholders' contribution.

Cash flow comparison between the fiscal years 2017 and 2016

Cash flow from operations

Net cash flow from operations for 2017 gave rise to an inflow of SEK 722 million compared to SEK 584 million in 2016, which represents an increase of SEK 138 million or 23.6 percent. The increase in net cash flow from operations was mainly driven by an increase in net income which amounted to SEK 363 million, but this was offset by changes in working capital as 2017 was negatively impacted by advance payments related to new and prolonged sports contracts. However, as a result of the restructuring programme implemented in 2015, other expenses were in general lower in 2017 than in 2016.

Cash flow used in investing activities

Cash flow used in investing activities in 2017 gave rise to an outflow of SEK 200 million compared to an outflow of SEK 159 million in 2016, which represents an increase of SEK 41 million or 26.0 percent. The increase in cash flow used in investing activities in 2017 is mainly related to the increase in funds used for acquisitions of operations to increase the shareholding in Splay Networks.

Cash flow used in financing activities

Cash flow used in financing activities in 2017 gave rise to an outflow of SEK 466 million compared to an outflow of SEK 476 million in 2016, which represents a decrease in cash flow used in financing activities of SEK 10 million or 2.0 percent. The decrease in cash flow used in financing activities is primarily due to a decrease in financing and group contribution to MTG, but was partly offset by an increase in dividends paid to shareholders.

Tangible assets

On December 31, 2018, NENT Group's tangible assets amounted to SEK 152 million and comprised of machinery, equipment and installations. NENT Group has no pledged assets for tangible assets as per December 31, 2018.

Intangible assets

On December 31, 2018, NENT Group had fixed intangible assets with a recognised value of SEK 3,405 million that primarily comprised goodwill with a book value of SEK 2,274 million and other intangible assets with a book value of SEK 1,131 million. Included in other intangible assets are patents and trademarks, acquired customer relations, beneficial rights and broadcasting licenses.

Capital expenditure

NENT Group continuously invests in tangible and intangible assets, as well as other financial assets. The need for investments in machinery, equipment and installations are moderate due to the service nature of the business and can be adapted in the short- and medium-term to changes in demand. Most investments in machinery, equipment and installations are related to production and playout broadcasting facilities, technical equipment and office related investments. In addition, NENT Group invests in product and technology development.

During the period 2016–2018, NENT Group's investments consisted mainly of production and playout broadcasting facilities, and product and technology development, e.g. TV decoders, Viaplay and Viafree. In 2018, NENT Group secured both National and local radio licences in Sweden for the next 8 years resulting in an upfront payment of SEK 363 million. Hence, capital expenditures peaked in 2018, and are expected to return to normalised values going forward. Notable investments during the period have been made in Sweden and the UK. Investments made in each category for the 2016–2018 fiscal years can be seen in the table below.

(SEKm)	Full year 2018	Full year 2017	Full year 2016
Investments in shares in subsidiaries	19	62	2
Investments in tangible non-current assets	471	111	105
Investments in intangible non-current assets	79	43	75
Other investment activities, net	–2	–16	–23
Total	**567**	**200**	**159**

Ongoing and future investments

The Group has no significant ongoing investments nor has made any undertakings with respect to any future significant investments. Ongoing and future investments are expected to be funded through cash flow generated from operations.

Acquisitions and divestments

On June 18, 2018, NENT Group acquired the remaining 4 percent of the shares in Splay AB for a cash consideration of SEK 8.8 million. Splay is a leading multi-channel network in Scandinavia promoting talents across YouTube, Facebook, Instagram and Twitter. On December 8, 2017, NENT Group acquired 15 percent in Splay, and prior shareholdings had been acquired in 2015 and 2013.

During 2017, NENT Group acquired the remaining non-controlling shares in Nice Drama and Paprika Holding and subsidiaries for a total of SEK 2 million.

On August 28, 2017, NENT Group completed its investment of Matador Film AB, a Swedish production and film rights business. Matador Film AB contributed with sales of SEK 6 million and operating income of SEK 2 million for the period September–December 2017.

On December 16, 2016, NENT Group completed its divestment of its free-TV broadcasting and production businesses in Ghana and Nigeria. The businesses in Ghana and Nigeria contributed with sales of SEK 18 million and operating income of SEK –14 million in the first 11 months of 2016.

On February 26, 2016, NENT Group completed its divestment of Viasat Ukraine, a Ukraine-based direct broadcast satellite television distributor. At the time of the divestment, Viasat Ukraine provided services to approximately 150,000 subscribers.

Joint ventures

A joint venture – the equally-owned company Airtime Sales – with Discovery Networks was established in February 2016 to concentrate on selling regional advertising on the TV3 and Kanal5 television channels. The operations were initiated on February 15, 2016, with 35 employees.

Financial exposure and risk management

In its operations, NENT Group is exposed to, among other things, currency risk, credit risk, liquidity, and refinancing risk and interest risk. A separate treasury function has been established and assigned with the primary task to identify and, in the best way, manage the Group's financial risks in line with the Board's adopted financial policy, and to support NENT Group's group companies in financial and treasury areas. NENT Group's financial activities are centralised to benefit economies of scale, to ensure good internal control and to facilitate monitoring of risk. The following section contains a brief description of the Group's financial risk exposure and risk management policies.

Currency exposure

NENT Group is present in various geographical markets and undertakes transactions denominated in foreign currencies and is consequently exposed to exchange rate fluctuations. Currency exposure, and thus currency risk, occurs in connection with payments in foreign currency (transaction exposure) and when translating foreign subsidiaries' balance sheets and income statements into SEK (translation exposure). These two exposures are explained separately below.

Transaction exposure

Transaction exposure is the risk of negative financial impact due to changes in currency rates when undertaking transactions in other currencies than the Company's reporting currency. The Group's main transaction risk relates to the purchasing of programmes or sports rights denominated in USD and EUR.

The Group's policy states that the exposures shall be reduced by natural hedging to the largest extent, i.e., matching the inflows and outflows of the same currencies. Transaction exposures should be hedged on a rolling basis where a natural hedge does not occur, most notably for the USD. Hedging beyond 36 months is not allowed. The performed hedging transactions shall qualify for hedge accounting in accordance with IFRS. For further details, see note 17 in the section "*Historical financial information*" on page 122.

Translation exposure – income statement

When translating the results of foreign subsidiaries into SEK currency exposure occurs, which affects the Group's results when exchange rates fluctuate. The most important currencies for the full-year 2018, measured as the impact on the Group's operating profit, were EUR, NOK and DKK.

Translation exposure – balance sheet

This type of currency exposure occurs when translating net assets of foreign subsidiaries into SEK, which can affect NENT Group's other comprehensive income. The net exposure in each currency represents the net of assets and liabilities denominated in that currency. The Group's general policy is not to hedge this kind of translation exposure. For further details, see note 17 in the section "*Historical financial information*" on page 122.

Interest rate exposure

Interest rate exposure can be defined as the risk of changes in value in interest-bearing assets or liabilities as a result of interest rate fluctuations in the market. Interest rate derivatives, such as interest rate swaps, can be used to achieve the desired fixed-interest term for borrowings.

Liquidity and financing risk

Financing risk is defined as the risk of the cost being higher and financing opportunities limited as the loan is renegotiated and that payment obligations cannot be met as a result of insufficient liquidity or difficulties in securing funding. NENT Group's sources of funding are primarily shareholders' equity, cash flows from operations and borrowing. The Group shall strive to achieve relevant key performance measures that correspond to investment grade rating. In relation to NENT Group's external borrowings, the financial policy states that:

- The available cash in the Group, including unused credit facilities, shall at all times exceed SEK 500 million
- The average tenor (i.e., time to maturity) of the Group's external debt is targeted to be at least 18 months
- The renegotiation of credit facilities should be initiated 12 months before maturity to ensure a prudent refinancing
- Adequate funding at subsidiary level shall at all times be in place

Credit and counterparty risks

Operational credit risk is the risk that the Group's customers do not meet their payment obligations or that a payment is made to a supplier for a service before the product is available for use and that it is not delivered as ordered in the event of the supplier experiencing financial difficulties. The main part of credit sales is of smaller individual value, e.g., TV subscriptions. The Group's credit policy is operationally decentralised, and each subsidiary is responsible for having written credit control procedures. Receivables are not insured against credit losses. The operational credit risk is the net aggregate value of receivables on a customer. Credit risk on financial transactions is the risk that the Group incurs losses as a result of non-payment by counterparts related to the Group's investments, bank deposits or derivative transactions.

Efficient cash management systems should be maintained in order to minimise excess cash in operations where it cannot be invested or used to reduce interest-bearing debt. Cash may only be invested if at least one of the credit ratings (as rated by Standard & Poor's, Fitch Ratings or Moody's) of the approved counterpart or underlying investment is at least A-/A3.

As part of the Group's management of financial risks, the Group can enter into derivative transactions with financial counterparts. NENT Group primarily uses derivatives as hedging instruments and the policy allows only standardised (as opposed to structured) derivatives.

NENT Group establishes provisions for their estimate of incurred losses in respect of trade and other receivables. The main components of this provision are specific loss provisions corresponding to individually significant exposures and a collective cost component established for groups of similar assets in respect of losses that have not yet been identified. The collective loss provision is determined based on historical default statistics for similar financial assets. As of December 31, 2018, the provision for bad debt amounted to SEK 20 million.

Capital structure and other financial information

The tables in this section describe NENT Group's capitalisation and indebtedness as of 31 December 2018. The information presented below should be read in conjunction with the section "*Operational and financial review*" and the Group's combined financial statements and the notes related thereto included in the section "*Historical financial information*". For information about the Company's share capital and shares, refer to the section "*Shares, share capital and ownership structure*".

Equity and liabilities

The table below set forth NENT Group's capital structure as per 31 December 2018.

(SEKm)	31 Dec 2018
Current liabilities	
Guaranteed	0
Secured	0
Unsecured/unguaranteed	4,372
Total current liabilities	**4,372**
Non-current liabilities	
Guaranteed	0
Secured	0
Unsecured/unguaranteed	0
Total non-current liabilities	**0**
Total current liabilities and non-current liabilities	**4,372**
Equity	
Share capital	0
Share premium	0
Other reserves	0
Profit and loss reserve	581
Total equity	**581**

Net indebtedness

The table below set forth NENT Group's financial net debt as per 31 December 2018.

(SEKm)	31 Dec 2018
A. Cash	428
B. Cash equivalents	0
C. Trading securities	0
D. Liquidity (A) + (B) + (C)	**428**
E. Current financial receivables	**0**
F. Current bank debt	0
G. Current portion of non-current debt	0
H. Other current financial debt	4,372
I. Current financial debt (F) + (G) + (H)	**4,372**
J. Net current financial indebtedness (I) – (E) – (D)	**3,944**
K. Non-current bank loans	0
L. Bonds issued	0
M. Other non current interest-bearing loans	0
N. Non-current financial debt (K) + (L) + (M)	**0**
O. Financial net debt (J) + (N)	**3,944**

Financing

NENT Group is currently financed primarily through intra-group financing from MTG. In connection with the listing of NENT Group's shares, the intra-group financing in NENT Group from MTG will be refinanced with bank loan and existing cash. As further described below, NENT Group's financing arrangements, which will be utilised at the distribution, mainly comprise (i) a committed SEK 4.0 billion multi-currency revolving facility with a syndicate of banks, (ii) a committed SEK 1.0 billion term loan facility with a syndicate of banks, (iii) a commercial paper programme with a framework amount of SEK 3.5 billion, and (iv) a medium-term note programme with a framework amount of SEK 4.0 billion. The commercial paper programme and medium-term note programme are intended to be used for capital markets funding as soon as possible before or after the listing of the NENT Group shares. There will be no loans or derivatives outstanding between NENT Group and MTG after the listing date.

NENT Group's equity and borrowings as at 31 December 2018 are not representative of the equity and borrowings at the time of listing because they include the impact of internal preparations and transactions in advance of the listing. NENT Group's total equity including non-controlling interests is expected to be approximately SEK 1.4 billion at the end of March, while the Group's net debt at the end of March, excluding leases, is expected to be in line with the net debt level presented at 31 December 2018. NENT Group intends to maintain its balance sheet leverage ratio of no more than 2x net debt to trailing twelve-month adjusted EBITDA, or 2.5x net debt when adjusted for leases.

Multicurrency revolving facility agreement

NENT Group has entered into a SEK 4.0 billion multicurrency revolving facility agreement dated 7 August 2018 with Nordea Bank Abp, Filial I Sverige (formerly Nordea Bank AB (publ)), Skandinaviska Enskilda Banken AB (publ), Danske Bank A/S, Danmark, Sverige filial, DNB Sweden AB, Svenska Handelsbanken AB (publ) and Swedbank AB (publ) as original lenders (the "**Facility Agreement**"). In addition, MTG (the current parent company of NENT Group) is a party to the Facility Agreement.

Pursuant to the Facility Agreement, the original lenders (and any other bank or financial institution which becomes a party to the Facility Agreement in accordance with its terms (a "**Lender**")) make available to both NENT Group and MTG the multicurrency revolving loan facility of SEK 4.0 billion (the "**Revolving Facility**"), provided, however, that MTG may only utilise the Revolving Facility during the period from and including the date of the Facility Agreement to (but excluding) the first day of trading of the shares of NENT Group, and NENT Group may only utilise the Revolving Facility from and including the first day of trading of the shares of NENT Group (the "**Listing Completion Date**"). On the Listing Completion Date, MTG shall cease to be a party to the Facility Agreement subject to, *inter alia*, there being no event of default, and all loans granted to MTG under the Facility Agreement will automatically be assumed by NENT Group whereby: (i) MTG shall be released from further obligations towards each Lender under such loans and all rights MTG has against each Lender under all such loans shall be cancelled; and (ii) NENT Group shall assume all MTG's obligations towards each Lender under all such loans and acquire all MTG's rights against all Lenders under all such loans.

As per the date of this Prospectus, the principal amount of all MTG's loans under the Revolving Facility amounts to SEK 1.1 billion. In accordance with the above, such loans will be assumed by NENT Group as per the Listing Completion Date. In connection with NENT Group's assumption of MTG's debt under the Revolving Facility, NENT Group's intra-group debt of SEK 2.8 billion to MTG as per the date of this Prospectus will be decreased by an amount corresponding to the outstanding amount under the Revolving Facility. The intra-group debt has arisen in connection with the restructuring of the Group as preparation for the distribution of the shares of NENT Group.

The Facility Agreement contains customary representations and warranties and covenants relating to, *inter alia*, financial reporting, leverage, interest coverage ratios, negative pledges, restrictions on disposal of assets and restrictions on changes to the business. The Facility Agreement also contains customary event of default provisions.

A term loan facility

NENT Group has entered into a 1-year SEK 1.0 billion term loan facility agreement dated 22 February 2019 with Swedbank AB (publ) Nordea Bank Abp, Filial i Sverige and DNB Sweden AB as original lenders. The purpose of the facility is to bridge the short-term funding until the planned bond issue during 2019. If any member of the Group issues any debt instrument, the Company shall procure that an amount equal to the proceeds from such issue are applied towards prepayment of outstanding loans under the term loan facility agreement on the last day of the interest period in which the relevant member of the Group receives such proceeds.

The term loan facility agreement contains customary representations and warranties and covenants relating to, *inter alia*, financial reporting, leverage, interest coverage ratios, negative pledges, restrictions on disposal of assets and restrictions on changes to the business. The term loan facility agreement also contains customary event of default provisions.

Commercial paper programme

NENT Group has established a short-term commercial paper programme (Sw. *företagscertifikat*) for the purpose of issuing certificates with a term of less than one year and with a framework amount of SEK 3.5 billion or the corresponding value in EUR.

Medium-term note programme

NENT Group has established a medium-term note programme for the purpose of issuing notes with a term of not less than one year with a with a framework amount of SEK 4.0 billion (the "**MTN Programme**"). As of the date of this Prospectus, NENT Group has not issued any notes under the MTN Programme. However, the Company will in close connection to the Listing Completion Date replace its current parent company MTG as issuer of notes outstanding in a total amount of SEK 500 million issued under MTG's MTN programme dated 18 July 2016, implying that SEK 500 million of the framework of SEK 4.0 billion of the MTN Programme thereafter will be utilised.

Significant events after 31 December 2018

On 7 February 2019, the shareholders of MTG resolved to distribute all of the shares in NENT Group to the MTG shareholders.

Working capital statement

In the Company's opinion, the working capital for NENT Group is sufficient for the Company's requirements for at least the 12 months period following the date of the Prospectus. Working capital in this regard is considered as the Company's ability to access cash and cash equivalents in order to meet its liabilities as they fall due.

Board of directors, senior executives and auditors

Board of Directors

According to the Company's Articles of Association, the Board of Directors shall consist of no less than three and no more than nine members elected by the General Meeting. The Board of Directors currently consists of six members, of which three members were elected by an Extraordinary General Meeting held on 15 June 2018 and the remaining three members were elected by an Extraordinary General Meeting held on 11 September 2018. All members of the Board of Directors are elected for the period until the end of the Annual General Meeting 2019.

Name	Position	Board member in NENT Group since	Board member in MTG since	Independent of the Company and management	Independent of major shareholders[1]	Shareholding[2]
David Chance	Chairman	2018	1998	Yes	Yes	3,565 Class B shares
Anders Borg	Director	2018	–	Yes	Yes	688 Class B shares
Henrik Clausen	Director	2018	–	Yes	Yes	0
Kristina Schauman	Director	2018	–	Yes	Yes	1,503 Class B shares
Natalie Tydeman	Director	2018	2017	Yes	Yes	0
Simon Duffy	Director	2018	2008	Yes	Yes	1,750 Class B shares

1) Based on the assumption that the distribution of the Company's shares had occurred with the record date 31 January 2019.
2) All information on shareholding refers to own holdings and holdings of related person and affiliated companies assuming that MTG's dividend of the shares in NENT Group had been made with the record date 28 February 2019, i.e. refers to the shareholding in MTG on the said date.

Information on the members of the Board of Directors

David Chance

Born 1957. Chairman of the Board of Directors.

Education: BA Psychology, BSc Industrial Relations and MBA graduate from the University of North Carolina.

Other current assignments/positions: Chairman of the Board of Modern Times Group MTG AB and Top Up TV. Board member of PCCW Ltd. (Hong Kong) and Chairman of its NOW TV media group.

Previous assignments/positions (past five years): N/A.

Holding: 3,565 MTG Class B shares.

Anders Borg

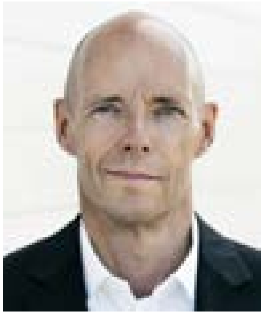
Born 1968. Director.

Education: Political Science, Economic history and Philosophy from Uppsala University, Economics and Post-graduate in Economics from Stockholm's University.

Other current assignments/positions: CEO of Economic and Financial Management Anders Borg AB and Board member of Stena International. Senior advisor to IPsoft, Amundi, Kinnevik, MTG and Nordic Capital.

Previous assignments/positions (past five years): Swedish Minister of Finance. Board member of Kinnevik AB and Milvik AB. Senior advisor to Citi Group, ABN AMRO, SEB, the World Economic Forum, Tele2 and Millicom.

Holding: 688 MTG Class B shares.



Henrik Clausen

Born 1963. Director.

Education: Master's graduate in Electrical Engineering from the Technical University of Denmark, MBA from INSEAD and graduate in International Trade from Copenhagen Business School.

Other current assignments/positions: President and CEO of Bang & Olufsen A/S.

Previous assignments/positions (past five years): Executive Vice President of Strategy & Digital for Telenor Group, and CEO of Malaysia listed company Digi.

Holding: 0.

Kristina Schauman

Born 1965. Director.

Education: MSc in Business Administration from Stockholm School of Economics.

Other current assignments/positions: Board member of BillerudKorsnäs AB, ÅF AB, Orexo AB, REEDA Capital Management AB, Coor Service Management Holding AB, Calea AB, Ellos Group Holding AB and BEWiSynbra Group AB. CEO of Calea AB.

Previous assignments/positions (past five years): Chairman of the board of Barony Aktiebolag. Board member of Livförsäkringsbolaget Skandia, ömsesidigt, Apoteket AB and Rädda Barnen Service AB. Deputy Board member of Northbay AB.

Holding: 1,503 MTG class B shares.

Natalie Tydeman

Born 1971. Director.

Education: BA Mathematics from Oxford University and MBA from Harvard Business School.

Other current assignments/positions: Board member of Modern Times Group MTG AB. Managing Partner of VT Partners LLP. Trustee of Nesta.

Previous assignments/positions (past five years): Senior Partner at GMT Communications Partners LLP. Trustee of the Central British Fund. Director of Seagull AS.

Holding: 0.

Simon Duffy

Born 1949. Director.

Education: Master's graduate of the University of Oxford and MBA from Harvard Business School.

Other current assignments/positions: Chairman of the board of YouView TV Ltd. Board member of Oger Telecom Limited, Wizz Air Holdings Plc, Telit Communications Plc and Modern Times Group MTG AB.

Previous assignments/positions (past five years): Chairman of the board of Bwin.party digital entertainment plc and Mblox Inc. Board member of Millicom International Cellular and Avito AB.

Holding: 1,750 MTG class B shares.

Senior executives

Name	Position	Year of birth	Senior executive in NENT Group since	At MTG since	Shareholding[1)]
Anders Jensen	President and CEO of NENT Group	1969	2018	2014	9,391 Class B shares
Gabriel Catrina	EVP; CFO of NENT Group and Head of Strategy and M&A	1974	2018	2013	3,109 Class B shares
Kim Poder	EVP; Group Chief Commercial Officer (CCO) and CEO of NENT Group Denmark	1968	2018	1999	6,757 Class B shares
Matthew Hooper	EVP; Group Head of Corporate Affairs and CEO of NENT Group UK	1970	2018	2011	13,900 Class B shares
Jakob Mejlhede Andersen	EVP; Group Head of Content	1973	2018	2002	12,236 Class B shares
Filippa Wallestam	EVP; CEO of NENT Group Sweden	1983	2018	2014	1,531 Class B shares
Jonas Gustafsson	CEO of NENT Group Sweden (Acting)	1982	2018	2015	–
Vegard Klubbenes Drogseth	SVP; CEO of NENT Group Norway	1977	2018	2004	1,366 Class B shares
Mathias Norrback	SVP; CEO of NENT Group Finland	1978	2018	2016	468 Class B shares
Morten Mogensen	CEO of NENT Studios	1966	2018	2005	2,328 Class B shares
Alexander Bastin	SVP; Head of Viaplay and Viafree	1989	2017	2013	316 Class B shares
Susan Gustafsson	SVP; Group General Counsel	1973	2018	2015	1,856 Class B shares
Kaj af Kleen	SVP; Group Chief Technology and Product Officer	1982	2018	2007	1,007 Class B shares
Kim Mikkelsen	SVP; Group Head of Sport	1972	2018	2016	1,338 Class B shares
Jennie Jacobs	SVP; Group and NENT Group UK Head of Human Resources	1962	2018	2015	–
Sahar Kupersmidt	SVP; Head of Nordic DTH TV	1977	2018	2007	578 Class B shares

1) All information on shareholding refers to own holdings and holdings of related person and affiliated companies assuming that MTG's dividend of the shares in NENT Group had been made with the record date 28 February 2019, i.e. refers to the shareholding in MTG on the said date.

Information on senior executives

Anders Jensen

President & CEO of NENT Group since 2018 (at MTG since 2014), born 1969

Education: Studies in international and corporate finance, Stockholm University and London Business School.

Other current assignments/positions: Several positions in NENT Group companies.

Previous assignments/positions (past five years): Board member of Millicom International Cellular S.A, EVP and Head of Nordic FTV and radio at MTG as well as several positions in NENT Group companies.

Holding: 9,391 MTG Class B shares.

Gabriel Catrina

EVP; CFO of NENT Group and Head of Strategy and M&A since 2018 (at MTG since 2013), born 1974

Education: MBA from the Stockholm School of Economics and M. Sc in Business Administration from UCC in Argentina.

Other current assignments/positions: Several positions in NENT Group companies.

Previous assignments/positions (past five years): Chief Strategy Officer at MTG and Board member positions in MTG and NENT Group companies.

Holding: 3,109 MTG Class B shares.

Kim Poder

EVP; Group Chief Commercial Officer (CCO) and CEO of NENT Group Denmark since 2018 (at MTG since 1999), born 1968

Education: Master of Science in Ec. and Business Administration, Copenhagen Business School.

Other current assignments/positions: N/A.

Previous assignments/positions (past five years): Board member of Prima TV.

Holding: 6,757 MTG Class B shares.

Matthew Hooper

EVP; Group Head of Corporate Affairs and CEO of NENT Group UK since 2018 (at MTG since 2011), born 1970

Education: Master's graduate of the University of Oxford.

Other current assignments/positions: N/A.

Previous assignments/positions (past five years): EVP, Group Head of Corporate Communications at MTG. Board member of Shared Value Limited.

Holding: 13,900 MTG Class B shares.

Jakob Mejlhede Andersen

EVP; Group Head of Content since 2018 (at MTG since 2002), born 1973

Education: Degree in Journalism from the Danish School of Media and Journalism.

Other current assignments/positions: N/A.

Previous assignments/positions (past five years): Board member and other positions in several NENT Group companies.

Holding: 12,236 MTG Class B shares.

Filippa Wallestam

EVP; CEO of NENT Group Sweden since 2018 (at MTG since 2014), born 1983

Education: MSc in Economics and Business Administration and major in Finance at Stockholm School of Economics.

Other current assignments/positions: Several positions in NENT Group companies. Board member in HCL Butiker AB.

Previous assignments/positions (past five years): N/A.

Holding: 1,531 MTG Class B shares.

Jonas Gustafsson

CEO of NENT Group Sweden (Acting) since 2018 (at MTG since 2015), born 1982

Education: MBA in Industrial Engineering and Management at Royal Institute of Technology (KTH).

Other current assignments/positions: Board member of Babyshop Sthlm Holding AB.

Previous assignments/positions (past five years): Manager at Bain & Company Nordics.

Holding: 0.

Vegard Klubbenes Drogseth

SVP; CEO of NENT Group Norway since 2018 (at MTG since 2004), born 1977

Education: Bachelor in IT Management at BI Bergen.

Other current assignments/positions: N/A.

Previous assignments/positions (past five years): N/A.

Holding: 1,366 MTG Class B shares.

Mathias Norrback

SVP; CEO of NENT Group Finland since 2018 (at MTG since 2016), born 1978

Education: Master's degree in Law from University of Helsinki.

Other current assignments/positions: N/A.

Previous assignments/positions (past five years): Business Arena Director in Anvia Abp, CEO of Watson Nordic Oy, Board member in AB Sappa and Nobla Group Ab.

Holding: 468 MTG Class B shares.

Morten Mogensen

CEO of NENT Studios since 2018 (at MTG since 2005), born 1966

Education: Degree in Marketing and Business from Århus Business School.

Other current assignments/positions: Several positions in NENT Group companies.

Previous assignments/positions (past five years): N/A.

Holding: 2,328 Class B shares.

Alexander Bastin

SVP; Head of Viaplay and Viafree since 2017 (at MTG since 2013), born 1989

Education: BSc in Business and Economics from Uppsala University.

Other current assignments/positions: N/A.

Previous assignments/positions (past five years): N/A.

Holding: 316 MTG Class B shares.

Susan Gustafsson

SVP; Group General Counsel since 2018 (at MTG since 2015), born 1973

Education: Master of Laws (LLM) from Lund University and Maastricht University. INSEAD Leading Innovation Programme.

Other current assignments/positions: Group General Counsel in MTG. Several Board positions in NENT Group companies.

Previous assignments/positions (past five years): Several Board positions at MTG and NENT Group companies.

Holding: 1,856 MTG Class B shares.

Kaj af Kleen

SVP; Group Chief Technology and Product Officer since 2018 (at MTG since 2007), born 1982

Education: Master's degree in Industrial Engineering from Luleå University of Technology and MBA from the University of Oxford.

Other current assignments/positions: Board member in Soundation AB.

Previous assignments/positions (past five years): Board member in Coinpunch AB.

Holding: 1,007 MTG Class B shares.

Kim Mikkelsen

SVP; Group Head of Sport since 2018 (at MTG since 2016), born 1972

Education: Journalist, Danish School of Journalism, Århus.

Other current assignments/positions: CEO of TV3 Sport1 A/S and TV3 Sport A/S.

Previous assignments/positions (past five years): N/A.

Holding: 1,338 MTG Class B shares.

Jennie Jacobs

SVP; Group and NENT Group UK Head of Human Resources since 2018 (at MTG since 2015), born 1962

Education: Graduate of British Petroleum Management Trainee Program.

Other current assignments/positions: Board member in Ashbridge Associates Ltd.

Previous assignments/positions (past five years): N/A.

Holding: 0.

Sahar Kupersmidt

SVP; Head of Nordic DTH TV since 2018 (at MTG since 2007), born 1977

Education: Studies in business and accounting at Mittuniversitetet and Linnéuniversitetet.

Other current assignments/positions: SVP and Head of Viasat Sweden.

Previous assignments/positions (past five years): Advisor at the Reach for Change foundation.

Holding: 578 MTG Class B shares.

Other information on the Board of Directors and senior executives

All senior executives may be contacted at the Company's address: Ringvägen 52 SE-118 67, Stockholm, Sweden.

No member of the Board of Directors or senior executive has, during the past five years, been subject to any allegations and/or sanctions on the part of any authority or professional association under public law. No member of the Board of Directors or senior executive has during the past five years been declared bankrupt. Further, no member of the Board of Directors or senior executive has been involved in any bankruptcy or liquidation proceedings in relation to companies they have represented in the past five years. No member of the Board of Directors or senior executive has been convicted in any case relating to fraud in the past five years. No member of the Board of Directors or senior executive has in the past five years been subject to injunctions against carrying on business. No special arrangements have been entered into between principal shareholders, clients, suppliers or other parties according to which any of the members of the Board of Directors or senior executives have been appointed to their present position. The Board members are not entitled to any benefits when they retire from the Board.

There are no family ties between the members of the Board of Directors and/or the senior executives. No member of the Board of Directors or senior executive has any private interest that might conflict with the Company's interest. Further, none of the above-mentioned members of the Board of Directors or senior executives have entered into any agreement with the Company or its subsidiaries that would entitle the members of the Board of Directors or senior executives to post-employment benefits, other than what is stated in this Prospectus.

Auditors

KPMG AB (Box 382, SE-101 27 Stockholm, Sweden) is the Company's auditor since 23 April 2018. Joakim Thilstedt is the auditor-in-charge since 23 April 2018. Joakim Thilstedt is an authorised public accountant and a member of FAR, the professional institute for authorised public accountants in Sweden.

The combined financial statements of NENT Group for the financial years 2018, 2017 and 2016, included in the Prospectus, have been audited by KPMG AB.

Corporate governance

Corporate governance within NENT Group

The governance of NENT Group is based on the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*), NENT Group's Articles of Association, the Swedish Corporate Governance Code (the "**Code**") and Nasdaq Stockholm's Rule Book for Issuers (the "**Rule Book**") as well as other relevant laws and regulations. The Code is based on the "comply or explain" principle, meaning that companies are not obliged to at all times apply every rule in the Code, but are allowed the freedom to choose alternative solutions which they feel are better in their particular circumstances, provided they report every deviation, describe the alternative solution and explain the reasons for the deviation. NENT Group intends to apply the Code without any deviation as from the listing of its shares on Nasdaq Stockholm.

General meeting

Introduction

Pursuant to the Swedish Companies Act, the general meeting is the highest decision-making body in a Swedish limited liability company, and shareholders exercise their voting rights at such meetings. The Annual General Meetings of NENT Group are held annually before the end of June. In addition to the Annual General Meeting, extraordinary general meetings can be convened when required. The 2019 Annual General Meeting in NENT Group will be held on 22 May 2019.

At the General Meeting, the shareholders of NENT Group resolve on several matters, including adoption of income statements and balance sheets, the disposition of the Company's profit or loss, discharge of liability for the members of the Board and the CEO, composition of the Nomination Committee, election of members of the Board (including the Chairman of the Board) and auditor, remuneration to the members of the Board and auditor, guidelines for remuneration to the CEO and other senior executives, and long-term incentive programmes. The shareholders of NENT Group also resolve on other matters that are important to the Company, for example any changes of the Articles of Association, at the general meeting.

Notice convening the general meeting

Pursuant to NENT Group's Articles of Association, notices convening general meetings shall be issued through announcement in the Swedish National Gazette (Sw. *Post- och Inrikes Tidningar*), as well as on the Company's website (www.nentgroup.se). Announcement to the effect that a notice convening a general meeting has been issued shall be made in the newspaper Svenska Dagbladet. Once NENT Group is listed on Nasdaq Stockholm, a press release in Swedish and English with the notice in its entirety will be issued ahead of each general meeting.

Right to attend General Meetings

All shareholders who are directly recorded in the Company's share register maintained by Euroclear five weekdays (Saturdays included) prior to the general meeting and who have notified the Company of their intention to participate in the general meeting not later than the date indicated in the notice of the general meeting, are entitled to attend the general meeting and vote for the number of shares they hold. In addition to notifying the Company, shareholders whose shares are nominee registered through a bank or other nominee must request that their shares are temporarily registered in their own names in the register of shareholders maintained by Euroclear, in order to be entitled to participate in the general meeting. Shareholders should inform their nominees well in advance of the record date.

Shareholders may attend NENT Group's general meetings in person or by proxy and may be accompanied by a maximum of two assistants.

Shareholder initiatives

Any shareholder of the Company who wishes to have a matter dealt with at an Annual General Meeting must submit a written request to the Board to that effect. The request must have been received by the Company not less than seven weeks prior to the Annual General Meeting, so that the matter may be included in the notice.

Nomination Committee

The extraordinary general meeting held on 5 March 2019 resolved to elect a Nomination Committee ahead of the 2019 Annual General Meeting consisting of representatives of three of MTG's largest shareholders, Nordea Funds, Swedbank Robur and Lannebo Funds.

The Nomination Committee will inter alia propose instructions for the Nomination Committee ahead of the Annual General Meeting 2020, to be presented for approval at the Annual General Meeting in 2019.

Board of Directors

Composition and independence

According to NENT Group's Articles of Association, the Board of Directors shall comprise no less than three and no more than nine members elected by a General Meeting for a term of office until the end of the next Annual General Meeting. The Board currently comprises six members, of which three were elected at an Extraordinary General Meeting held on 15 June 2018, and the remaining three members were elected at an Extraordinary General Meeting held on 11 September 2018.

In accordance with the Code, a majority of the members of the Board of Directors elected by the General Meeting are to be independent in relation to the Company and management. In order to determine whether a member of the Board of Directors is independent, a general overall assessment of all factors that may give cause to question the independence of the Board member in relation to the Company and management shall be made. Furthermore, according to the Code, at least two of the Board members who are independent in relation to NENT Group and the management must also be independent in relation to the Company's major shareholders. In order to assess such independence, consideration must be given to the scope of the Board member's direct or indirect relationship to the Company's major shareholders. In the Code, a "major shareholder" refers to a shareholder who, directly or indirectly, controls 10 percent or more of the shares or voting rights in the Company.

The Board of Director's assessment of the independence of the members of the Board of Directors in relation to NENT Group, the management and major shareholders is presented in "*Board of Directors, senior executives and auditors*" in the Section "*Board of Directors*". All members of the Board of Directors are independent in relation to the Company and the management, and all Board members are also independent in relation to the Company's major shareholders.[1] This means that the Board of directors of NENT Group fulfils the Code's independency requirements.

Responsibilities and duties of the Board of Directors

The Board of Directors is the highest decision-making body after the General Meeting and has the overall responsibility for NENT Group's organisation and the management of the Company's affairs. The duties of the Board of Directors are primarily set forth in the Swedish Companies Act, the Company's Articles of Association and the Code. In addition to this, the work of the Board is guided by written rules of procedure. The rules of procedure for the Board of Directors, which have been adopted by the Board of Directors and are reviewed annually, governs the division of work and responsibilities within the Board of Directors. The Board of Directors has also adopted instructions for the committees of Board of Directors and an instruction for the CEO of NENT Group.

The principle task of the Board of Directors' include: (i) establishing the overall goals and strategy of the Company, (ii) appointing, evaluating and, if necessary, dismissing the CEO, (iii) defining appropriate guidelines to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability, (iv) ensuring that there is an appropriate system for follow-up and control of the Company's operations and the risks to the Company that are associated with its operations, (v) ensuring that there is a satisfactory process for monitoring the Company's compliance with laws and other regulations relevant to the Company's operations, as well as the application of internal guidelines, (vi) ensuring that the Company's external communications are characterised by openness, and that they are accurate, reliable and relevant, and (vii) approve any significant assignments the CEO has outside the Company.

Board committees

According to the Swedish Companies Act and the Code, the Board of Directors shall appoint an Audit Committee and a Remuneration Committee. The Company has established an Audit Committee, a Remuneration Committee and an Independent Committee.

Audit Committee

The Board of Directors has appointed an Audit Committee. According to the Swedish Companies Act, a member serving on the Audit Committee may not be employed by the Company and at least one of the members of the Committee that is independent in relation to the Company, its management and the major shareholders shall possess competence and experience within accounting or auditing. The Audit Committee shall consist of at least three members of whom the majority are to be independent in relation to the Company and its management. The current audit committee comprises the following three members: Simon Duffy (Chairman of the Audit Committee), Anders Borg and Kristina Schauman, of which all are independent in relation to the Company and its management.

The Audit Committee's responsibility is to: (i) monitor the Company's financial reporting and provide recommendations and proposals to ensure the reliability of the reporting, (ii) monitor the Company's efficiency relating to internal control, internal audit and risk management, (iii) stay informed regarding the audit of the Annual Report and consolidated accounts as well as regarding the conclusions of the Supervisory Board of Public Accountants' quality controls, (iv) inform the Board of Directors of the result of the audit and the way in which the audit contributed to the reliability of the financial reporting, as well as the function filled by the Audit Committee, (v) review and monitor the impartiality and independence of the external auditor, with special attention to the services provided other than audit, (vi) assist the Company's Nomination Committee in preparing for the election of auditors at the Annual General Meetings of the Company, (vii) monitor and govern the Company's compliance matters, (viii) review and make recommendations regarding the Group's capital structure and financial strategy and dividend policy (as well as dividend proposal), (ix) review and discuss the quarterly financial results and make a recommendation to the Board of Directors and (x) assist the Remuneration Committee as applicable to review adjustments to performance KPIs in relation to compensation programmes.

1) Based on the assumption that the distribution of the Company's shares had occurred with the record date 31 January 2019.

Remuneration Committee

The Board of Directors has appointed a Remuneration Committee. According to the charter for the Remuneration Committee adopted by the Board of Directors, the Remuneration Committee shall comprise at least three members, which shall all be independent in relation to the Company and the senior executives. The Board of Directors shall appoint the Chairman of the Remuneration Committee among the members of the Remuneration Committee. The Chairman of the Board of Directors may chair the Remuneration Committee. The other members of the committee are to be independent of the Company and its management. The current Remuneration Committee comprises the following three members: Natalie Tydeman (Chairman of the Remuneration Committee), David Chance and Henrik Clausen, of which all are independent in relation to the Company and its management.

The responsibility of the Remuneration Committee is to: (i) prepare the Board of Directors' resolutions on issues related to remuneration principles, compensation and other employment terms for the senior executives, (ii) monitor and evaluate ongoing plans and plans which have been completed during the year in respect of variable compensation for the senior executives, (iii) monitor and evaluate the application of remuneration guidelines in respect of the senior executives, which the Annual General Meeting shall resolve on as well as current remuneration structures and compensation levels of the Group. Further the Remuneration Committee shall: (i) review and develop the remuneration guidelines for the senior executives, (ii) review and develop as well as prepare the detailed terms of the Company's long-term incentive plans and (iii) review the CEO's and the other senior executives' terms of employment and remuneration.

Independent committee

The Board of Directors has identified an increased risk of conflicts of interests in relation to MTG as several members of the Board of Directors of the Company also serve as members of the board of MTG. To limit the risks for such conflicts of interests and quorum problems, the Board of Directors has established an Independent Committee to handle situations of potential conflicts of interests between the Company and MTG.

The Independent Committee shall consist of the directors of the Company that are not directors of MTG, of which one shall be the Chairman. As at the date of this Prospectus, the Independent Committee comprises Anders Borg, Henrik Clausen and Kristina Schauman.

The Independent Committee shall for and on behalf of the Company (i) negotiate all relations between the Company and MTG (including any of its affiliates) and (ii) make final decisions in relations or arrangements between the Company and MTG (including any of its affiliates), including entering into agreements.

Remuneration to the Board of Directors

The Extraordinary General Meeting of the Company held on 11 September 2018 resolved that the Board of Directors, for the period until the Annual General Meeting of 2019, shall be remunerated as follows: SEK 1,450,000 to the Chairman of the Board of Directors (David Chance) for his work commencing on 1 July 2018; SEK 500,000 to each of Natalie Tydeman and Simon Duffy for their work commencing on 1 July 2018; and SEK 500,000 to each of Anders Borg, Henrik Clausen and Kristina Schauman for their work commencing on 11 September 2018. It was also resolved that compensation for committee work shall be paid with the amount of SEK 235,000 to the Chairman of the Audit Committee and SEK 130,000 to each member of the Audit Committee; and SEK 105,000 to the Chairman of the Remuneration Committee and 52,500 to each member of the Remuneration Committee.

CEO and Group Management

The CEO is responsible for the day-to-day management and development of NENT Group in accordance with applicable rules and legislation, including the Rule Book, the Code as well as the guidelines, instructions and strategies adopted by the Board of Directors. The CEO shall ensure that the Board of Directors receives objective and relevant information required to enable the Board to make well-founded decisions. Furthermore, the CEO shall ensure that the Company's goals, policies and plans are being followed and, if necessary, advise the Board to update or review the Company's goals, policies or plans.

The CEO leads the work of the Group Management, which is responsible for the overall business development. In addition to the CEO, the Group Management comprises 15 other members.

Notice period and severance pay

A notice of termination period of one year applies for the CEO if such notice is given by the Company or the CEO, respectively. The agreement does not provide for any severance pay. Between the Company and the other senior executives, a notice of termination period of six to twelve months normally applies, if such notice is given by the Company. The executive has a corresponding right with a notice of termination period of six to twelve months. The executive is normally expected to be available to the Company during the notice period. Four executives are entitled to a severance pay of six monthly salaries if notice of termination is given by the Company.

Remuneration to Group Management

Those executives who, prior to joining NENT Group, were part of MTG's executive management were paid in accordance with the guidelines approved by the MTG Annual General Meetings in 2016–2018.

Remuneration guidelines adapted to the NENT Group business for the Group Management will be presented for approval at the Annual General Meeting in 2019.

The table below sets forth the current annual remuneration and other benefits in NENT Group.

(SEKm)	Base salary	Variable remuneration	Other benefits	Pension costs	Total
Anders Jensen, President and CEO	7,200	7,200	55	720	15,175
Other senior executives (14 persons)	37,258	28,736	3,366	2,850	72,210
Total	**44,458**	**35,936**	**3,421**	**3,570**	**87,385**

The CEO of NENT Group is entitled to a one-time success bonus corresponding to six times his fixed monthly salary if the Company's shares have been distributed and listed on Nasdaq Stockholm no later than 31 December 2019. Furthermore, the other members of the management are entitled to a one-time success bonus corresponding to either three or six times their fixed monthly salary if the Company's shares have been distributed and listed on Nasdaq Stockholm no later than 31 December 2019. The bonus is planned to be settled in June and September 2019. The bonuses are, *inter alia*, subject to that the employee has not given notice of his/her employment with NENT Group prior to the payment date. Total cost for the bonuses is estimated to approximately SEK 20 million.

Internal control

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 principles 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 designed and implemented a framework for assessing and monitoring risks in all parts of the organisation. This framework is set by a risk management policy approved by the Board of Directors. The risks are reviewed regularly by the Board of Directors and by the Audit Committee, and include reputational, commercial and operational risks. The process covers all Group companies, segments and business units. Overall coordination is conducted centrally by the Group's Risk Management function. In addition, the Group has established a Governance, Risk and Compliance (GRC) Committee comprising of the Group General Counsel, CFO/Head of Strategy, Head of Communication, Head of IT, Head of Risk & Security, Group Compliance Officer, Head of Group HR, Group Chief Tech & Product Officer, Head of Risk & Resilience as well as representatives from the operating businesses (CEO NENT Group Sweden, CEO NENT Group Denmark, Head of Viaplay & Viafree and CFO NENT Studios). The GRC Committee oversees risk management activities within the Group and provides the basis for decision-making regarding risk management. The GRC Committee convenes approximately six times annually and escalates issues to the Audit Committee or the Board of Directors when required. Risk management and mitigation requirements are set by balancing measures against an agreed risk appetite. The risk areas covered by the framework are regulatory and compliance, information and IT security, commercial and market risks, political and economic risks, people, content protection and security operations including business resilience. The managers of the Group's companies, segments and business units own the risks in their respective environment. Day-to-day activities in relation to risk management include implementing mitigation actions and developing appropriate controls. Central functions provide support to entities' managers in this process.

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.

Shares, share capital and ownership structure

Share information

According to the Company's articles of Association, the share capital shall amount to not less than SEK 500,000 and not more than SEK 2,000,000, divided among not less than 50,000,000 shares and no more than 200,000,000 shares.[1] As at the date of this Prospectus, the Company's registered share capital amounts to SEK 500,000 divided among 500,000 class B shares.[2] The quota value of each share is SEK 1.

The shares in the Company have been issued pursuant to Swedish law and are denominated in SEK. The shares have been fully paid up and are freely transferrable. The shares are not subject to any offer pursuant to a mandatory bid, redemption rights or sell-out obligation. No public takeover offer has been made for the Company's shares during the current or preceding financial year.

The shares of the Company are registered in a CSD register in accordance with the Swedish Act on Central Securities Depositories and Accounting of Financial Instruments (Sw. lagen (1998:1479) *om värdepapperscentraler och kontoföring av finansiella instrument*). The register is maintained by Euroclear Sweden AB (Box 191, SE-101 23 Stockholm, Sweden). No share certificates have been issued for the Company's shares. The ISIN-code for the Class A shares is SE0012324226 and SE0012116390 for the Class B shares.

Certain rights attached to the shares

Voting rights

Each Class A share in NENT Group carries ten (10) votes and each Class B share in NENT Group carries one (1) vote at General Meetings in the Company. At General Meetings, each shareholder is entitled to vote for the total number of shares held by him or her without any limitation of the voting powers.

Preferential rights to new shares, etc.

If the Company resolves on an issue of new Class A and Class B shares, against other payment than contribution in kind, each holder of Class A and Class B shares shall have preferential rights to subscribe for new shares of the same class in proportion to the number of old shares held by such holder (primary preferential rights).

Shares not subscribed for with primary preferential rights shall be offered for subscription to all shareholders in the Company (subsidiary preferential rights). If the number of shares so offered is less than the number subscribed for with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the number of already shares held, or, to the extent that this is not possible, by lot.

If the Company resolves on an issue of new shares solely of Class A shares or Class B shares, against other payment than contribution in kind, all shareholders, irrespective of which class of shares held, shall have preferential rights to subscribe for new shares in proportion to the number of shares previously held.

The stipulations regarding preferential rights shall apply mutatis mutandis for new issues of warrants and convertible debts, and shall not infringe on the possibility to resolve on an issue in which the preferential rights of shareholders are waived.

If the share capital is increased by a bonus issue, where new shares are issued, new shares of Class A and Class B shall be issued in relation to the number of shares of the same classes already held. In such cases, old shares of a specific class shall entitle to new shares of the same class. Following a requisite amendment in the Articles of Association, the aforementioned stipulation shall not infringe on the possibility to issue shares of a new class by a bonus issue.

Right to dividends and surplus in the event of liquidation

All shares carry equal rights to dividends as well as to the Company's assets and potential surpluses in the event of liquidation.

Any decision on distribution of profit is to be made by the General Meeting. All shareholders who are registered in the share register maintained by Euroclear on the record date as determined by the General Meeting are entitled to receive dividends. The dividends are normally paid to shareholders through Euroclear as a cash amount per share, but may also comprise forms other than cash (distribution in kind). If a shareholder cannot be paid through Euroclear, the shareholder's claim on the Company in respect of the dividend amount remains and is subject to a statutory limitation period of ten years. Should the claim become barred by the limitation period, the dividend amount is forfeited to the

1) These articles of association, with new limits for the highest and lowest number of shares, were adopted at an Extraordinary general Meeting on 5 March 2019. As at the date of this Prospectus, these articles of association were not yet registered at the Swedish Companies Registration Office.
2) On 5 March 2019, NENT Group held an Extraordinary General Meeting that resolved upon a split of the Company's shares so that the total number of Class A and Class B shares, respectively, in NENT Group on the record date for the distributions shall amount to the same number of Class A and Class B shares, respectively, in MTG. Following registration of such resolution with the Swedish Companies Registration Office, the total number of shares in NENT Group will amount to 67,342,244 divided into 66,796,582 Class B shares and 545,662 Class A shares.

Company. Subject to the existence of possible restrictions imposed by banks or clearing systems in the relevant jurisdiction, there are no restrictions on entitlement to dividends for shareholders resident outside of Sweden. However, shareholders with limited tax liability in Sweden are normally subject to Swedish withholding tax. See also the Section "*Certain tax issues*".

Conversion of Class A shares to Class B shares

According to NENT Group's Articles of Association, holders of Class A shares are entitled to request that such shares shall be converted to Class B shares in accordance with the following.

Holders of Class A shares shall, during the calendar months January and July each year (the "**Reclassification periods**"), be entitled to request that all or part of the shareholder's Class A shares shall be reclassified to Class B shares. The request shall be made in writing and must be received by the Board of Directors no later than on the last day of the specific Reclassification period. The request shall state (i) the number of Class A shares that the shareholder wants to reclassify or (ii) the maximum percentage of the total number of votes in the Company, that the shareholder wants to hold, after reclassification has been completed of all Class A shares requested to be reclassified during the specific Reclassification period. When making a request according to alternative (ii) above, the shareholder shall also state the total number of Class A and Class B shares that the shareholder holds at the time of the request.

After the end of each Reclassification period, the Board of Directors shall consider the question of reclassification. Immediately thereafter, the Board of Directors shall report the reclassification to the Swedish Companies Registration Office (Sw. *Bolagsverket*) for registration. The reclassification is effected when it has been registered and the reclassification been noted in the Swedish Central Securities Depository.

Share capital development

The table below sets forth the development of the Company's share capital since the incorporation of the Company (i.e. 31 August 2017).

Year	Event	Change in number of shares	Change in share capital	Total number of shares	Total share capital (SEK)	Quota value (SEK)
2017	Incorporation	–	–	500,000[1]	500,000	1

1) On 5 March 2019, NENT Group held an Extraordinary General Meeting that resolved upon a split of the Company's shares so that the total number of Class A and Class B shares, respectively, in NENT Group on the record date for the distributions shall amount to the same number of Class A and Class B shares, respectively, in MTG. Following registration of such resolution with the Swedish Companies Registration Office, the total number of shares in NENT Group will amount to 67,342,244 divided into 66,796,582 Class B shares and 545,662 Class A shares.

1) As per the same date, MTG held 660,000 Class C treasury shares. Such shares will not entitle to any shares in NENT Group in the distribution.

Ownership structure

As per the date of this Prospectus, NENT Group is a wholly-owned subsidiary of MTG. The table below shows NENT Group's ownership structure under the assumption that the distribution of shares in NENT Group had been completed with 31 January 2019 as record date. The ownership structure in NENT Group will initially be the same as in MTG.

The largest shareholder was Nordea Funds, with approximately 9.5 percent of the total share capital and approximately 9.0 percent of the total votes in NENT Group. In Sweden, the lowest limit for disclosure of holdings (Sw. *flaggning*) is five percent of all shares or votes in the Company.

Shareholder	Number of Class A shares	Number of Class B shares	Total number of shares	Share capital (%)	Voting rights (%)
Nordea Funds		6,441,742	6,441,742	9.52%	8.96%
Capital Group		6,402,517	6,402,517	9.37%	8.91%
Swedbank Robur Funds		5,611,693	5,611,693	8.30%	7.81%
Marathon Asset Management		3,199,711	3,199,711	4.73%	4.45%
TimesSquare Capital Management		2,542,067	2,542,067	3.72%	3.54%
Lannebo Funds		2,468,414	2,468,414	3.65%	3.43%
Skandia Life	155,832	2,011,519	2,167,351	3.17%	4.92%
Handelsbanken Funds		2,135,000	2,135,000	3.16%	2.97%
Öhman Funds		2,059,050	2,059,050	3.04%	2.86%
Vanguard		1,745,899	1,745,899	2.58%	2.43%
Skandia Funds		1,066,416	1,066,416	1.58%	1.48%
Länsförsäkringar Funds		1,057,658	1,057,658	1.56%	1.47%
Norges Bank		970,308	970,308	1.43%	1.35%
Lansdowne Partners		991,799	991,799	1.47%	1.38%
BlackRock		779,840	779,840	1.15%	1.08%
Total 15 largest shareholders	**155,832**	**39,483,633**	**39,639,465**	**58.43%**	**57.04%**
Other shareholders	389,83	26,957,829	27,347,659	41.57%	42.96%
Total	**545,662**	**66,441,462**	**66,987,124**	**100%**	**100%**

Source: Modular Finance as at 31 January 2019, including updates subsequently directly received from shareholders

Share-based incentive programmes

NENT Group currently has no share-based incentive programmes in NENT Group. The Board of Directors is preparing a long term share-based incentive plan for senior executives, including the CEO and certain other key employees, and will propose this plan to the 2019 Annual General Meeting of shareholders for approval. In brief, the intention is that the participants in the new plan will be awarded a number of NENT Group shares based on NENT Group's financial performance over a 1 year period against certain performance measures. The vesting of the shares will then be subject to an additional 2 year vesting period and to the participant (with certain exceptions) remaining employed by NENT Group throughout the entire vesting period. For the CEO and the other senior executives, vesting is also subject to them owning a target shareholding in NENT Group, which is to be built up over a period of time and be equivalent to a certain percentage of the participant's net salary. Further details of the LTIP will be included in the notice to the 2019 Annual General Meeting of NENT Group shareholders.

Warrants and convertible loans

As at the date of this Prospectus, NENT Group does not have any outstanding warrants, convertible loans or other financial instruments that, if exercised, could result in a dilution effect for the Company's shareholders.

Agreements between current shareholders

As far as the Board of Directors is aware, there are no shareholders' agreements, other arrangements or similar between shareholders in the Company aiming at joint influence over the Company. Furthermore, the Company's Board of Directors is not aware of any other agreements or similar that may lead to a change of control of the Company.

Dividend and dividend policy

NENT Group's dividend policy is to distribute an annual cash dividend of between 30 percent and 50 percent of adjusted net income. The intended proposed NENT Group annual cash dividend for 2018 was announced in connection with MTG's Q4 2018 results. NENT Group's Board of Directors proposes the payment of a dividend of SEK 6.50 per share, corresponding to 33 percent of the adjusted net income for 2018 (i.e. SEK 435 million in total). The dividend is subject to the approval of the NENT Group Annual General Meeting to be held on 22 May 2019. As NENT Group's results for the financial year 2018 did not include the full run rate costs of being a separate and listed company, the proposed dividend is at the low end of the range.

Legal considerations and supplementary information

General corporate information

The Company's business is conducted in accordance with the Swedish Companies Act. Nordic Entertainment Group AB is a public limited liability company (registration number 559124-6847) which was incorporated in Sweden on 31 August 2017 and registered with the Swedish Companies Registration Office on 8 September 2017. The Company's current name and trade name, Nordic Entertainment Group AB, was registered on 23 April 2018. The Company's office is situated in Stockholm, Sweden. The phone number to the Company's head office is 08-562 023 00.

Group structure

The Group comprised 112 directly and indirectly owned companies as per 31 December 2018, where Nordic Entertainment Group AB will be the parent company of the Group. As per the same date, the Group also comprised 11 associated companies (Sw. *intressebolag*) or joint ventures in total.

Subsidiary	Country	Shares and votes (%)
Nordic Entertainment Group TV A/S	Denmark	100
Viasat A/S	Denmark	100
Viasat Film A/S	Denmark	100
TV3 Sport1 A/S	Denmark	100
TV3 Sport A/S	Denmark	100
Strix Television AB	Sweden	100
Nordic Entertainment Group Radio AB	Sweden	100
Kilohertz AB	Sweden	100
Nordic Entertainment Group Sweden AB	Sweden	100
Viaplay AB	Sweden	100
Nordic Entertainment Group Technology AB	Sweden	100
Nordic Entertainment Group Sport AB	Sweden	100
Nordic Entertainment Group TV AB	Sweden	100
Strix Televisjon AS	Norway	100
Nordic Entertainment Group TV AS	Norway	100
Viasat AS	Norway	100
Monster Entertainment AS	Norway	100
Monster Scripted AS	Norway	100
P4 Radio Hele Norge AS	Norway	100
Oy Viasat Finland Ab	Finland	100
Moskito Television Oy	Finland	100
Strix Television B.V	Netherlands	100
Nordic Entertainment Group UK Ltd	UK	100
Digital Rights Group Ltd	UK	100

The separation from MTG

Background

Prior to the distribution of NENT Group, the Group's operations have in essence been separated from the other operations conducted within the MTG group. The starting point for the separation has been that MTG is responsible for its current high growth digital entertainment business, which is focused on two verticals, Esports and Gaming, as well as certain other holdings (Zoomin.tv, Engage Digital Partners, World Boxing Super Series, Nova Broadcasting Group and a venture capital fund) (the "**MTG Business**") and NENT Group is responsible for the Nordic Entertainment, Studios and Splay One operations (the "**NENT Group Business**") as well as the remainder of the operations that the MTG group conducts and has conducted. In order to create a legally separated unit and regulate the relationship between NENT Group and MTG following the distribution, NENT Group and MTG have entered into a separation agreement with several sub-agreements (the "**Master Separation Agreement**").

The decision to separate NENT Group from MTG through a distribution to the shareholders of MTG was adopted by MTG's Extraordinary General Meeting on 7 February 2019.

For further information regarding the distribution of NENT Group, refer to the section "*Information regarding the distribution of NENT Group*".

The Master Separation Agreement

The Master Separation Agreement generally regulates (i) transfers to NENT Group of assets and liabilities belonging to the NENT Group business, (ii) corporate restructuring, transactions to separate the NENT Group business from the MTG business, (iii) transfer of intellectual property rights, and (iv) allocation of liabilities between NENT Group and MTG in relation to previous, current and future operations of NENT Group and MTG, respectively.

According to the Master Separation Agreement, MTG will, as a main rule, indemnify NENT Group for claims and obligations attributable to the MTG business and, correspondingly, NENT Group will indemnify MTG for claims and obligations attributable to the NENT Group business.

Against the above background it has specifically been agreed that any potential liability under certain divestment of businesses that have been made by MTG previously, including operations in the Czech Republic, Hungary, Russia (directly and indirectly through a US entity), Ukraine, Baltics, France as well as Ghana, Tanzania and Nigeria, shall be NENT Group's liabilities. Liability under MTG's agreement regarding the divestment of the Bulgarian assets (Nova Broadcasting Group) will remain with MTG.

The Master Separation Agreement also includes provisions on a transitional services agreement under which NENT Group will provide certain services within accounting and accounts receivables services to MTG for a limited period of time.

NENT Group will further assist MTG with transferring content and IP agreements in connection with historical M&A transactions.

Agreements within the ordinary course of business

General

Within the scope of the day-to-day business operations, companies within NENT Group have entered into, *inter alia*, agreements regarding license agreements for distribution of TV channels, sports agreements and other content acquisition, studios/production agreements (i.e. production agreements for financing, production and delivery of scripted and unscripted TV programmes), advertising sales agreements and tech agreements. These types of agreements are described in general terms below. However, the Company does not consider there to be any individual agreement of material significance for NENT Group's business as a whole, other than as set forth under "*Legal considerations and supplementary information – Material agreements*".

Distribution agreements

NENT Group has entered into several distribution agreements with, *inter alia*, Telia and Telenor, for distribution of TV channels. The counterparties own or operate networks that can be used for linear TV-distribution to connected customers using IP technology in a broadband environment and/or cable-TV technology or terrestrial network (digital terrestrial television, DTT). NENT Group's and third parties' linear TV content is otherwise distributed through satellite (direct to home, DTH). Under these agreements, NENT Group acts as a distributor and operator of TV channels. The distribution agreements are generally entered into for a longer term.

Third party channel distribution

NENT Group has entered into several channel license agreements, such as with Walt Disney and Fox Networks Group. The license agreements, which are usually entered into for a longer term, grant rights to Group Companies for distribution of certain television channel in specific territories. The agreements regulate the license fee and the ways of distribution of the licensed material. Under the agreements NENT Group is obligated to promote availability of the licensed channels and withhold high standard of the marketing activities. The license agreements typically comprises indemnification clauses with limitation of liability for consequential damages, as well as change of control clauses.

Content acquisition

Several companies within NENT Group, such as the subsidiary Nordic Entertainment Group UK Ltd ("**NENT UK**"), enters into agreements regarding the acquisition of content and format rights in order to produce and/or sell them internationally to other media companies within the ordinary course of its businesses. NENT Group compete for the best content and format rights, as well as for contracts with broadcasters and streaming providers.

Sports agreements

In addition to the content acquisition, NENT Group has entered into several agreements on media rights (including for example broadcast and on-demand) to different sports rights, such as football competitions (Premier League, Champions League and Euro 2020), tennis tournaments (ATP World Tour), NHL, NFL, Formula 1 as well as UFC. Through these agreements, the Company has obtained the rights to the licensed events in certain territories, such as Sweden, Norway, Denmark and Finland.

The sports agreements that are entered into with major counterparties are generally rather advantageous for the licensors and less so for the licensee. The licensor usually has a right to terminate the agreements after a certain remedy period (which could be rather short) in the event of a default, failure of payment of fees, material breaches of the agreements or a change of control in the licensee. The sports agreements, some of which are subject to tender processes among several potential license holders, are generally entered into for a specified period during one or several seasons, tournaments or other sport events. Hence, the agreements do not provide any prolongation clause.

Production and co-production

NENT Group creates scripted and unscripted TV content, which is made available on NENT Group's own channels and platforms and is sold to other entertainment providers. NENT Group also enters into production agreements and co-production agreements regarding scripted and unscripted TV programmes and series. Under the production agreements (under which NENT Group is not the producer), NENT Group generally obtains the exclusive rights of exploitation and distribution of the produced material by means of free-TV, pay-TV and video-on-demand services. The agreements set out the terms and conditions for the co-operation of the parties and regulates *inter alia* budget and allocation of payment obligations between the parties and how intellectual property rights are divided between co-producers. In general, NENT Group owns a proportion of the copyright in co-productions.

Advertising sales agreements

NENT Group derives substantial revenues from the sale of advertising time and space on its pay and free-TV channels, radio channels, streaming platforms and websites. NENT Group has entered into several advertising sales agreements with counterparties for the channel licenses, where the channel holder sells its entire available advertising inventory on the channels for NENT Group to sell the advertisements and provide the service of planning the service breaks on the channels.

Technology agreements

Alongside with the content acquisition and studios business, the accessibility of NENT Group's offering, through, *inter alia*, the Viaplay streaming service and Viasat linear broadcast through set-top boxes, is of significant importance. NENT Group uses satellite systems to transmit its programme services to subscribers, cable television operators and other distributors worldwide. The distribution facilities include uplinks, communications satellites and downlinks.

NENT Group has entered into several agreements relating to the provision of corporate IT systems and services as well as technology services and satellite services relating to the provision of corporate IT systems and services, broadcasting as well as technology services and satellite services relating to the broadcasting of TV and on-demand programmes via satellite to Sweden, Denmark and Norway. NENT Group has also entered into several third party distribution agreements in order to distribute its content through international third party platforms (*e.g.* Apple App Store). In addition to distribution, such agreements may also regulate certain revenue sharing models applied by the third party distribution providers. Such agreements may, in relation to major counterparties, be rather advantageous for the counterparty and include, *inter alia*, short notice periods.

Furthermore, NENT Group has also entered into several agreements in order to obtain the right to use software to develop applications to different devices and platforms, such as to Apple-branded products.

Intellectual property rights

Many of NENT Group's most valuable assets relates to its brands and other intellectual property rights. In particular, NENT Group owns and manages an extensive trademark and domain name portfolio. As part of the separation, MTG and NENT Group entered into a number of agreements regarding the assignment of rights in trademarks and domain names, under which NENT Group acquired all ownership rights in the trademarks and domain names relevant for the NENT Group. The assignments were completed on 26 October 2018. NENT Group owns all trademarks and domain names related to the core business that it deems necessary. In addition to trademarks and domain names, NENT Group uses copyright protected material and content to a very large extent, which could be either proprietary or licensed from third parties. Copyright protected material is licensed to NENT Group under production agreements as well as agreements regarding content acquisition. Further, NENT Group's ownership to and right to use copyright protected material and content depends on agreements with employees, consultants, freelancers as well as the agreements entered into by NENT Group's own studios.

Material agreements

Except for the agreements referred to below and that are described in other sections of the Prospectus, NENT Group does not regard any specific agreement to be material to the Group's business as a whole. For information on the Master Separation Agreement, please refer to the section "*Legal Considerations and Supplementary Information – The separation from MTG*".

For information regarding NENT Group's financing agreements, please refer to the section "*Financing*" in the section "*Capital structure and other financial information*".

Licenses

Ofcom licenses

The Company's subsidiary NENT UK is established in the United Kingdom and holds licenses with Ofcom for broadcasting TV and on-demand programmes via satellite to Sweden, Denmark and Norway. Ofcom only grants licenses to TV channels if its provider falls into the United Kingdom's jurisdiction. NENT UK broadcasts 29 Ofcom licensed channels as well as provides 11 Ofcom-notified on-demand programme services to the Nordics.

In order to maintain its Ofcom licenses NENT UK is required to remain established in the United Kingdom and comply with the conditions of its Ofcom licenses. In the event of a change of control in a company that is holding Ofcom licenses, that company has an obligation to notify Ofcom of the change of control event , which has been done by NENT Group in connection with the separation of NENT Group from MTG.

Radio licenses

All analogue and digital commercial radio channels in Sweden must be licensed through the Swedish Press and Broadcasting Authority. NENT Group currently broadcasts analogue radio, and it has been granted one national analogue license and 17 local/regional analogue licenses which will be valid until 31 July 2026. Furthermore, NENT Group is the owner of 11 national digital licenses, which are valid until 30 September 2022. In Norway, NENT Group has a number of national digital licenses and one regional digital license, which are valid until 2031 as well as five local analogue licenses which are valid through 2021.

Disputes and legal proceedings

NENT Group conducts operations in several countries and is from time to time involved in disputes, claims and administrative procedures in the ordinary course of business. Other than as described below, during the past 12 months NENT Group has not been involved in any legal or arbitration proceedings, nor any investigations, (including proceedings or investigations that are pending or that NENT Group is aware may arise), which recently have had, or may have, significant effect on NENT Group's financial position and profitability. The Group makes provisions for the disputes that the Group is involved in accordance with applicable accounting regulations.

NENT UK has filed an action against the Kingdom of Denmark / the Danish Ministry of Culture as well as two actions against TV2 Denmark on 28 February 2006. As of yet, no trial date has been set. NENT UK has claimed damages from the Danish state for having damaged NENT UK's position on the Danish TV advertising market by providing public funding to TV2 without prior approval from the EU Commission in violation of the so-called "standstill obligation" under EU state aid law. It is NENT UK's view that the funding allowed TV2 to increase its programming expenditure and thus attract additional advertising at the expense of NENT UK. NENT UK has furthermore filed an action for damages from TV2 as a consequence of TV2's abuse of its dominant position by using exclusionary rebates in the period 2001–2010 as ruled by the Danish Supreme Court in 2011. In addition, NENT UK has filed an action for to order TV2 to pay so-called illegality interest on the funding provided by the Danish state to TV2 from 1988 to 2004. Illegality interest corresponds to compound interest on the funding and must be repaid to the state. It follows from the case law of the Court of Justice of the European Union that such interest must be paid by a state aid recipient when the aid was not notified to the Commission, and it has now been established by final judgement of the Court that the funding to TV constituted state aid and was not notified.

Transactions with related parties

See note 23 on page 131 in the section entitled "*Historical financial information*" for a description of NENT Group's transactions with related parties during the financials years 2016–2018.

Other than the above and the related-party transactions with MTG that have been carried out in accordance with the Master Separation Agreement described in the section "*Legal considerations and supplementary information – The Separation from MTG*", there have been no material transactions with related parties since 31 December 2018.

For information on remuneration to the members of the Board of Directors and senior executives, see the section entitled "*Corporate governance*".

Presentation of financial information and approval of Prospectus

Unless otherwise explicitly stated, no information in the Prospectus has been reviewed or audited by NENT Group's auditors.

This Prospectus has been approved by the Swedish Financial Supervisory Authority on 8 March 2019.

Advisors' interests

Skandinaviska Enskilda Banken AB (publ) and Citibank provide financial advice to NENT Group in conjunction with the distribution and the listing on Nasdaq Stockholm. From time to time, Skandinaviska Enskilda Banken AB (publ) and Citibank (and its affiliates) have in the ordinary course of business provided, and may in the future provide, various banking, financial, investment, commercial and other services to NENT Group for which they have received, and may receive, compensation.

Documents available for inspection

The following documents (except for annual reports of subsidiaries) can be downloaded on NENT Group's website (www.nentgroup.com):

- the Prospectus;
- NENT Group's Articles of Association;
- NENT Group's combined financial statements for the financial years 2016–2018; and
- NENT Group's subsidiaries' annual reports for the financial years 2017–2018 (including audit reports)[1].

Copies of all documents above can also be obtained at the head office of NENT Group (Ringvägen 52 SE-118 67, Stockholm, Sweden) during the validity of this Prospectus (regular office hours on business days).

1) These documents will not be available in electronic format. Furthermore, these documents will only be available at the Company's head office to the extent the relevant subsidiaries have prepared an annual report for the relevant period.

Articles of Association

Nordic Entertainment Group AB (publ), reg. no. 559124-6847

Adopted at an Extraordinary General Meeting on 15 June 2018.[1)]

§ 1 Name

The registered name of the company is Nordic Entertainment Group AB (publ).

§ 2 Office

The company's registered office is in Stockholm municipality.

§ 3 Operations

The company shall develop and sell goods and services within the media, information and communications businesses and other activities compatible therewith. The company shall also be entitled to own and manage real estate as well as shares and other movables, and carry on other activities compatible therewith. The company shall have the right to guarantee or otherwise pledge security for obligations assumed by other companies within the same group.

§ 4 Share capital and number of shares

The share capital shall be not less than SEK 500,000 and not more than SEK 2,000,000. The number of shares shall be not less than 50,000,000 and not more than 200,000,000.

§ 5 Shares

Shares may be issued in two classes, class A and class B. Class A shares may be issued to a maximum number of 200,000,000 and class B shares to a maximum number of 200,000,000. Each share of class A carry ten votes and each share of class B carry one vote.

Should the company resolve on an issue of new class A and class B shares, against other payment than contribution in kind, each holder of class A and class B shares shall have preferential rights to subscribe for new shares of the same class in proportion to the number of old shares held by such holder (primary preferential rights). Shares not subscribed for with primary preferential rights shall be offered for subscription to all shareholders in the company (subsidiary preferential rights). If the number of share so offered is less than the number subscribed for with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the number of already shares held, or, to the extent that this is not possible, by lot.

Should the company resolve on an issue of new shares solely of class A shares or class B shares, against other payment than contribution in kind, all shareholders, irrespective of which class of shares held, are entitled to preferential rights to subscribe for new shares in proportion to the number of shares previously held.

The stipulations regarding preferential rights shall apply mutatis mutandis for new issues of warrants and convertible debts, and shall not infringe on the possibility to resolve on an issue in which the preferential rights of shareholders are waived.

If the share capital is increased by a bonus issue, where new shares of class A and class B are issued, new shares shall be issued in relation to the number of shares of the same classes already held. In such cases, old shares of a specific class shall entitle to new shares of the same class. Following a requisite amendment in the Articles of Association, the aforementioned stipulation shall not infringe on the possibility to issue shares of a new class by a bonus issue.

It shall be possible to reclassify class A shares to class B shares. Holders of class A shares shall, during the calendar months January and July each year (the "Reclassification periods"), be entitled to request that all or part of the shareholder's class A shares shall be reclassified to class B shares. The request shall be made in writing and must have been received by the board of directors no later than on the last day of the specific Reclassification period. The request shall state (i) the number of class A shares that the shareholder wants to reclassify or (ii) the maximum percentage of the total number of votes in the company, that the shareholder wants to hold, after reclassification has been completed of all class A shares requested to be reclassified during the specific Reclassification period. When making a request according to alternative (ii) above, the shareholder shall also state the total number of class A and class B shares that the shareholder holds at the time of the request.

After the end of each Reclassification period, the board of directors shall consider the question of reclassification. Immediately thereafter, the board of directors shall report the reclassification to the Swedish Companies Registration Office (Sw. *Bolagsverket*) for registration. The reclassification is effected when it has been registered and the reclassification been noted in the Swedish Central Securities Depository.

1) These articles of association, with new limits for the highest and lowest number of shares, were adopted at an Extraordinary general Meeting on 5 March 2019. As at the date of this Prospectus, these articles of association were not yet registered at the Swedish Companies Registration Office.

§ 6 The Board of directors

The Board of directors shall consist of no less than three and no more than nine directors.

§ 7 Auditors

The Company shall have no more than three auditors with up to three deputy auditors. The auditor's term of office shall last until the end of the Annual General Meeting which is held during the first, second, third or fourth financial year after the auditor was elected.

§ 8 Financial year

The company's financial year shall be the calendar year.

§ 9 Notice of a general meeting

Notice of a general meeting of shareholders shall be published in the Swedish Official Gazette (Sw. *Post- och Inrikes Tidningar*) as well as on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

§ 10 Participation at the general meeting

A shareholder that wishes to participate at the proceedings at the general meeting shall, firstly, have been registered as shareholder in a transcript of the entire share register with respect to the situation five business days before the meeting, and secondly, register with the company no later than on the registration day set forth in the notice convening the meeting. Such registration day must not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve, New Year's Eve or any day earlier than five business days prior to the meeting.

A shareholder attending a general meeting may be accompanied by an assistant, however only where the shareholder has provided notification hereof in accordance with the foregoing paragraph.

§ 11 Central securities depository clause

The shareholder or nominee who on the record date is registered in the share register and in a central securities depository register pursuant to Chapter 4 of the Financial Instruments Accounts Act (1998:1479) or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18, subsection 1, paragraph 6–8 of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Swedish Companies Act (2005:551).

Certain tax issues

The following is a general description of certain tax considerations relating to the proposed distribution of shares in NENT Group to the shareholders of MTG. It does not purport to be a complete analysis of all tax considerations relating to the proposed distribution, neither in Sweden, the United States or elsewhere. The tax treatment of each individual shareholder depends on the shareholder's particular circumstances and the tax laws in the country where the shareholder is resident. Each shareholder should therefore consult its own tax adviser with regard to the specific tax consequences that may arise in the individual case. This summary is based upon the laws as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Certain tax issues in Sweden

The following is a summary of certain Swedish tax consequences that may arise from the proposed distribution of shares in NENT Group to shareholders of MTG. The summary is based on current legislation, is intended to only provide general information and is only applicable to individuals and limited liability companies that are resident in Sweden for tax purposes, unless otherwise stated. The summary is not exhaustive and does not cover, for example, (i) shares held by partnerships or held as current assets in business operations, (ii) the specific rules on tax-exempt capital gains (including non-deductibility for capital losses) and dividends in the corporate sector, which may become applicable when shareholders hold shares that are considered to be held for business purposes (Sw. *näringsbetingade andelar*) or (iii) shares that are held through special investment vehicles such as so-called investment savings account (Sw. *investeringssparkonto*) or endowment insurances. Special tax rules also apply to certain categories of tax payers, such as investment companies and insurance companies, and to situations that are considered abusive. Accordingly, the tax treatment of each individual shareholder depends on the individual's particular circumstances. Each shareholder should therefore confirm the tax implications of the transaction based on their own specific set of circumstances, including the potential applicability and effect of foreign tax rules and tax treaties.

Taxation of the distribution of the shares of NENT Group

Swedish shareholders are generally subject to income tax upon dividend distributions in kind (e.g. in the form of shares), based on the market value of the distributed shares. The income tax is levied at a rate of 21.4 percent for corporate shareholders, and 30 percent for individual shareholders respectively.

Foreign shareholders are instead subject to a 30 percent withholding tax charge, based on the market value of the distributed shares. Such withholding taxes may be reduced or eliminated by virtue of an applicable double taxation treaty.

However, if the criterions for a so called Lex ASEA distribution are met (as defined under Swedish tax law), the distribution of shares should instead be fully exempt from Swedish income tax as well as withholding tax. It is the conclusion of MTG's management and its external advisors that the shares in NENT Group should qualify as a Lex ASEA distribution. MTG has requested an advance clearance from the Tax Agency on whether the contemplated transaction fulfils the criterions for a Lex ASEA distribution. The Tax Agency has, through such advance clearance, confirmed that the Lex ASEA-provision is applicable on the case at hand.

In case of a Lex ASEA distribution, the historic acquisition price (i.e. the amount which may be deducted for capital gain purposes) of the MTG shares will be split between these shares, and the shares received in NENT Group respectively. The allocation of the historic acquisition price will be determined as a percentage, by reference to the change in value of the shares in MTG that arises due to the distribution of the shares in NENT Group. MTG will request general guidelines from the Swedish Tax Agency regarding the aforementioned split of the historic acquisition price. Information regarding such guidelines will be published as soon as possible, on the respective websites of MTG and the Swedish Tax Agency.

NENT Group shares

Individuals

Dividends: As the NENT Group shares will be listed following the Lex ASEA distribution, future dividends from the NENT Group received by individuals will be treated as capital/investment income (Sw. *kapitalinkomst*) subject to a flat tax rate of 30 percent. A preliminary tax of 30 percent is generally withheld on dividends to individual tax residents in Sweden. The preliminary tax is withheld by Euroclear Sweden or, in respect of nominee registered shares, by the Swedish nominee.

Capital gains: When listed shares are sold or otherwise disposed of, a taxable capital gain or a deductible capital loss may arise. Capital gains are taxed as capital/investment income at the rate of 30 percent. The capital gain or loss is calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis. The tax basis for all shares of the same class and type is calculated together in accordance with the "average cost method". As the A- and B-shares in NENT are not of the same class and type, they will be subject to separate calculations. The acquisition cost, and thus the tax basis, for the shares received in NENT Group through the distribution from MTG is calculated based on the general guidelines received from the Swedish Tax Agency. Alternatively, upon the sale of listed shares, the tax basis may be determined as 20 percent of the sales proceeds, after deducting sales costs, under the "notional rule".

Capital losses on listed shares in limited liability companies are fully deductible against taxable capital gains on listed and non-listed shares and other listed equity- related securities. Capital losses that cannot be set off in this way can be deducted with up to 70 percent against other capital/ investment income. If there is a net loss in the capital/investment income basket (Sw. *inkomstslaget kapital*), a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges. A tax reduction is allowed with 30 percent on the amount of such net loss that does not exceed SEK 100,000 and with 21 percent on the net loss exceeding SEK 100,000. Losses cannot be carried forward.

Limited liability companies

For Swedish limited liability companies (Sw. *aktiebolag*), all income, including taxable capital gains and dividends, is taxed as business income at a rate of 21.4 percent (20,6 percent from January 1, 2021). Capital gains and capital losses are calculated in the same manner as described above for individuals. Deductible capital losses on shares may only be deducted against taxable capital gains on such securities. Under certain circumstances, such capital losses may also be deducted against capital gains in another company in the same group, provided that the requirements for exchanging group contributions (Sw. *koncernbidragsrätt*) between the companies are met. A capital loss that cannot be utilised during a given income year may be carried forward and be offset against taxable capital gains on shares and other equity-related securities during future income years, without limitation in time.

Foreign shareholders

Dividends from listed shares will normally be subject to Swedish withholding tax. The withholding tax rate is 30 percent but it is often reduced for shareholders who are tax resident in countries with which Sweden has entered into a tax treaty. In Sweden, the appointed Securities Register Center (e.g. Euroclear Sweden) or, for nominee registered shares, the nominee normally carries out the withholding.

In the event that 30 percent withholding tax is deducted from a payment to a person entitled to be taxed at a lower rate, or if too much withholding tax has otherwise been withheld, a refund can be claimed from the Swedish Tax Agency prior to the expiry of the fifth calendar year following the dividend distribution.

Capital gains: Shareholders with limited tax liability in Sweden and whose shareholding is not attributable to a permanent establishment in Sweden, are generally not subject to capital gains taxation in Sweden upon the disposal of shares. Shareholders may, however, be subject to taxation in their country of residence. Under a specific tax rule, individuals with limited tax liability in Sweden may, however, be subject to tax in Sweden on the sale of shares if they have been resident or lived permanently in Sweden at any time during the calendar year of such disposal or during any of the previous ten calendar years. The application of this rule may be limited by tax treaties between Sweden and other countries.

Certain United States federal income tax considerations

The following is a summary of certain U.S. federal income tax consequences that may arise for a U.S. Holder (as defined below) from the proposed distribution of NENT Group shares to holders of MTG shares (for the purpose of this summary, the "**Distribution**") and of acquiring, owning and disposing of NENT Group's shares received in the Distribution. This summary applies only to U.S. Holders that hold MTG shares, and will hold NENT Group shares , as capital assets for U.S. federal income tax purposes and have as their functional currency the U.S. dollar, and does not address the tax treatment of U.S. Holders that are subject to special tax rules, such as financial institutions, insurance companies, regulated investment companies, tax-exempt organisations, dealers in securities or currencies, traders in securities electing to mark-to-market, real estate investment trusts, individual retirement accounts and other tax-deferred accounts, investors that hold their shares in NENT or will hold shares, in connection with a trade or business conducted outside of the U.S., persons who receive NENT Group shares from the exercise of employee share options or otherwise as compensation or persons that hedge their exposure in the MTG shares or NENT Group shares or hold the MTG or NENT Group shares as a position in a "straddle" for tax purposes or as part of a "synthetic security" or a "hedging" or "conversion" transaction or other integrated investment comprised of such MTG or NENT Group shares and one or more other investments, holders that own or are treated as owning 10 percent or more of MTG's or NENT Group's shares (including holders that owned 10 percent or more within the last 5 years), non-resident aliens present in the U.S. for more than 182 days in a taxable year, U.S. expatriates, or entities taxed as partnerships or the partners therein. The discussion does not address the applicability and effect of the alternative minimum tax or the Medicare tax on net investment income to a U.S. Holder and does not address any U.S. federal non-income (such as the estate or gift tax), state, local non-U.S. or other tax laws.

For purposes of this summary, a "**U.S. Holder**" is a beneficial owner of MTG shares, or of NENT Group shares received in the Distribution, that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of the MTG or NENT Group shares, as applicable.

This summary is based on the tax laws of the U.S., , including the Internal Revenue Code of 1986, as amended, (the "**Code**"), its legislative history, existing and proposed Treasury regulations thereunder, published rulings and court decisions, as well as the Convention between the Government of the U.S. and the Government of Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income dated 1 September 1996 (as amended by any subsequent protocols, including the protocol of September 2005) (the "**Treaty**"), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THIS SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY. U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF NENT GROUP'S SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAWS.

Distribution of NENT Group's shares

The U.S. federal income tax consequences of the proposed Distribution of NENT Group's shares to a U.S. Holder will depend on whether the Distribution is treated as tax-free for U.S. federal income tax purposes.

At the time of the Distribution, MTG expects to have received an opinion from its special U.S. tax advisors, a Big Four Accounting Firm ("**Tax Advisors**"), that on the basis of certain facts, representations, and assumptions on which Tax Advisor relied, the Distribution should qualify as a tax-free distribution to U.S. Holders pursuant to section 355(a) of the Code.

The opinion of Tax Advisors is not binding on the U.S. Internal Revenue Service ("**IRS**"), and the IRS or the courts may disagree with the opinion. Additionally, if any of the facts, representations or assumptions referred to above are inaccurate, incomplete or untrue in any material respect, the opinion may not correctly describe the U.S. federal income tax treatment of the Distribution. Moreover, future events that may or may not be within MTG's or NENT Group's control, such as the acquisition by one or more persons of significant interests in NENT Group from the shareholders that will receive NENT Group shares in the Distribution, or of significant interests in MTG from MTG shareholders after the Distribution, could in some cases potentially cause the Distribution to not qualify for tax-free treatment to NENT Group's U.S. Holders for U.S. federal income tax purposes. The absence of a significant time period prior to any such acquisition following the Distribution could increase the risk that the Distribution would not qualify for tax-free treatment.

The remainder of this summary assumes that for U.S. federal income tax purposes, the Distribution will qualify as a tax-free distribution described in Section 355(a), , except where otherwise stated.

Accordingly, U.S. Holders should not recognise any income, gain or loss for U.S. federal income tax purposes as a result of the Distribution.

A U.S. Holder's basis in each MTG share held prior to the Distribution should be allocated between that MTG share and the NENT Group share received in the Distribution with respect to that MTG share in proportion to the fair market values of the NENT Group and MTG shares. In addition, a U.S. Holder's holding period in the NENT Group shares should include its holding period in the MTG shares with respect to which the NENT Group shares were received.

U.S. Treasury regulations require certain U.S. Holders who are "significant distributees" with respect to the Distribution to attach to their U.S. federal income tax returns a statement setting forth information with respect to the Distribution. A U.S. Holder should consult its own tax advisor to determine whether it is a significant distributee required to provide the foregoing statement.

In the event that the Distribution does not qualify as a tax-free distribution for U.S. federal income tax purposes, such distribution is treated as ordinary dividend income to the extent of MTG's current or accumulated earnings and profits as determined for US federal income tax purposes.

As a non-U.S. corporation, MTG does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax principles. Thus, if the Distribution is a taxable distribution, U.S. Holders generally should expect to be treated as receiving ordinary dividend income as a result of the Distribution in an amount equal to the USD value of the NENT Group shares they receive, and their tax basis in the NENT Group shares would be equal to the value of those shares on the date of the Distribution.

Distributions with respect to NENT Group shares

The gross amount of any distributions made in respect of NENT Group shares generally will be includible in a U.S. Holder's taxable income as ordinary dividend income on the date the U.S. Holder receives the distribution, to the extent of NENT Group's earnings and profits for U.S. federal income tax purposes and will not be eligible for the dividends-received deduction allowed to U.S. corporations. Neither MTG nor NENT Group expect NENT Group to maintain calculations of its earnings and profits in accordance with U.S. federal income tax principles. U.S. Holders therefore should expect that all distributions by NENT Group generally will be treated as dividends for U.S. federal income tax purposes.

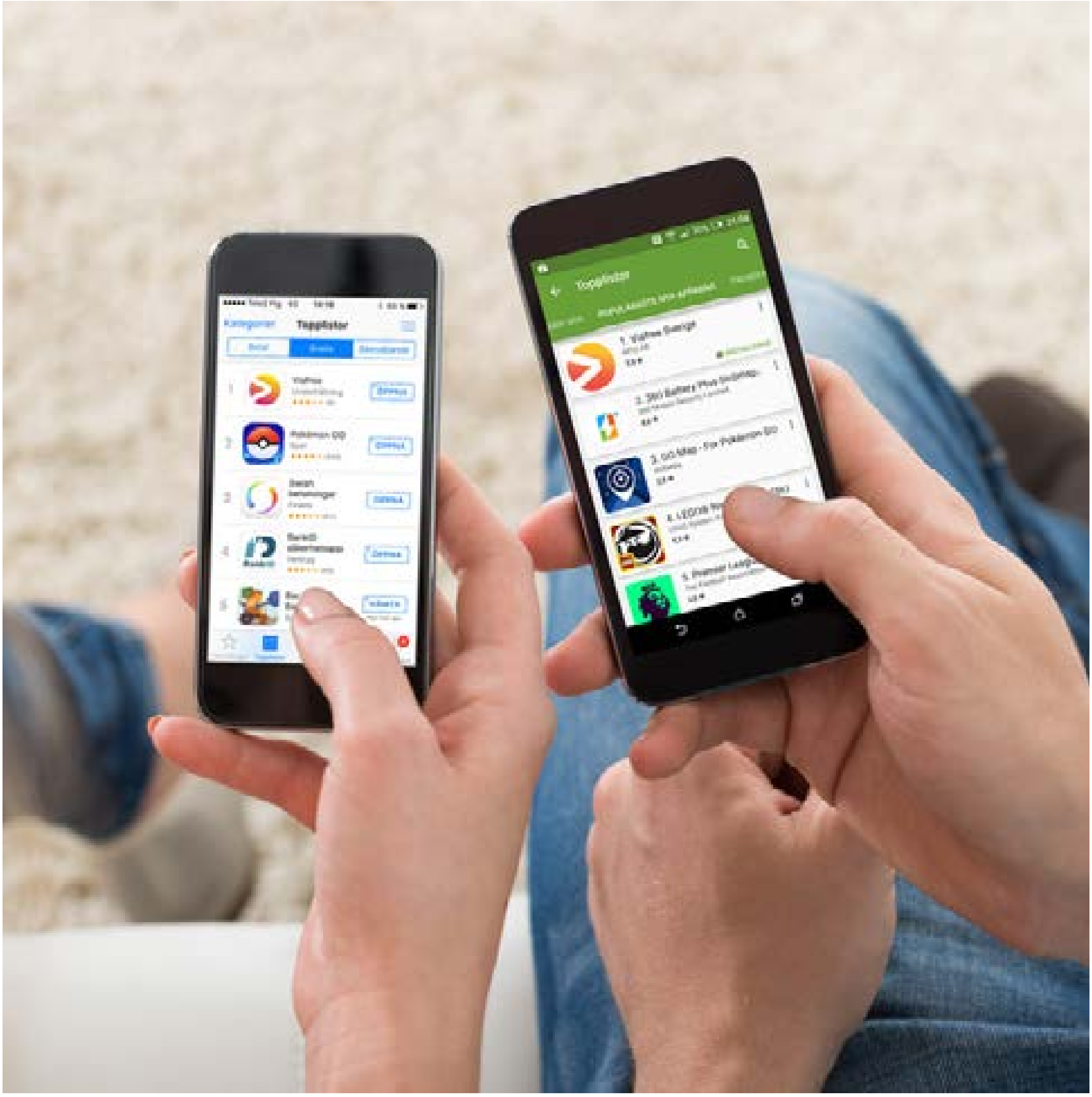
Dividends paid in a currency other than U.S. dollars generally will be includible in a U.S. Holder's income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date the U.S. Holder receives the dividends.

Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by an individual U.S. Holder with respect to the NENT Group shares will be subject to taxation at a preferential rate if the dividends are "qualified dividends". Dividends paid on the NENT Group shares will be treated as qualified dividends if:

- the NENT Group shares are readily tradable on an established securities market in the United States or NENT Group is eligible for the benefits of a comprehensive tax treaty with the United States that the U.S. Treasury determines is satisfactory for purposes of this provision and that includes an exchange of information program; and
- NENT Group was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company (a "**PFIC**").

The U.S. Treasury has determined that the **Treaty** meets the requirements for reduced rates of taxation, and MTG and NENT Group's position is that NENT Group will be eligible for the benefits of the Treaty. MTG and NENT Group also expect that NENT Group will not be a PFIC for U.S. federal income tax purposes with respect to the 2019 taxable year. Accordingly, it is expected by MTG that dividends paid on the NENT Group shares will be treated as "qualified dividends".

Subject to complex limitations and other rules, a U.S. Holder may be able to claim a foreign tax credit against its U.S. federal income tax liability for any Swedish taxes required to be withheld from a dividend paid in respect of NENT Group shares. Alternatively, the U.S. Holder may be able to deduct those Swedish taxes from its U.S. federal taxable income, provided that the U.S. Holder elects to deduct rather than credit all foreign income taxes for the relevant taxable year. The rules with respect to foreign tax credits are complex and involve the application of rules that depend on a U.S. Holder's particular circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.



Section
Historical financial information

Historical financial information

Combined income statement

(SEKm)	Note	2018	2017	2016
Net sales	3, 4	14,568	13,688	12,897
Cost of goods and services		–9,805	–9,032	–8,686
Gross income		**4,763**	**4,656**	**4,211**
Selling expenses		–857	–819	–761
Administrative expenses		–2,387	–2,358	–2,081
Other operating income	6	44	59	16
Other operating expenses	6	–17	–44	–21
Share of earnings in associated companies and joint ventures		–3	0	–2
Items affecting comparability	9	–40	75	–65
Operating income	3, 4, 5, 10, 11, 19, 21, 25	**1,504**	**1,570**	**1,298**
Interest income	7	29	6	7
Interest expenses	7	–66	–72	–100
Other financial items	7	–15	–30	–35
Income before tax		**1,452**	**1,474**	**1,170**
Tax	8	–160	–180	–240
Net income for the year		**1,292**	**1,294**	**931**
ITEMS THAT ARE OR MAY BE RECLASSIFIED TO PROFIT OR LOSS NET OF TAX				
Currency translation differences		46	–5	–368
Cash flow hedge		68	–121	32
Other comprehensive income for the year		114	–126	–335
Total comprehensive income for the year		**1,406**	**1,168**	**595**
NET INCOME FOR THE YEAR ATTRIBUTABLE TO				
Equity holders of the parent company		1,286	1,287	928
Non-controlling interest		6	7	2
Total comprehensive income for the year		**1,292**	**1,294**	**931**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO				
Equity holders of the parent company		1,400	1,160	593
Non-controlling interest		6	8	2
Total net income for the year		**1,406**	**1,168**	**595**
EARNINGS PER SHARE[1)]				
Basic earnings per share (SEK)		19.24	19.29	13.93
Diluted earnings per share (SEK)		19.09	19.17	13.89
NUMBER OF SHARES[1)]				
Shares outstanding at the end of the period		66,980,902	66,725,249	66,663,816
Basic average number of shares outstanding		66,854,133	66,706,398	66,655,996
Diluted average number of shares outstanding		67,362,405	67,142,319	66,826,825

1) Refers to MTG's number of shares.

Combined balance sheet

(SEKm)	Note	31 December 2018	31 December 2017	31 December 2016
NON-CURRENT ASSETS				
Goodwill	10	2,274	2,240	2,265
Other intangible assets	10	1,131	796	764
Machinery, equipment and installations	11	152	120	140
Shares and participations		20	24	22
Deferred tax assets		24	31	27
Other long-term receivables		103	107	116
Total non-current assets		**3,704**	**3,317**	**3,334**
CURRENT ASSETS				
Total inventories		2,428	2,042	1,567
Accounts receivables	14	1,224	1,017	1,055
Prepaid programming expense		2,875	2,481	2,108
Prepaid expense and accrued income	3	1,076	1,036	921
Tax receivable		39	46	46
Other current receivables		428	376	787
Cash, cash equivalents and short-term investments	17	428	89	33
Total current assets		**8,498**	**7,086**	**6,517**
Total assets		**12,202**	**10,403**	**9,851**
EQUITY				
Net parent investment	16	581	2,563	1,967
Non-controlling interest		16	10	3
Total equity[1)]		**597**	**2,573**	**1,970**
NON-CURRENT LIABILITIES				
Long-term borrowings[1)]		0	0	0
Provisions	24	171	268	288
Deferred tax liabilities	8	311	311	327
Other non-current liabilities		13	31	141
Total non-current liabilities		**495**	**609**	**755**
CURRENT LIABILITIES				
Short-term borrowings[1)]		0	0	0
Advances from customers		536	512	444
Accounts payable		1,750	1,495	1,841
Accrued programming expense		2,364	2,010	1,853
Accrued expense and deferred income	3	1,257	1,025	1,098
Provisions	24	138	170	122
Tax liabilities		201	133	154
Other current liabilities		492	767	722
Liabilities related to MTG	23	4,372	1,110	892
Total current liabilities		**11,110**	**7,221**	**7,126**
Total liabilities		**11,605**	**7,830**	**7,881**
Total shareholders' equity and liabilities		**12,202**	**10,403**	**9,851**

1) NENT Group equity and borrowings as per 31 December 2018 are not representative of the equity and borrowings the time of listing, as they are impacted by internal preparations and transactions under way in advanced of listing. Financing has been secured through loan facilities and capital market programmes and is described in the section "*Financing*" on pages 71–72.

Combined statement of changes in equity

Equity attributable to the equity holders of the parent company

(SEKm)	Share capital	Paid-in capital	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings incl net income for the year	Total	Non-controlling interest	Total equity
Opening balance as of 1 January 2016	**0**	**0**	**250**	**78**	**–12**	**712**	**1,028**	**0**	**1,028**
Net income for the year						928	**928**	2	**931**
Other comprehensive income			–368	32			**–335**	0	**–335**
Total comprehensive income for the year 2016	**0**	**0**	**–368**	**32**	**0**	**928**	**593**	**2**	**595**
Shareholder transactions						327	**327**	1	**328**
Effect of share-based programmes						18	**18**		**18**
Balance as of 31 December 2016	**0**	**0**	**–117**	**110**	**–12**	**1,986**	**1,967**	**3**	**1,970**
Net income for the year						1,287	**1,287**	7	**1,294**
Other comprehensive income			–6	–121			**–127**	1	**–126**
Total comprehensive income for the year 2017	**0**	**0**	**–6**	**–121**	**0**	**1,287**	**1,160**	**8**	**1,168**
Shareholder transactions						–615	**–615**	–1	**–616**
Effect of share-based programmes						51	**51**		**51**
Balance as of 31 December 2017	**0**	**0**	**–123**	**–10**	**–12**	**2,708**	**2,563**	**10**	**2,573**
Net income for the year						1,286	**1,286**	6	**1,292**
Other comprehensive income			**46**	**68**			**114**	0	**114**
Total comprehensive income for the year 2018	**0**	**0**	**46**	**68**	**0**	**1,286**	**1,400**	**7**	**1,406**
Shareholder transactions						–3,401	**–3,401**	–1	**–3,402**
Effect of share-based programmes						20	**20**		**20**
Balance as of 31 December 2018	**0**	**0**	**–77**	**58**	**–12**	**614**	**581**	**16**	**597**

Combined statement of cash flows

(SEKm)	Note	Full year 2018	Full year 2017	Full year 2016
Net income for the year		1,292	1,294	931
Depreciations, amortisations and write-downs		208	164	141
Other adjustments for non-cash items	18	–5	–42	–119
Cash flow from operations		**1,496**	**1,417**	**953**
Changes in working capital		–380	–695	–369
Net cash flow from/to operations		**1,116**	**722**	**584**
Acquisitions of operations	25	–19	–62	–2
Divestments of operations	25	0	0	0
Capital expenditures in tangible and intangible assets		–550	–154	–180
Other investing activities		2	16	23
Cash flow from/used in investing activities		**–567**	**–200**	**–159**
New long-term borrowings		0	0	0
Amortisation of long-term borrowings		0	0	0
Change in financing to/from MTG	23	3,171	154	–803
Dividends to companies outside the Group including group and shareholders' contribution		–3,310	–616	327
Other cash flow from/used in financing activities		–70	–4	0
Cash flow from/used in financing activities		**–209**	**–466**	**–476**
Total net change in cash and cash equivalents		**339**	**56**	**–51**
Cash and cash equivalents at the beginning of the year		**89**	**33**	**84**
Cash and cash equivalents at end of the year		**428**	**89**	**33**

Note 1 Accounting and valuation principles

General

The Board of Directors in Modern Times Group MTG AB decided to propose to an Extraordinary General Meeting (EGM) to distribute the segments MTG Nordic Entertainment and MTG Studios including Splay; together "NENT". The EGM took place on 7 February and decided to approve distribution. The combined financial statements ("financial statements") comprise Nordic Entertainment Group AB, the parent company ("the Company") and its subsidiaries (together "the Group" or NENT) and the Group's interests in associated companies. Nordic Entertainment Group AB is headquartered in Stockholm, Sweden. These financial statements were authorised for issue by the board of directors on 7 March 2019.

Basis of preparation

The combined financial statements for the fiscal years 2016, 2017 and 2018 are prepared in accordance with the International Financial Reporting Standards (IFRS), as approved within the EU. The combined financial statements are intended to present NENT Group's historical financial information.

IFRS does not specifically address the preparation of combined financial statements. The term "combined financial statements" refers to financial information prepared by aggregating financial information for entities under common control that do not meet the definition of a group according to IFRS 10. All entities in these combined financial statements are under common control via Modern Times Group MTG AB's (MTG) ownership.

The formation of the Nordic Entertainment Group (NENT Group) comprised transactions between entities that are under common control. 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 recognised 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 are the first financial statements prepared in accordance with IFRS. IFRS 1 does not involve any impact on the measurement of assets and liabilities.

Considering that it was not only separate legal entities that were transferred as part of NENT Group but also costs reported by other legal entities, the following considerations were taken into account in the preparation of the combined financial statements to determine which assets, liabilities, revenues and expenses as well as cash flows that are included. The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated. For information on accounting for certain line items, see each note.

Allocation of revenues and costs

The basis for allocating revenues and costs to NENT Group has primarily been MTG's operating reporting. MTG has performed an internal cost allocation whereby central costs such as IT and HR functions, facility management including rent, telephony and janitor services, and shared accounting services as well as other employee costs have been charged to each operating segment. As a result, related central costs for the operating segments forming NENT Group have been included in the combined financial statements. Previously unallocated central costs such as share-based compensation have been allocated to NENT in accordance with where the participants are employed.

Financial expenses and capital structure

Financial expenses charged to the NENT Group entities are based on the actual borrowing and interest expenses owed to MTG's central treasury function.

The NENT Group's historical capital structure is not necessarily representative of the capital structure for a separate entity, as external borrowing is managed centrally in accordance with the MTG Group's financial policy.

Income tax

In the combined financial statements, tax is recognised based on the taxable earnings generated by the entities included in the combined financial statements consistently with how the group contributions received and granted are treated. Group contributions have been recognised as transactions with shareholders.

Earnings per share

The calculation of earnings per share in the combined financial statements applied in 2018 is based on Nordic Entertainment Group AB's net profit for the year attributable to the parent company's shareholders, divided by the average number of shares outstanding before and after dilution for the MTG Group in 2018, 2017 and 2016 for each respective year. Details are found in note 16 Equity.

Transactions with shareholders

Group contributions and transactions between MTG and NENT without compensation have been accounted for as other transactions with the shareholders in equity. Intercompany transactions with MTG in the ordinary course of business have been disclosed as external. The transactions in more detail can be found in note 23.

Segment

NENT's management monitors its operations from a product and service perspective, i.e. operating segments. It has been decided in accordance with IFRS 8 Operating segments to aggregate operating segments into two reportable segments; Broadcasting & streaming and Studios.

Change in accounting principles and new accounting standards

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated. For information on accounting for certain line items, see each note.

IFRS 9 Financial instruments

This standard addresses the classification, measurement, recognition, impairment and derecognition of financial instruments. It also addresses general hedge accounting. The standard has not had any material impact on the Group's financial position or result. The standard was effective for annual periods beginning on or after 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

The standard replaces IAS 11 Construction Contracts and IAS 18 Revenue and establishes a new framework for determining when and how much revenue to recognise. The standard introduces a five-step model to be applied to all contracts with customers in order to establish the revenue recognition. The standard has not had any significant effects on the timing and the amount of revenue recognised in the Group's consolidated accounts. For further information and disclosures related to revenue recognition see Note 3. IFRS 15 was effective for annual periods beginning on or after 1 January 2018.

New and amended Accounting standards and interpretations in 2019

The following new standard has been issued and will be applied for the financial year 2019:

IFRS 16 Leases

A new standard for lease accounting – IFRS 16 Leases – will be 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 should be 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. The expense for operating leases will be replaced by depreciation on the right-of-use asset, and interest expense on the lease liability. The depreciation of lease assets must be separately recognised from the interest on lease liabilities in the income statement. This will increase operating income at the expense of the financial net, and front load the expenses due to linear depreciation but diminishing interest expense. The Group has identified the following material categories of leases: offices, cars and car parks. Studio equipment is normally leased short-term, and most types of leased office furniture and personal IT equipment are of low value and are therefore out of scope. The Group has decided to apply the modified retrospective method, which implies no restatements of previous periods. It is expected that a right-of-use asset and a leasing obligation amounting to SEK 850 million will be recognised with the first application of the standard on 1 January 2019. The lease obligation will be included in the net debt calculation, and the Net debt/EBITDA ratio will include the impact of the new standard in both the denominator and the numerator of the calculation. The Group's potential debts covenants is not expected to be impacted by the change. The impact on the income statement is not expected to be material, but it will lead to a partial reclassification of lease expenses from operating income to financial expenses. See note 19 for more information on operational leases in the Group. The standard is effective for annual periods beginning on or after 1 January 2019.

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.

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 percent of the votes, the criteria 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 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 method) 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 for 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 percent and no more than 50 percent.

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.

Note 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 10 contains information of the assumptions and the risk factors relating to goodwill impairment. Litigations and provisions made are reported in note 24.

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 10 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 3 Revenue and cost accounting and note 10 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 judgements do not reflect the actual outcome; this could materially affect the income for the period and the financial position. For further information, see note 24 Provisions.

Note 3 Revenue and cost accounting

Revenue recognition

Revenue from external customers is mainly derived from sale of advertising air time, subscriptionas well as content production. 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 as the Group delivers the products 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 product 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 depending on the chosen package. 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, installation, 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 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 normally recognised at a point in time.

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

Production revenue

Revenue in the Studio business is generated by production of films, TV series and by granting licenses to format and broadcasting rights. All contracts within Studio normally consist of one performance obligation. Revenue for production of films and TV series is recognised over time. Revenue for other services and products such as events and ready-made series is recognised at a point in time when control of the service or product is transferred to the customer.

Licenses

A license arrangement establish the customers right related to NENT Group's intellectual property and the obligation of NENT Group to provide those rights. Licenses exist within the Studios 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 boxes when sold separately from subscriptions.

Significant judgement in revenue recognition

Agent or principal

The Group assesses whether the Group 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.

Prepaid subscriber acquisition expenses

Prepaid expenses include incremental direct variable subscriber acquisition costs incurred to obtain new customers in fixed-term contracts, i.e. the contract includes fixed revenue over the subscription period. The costs are recognised as prepaid expenses as it is probable that the future economic benefit will flow to the company and the value can be measured with reliability. The costs are allocated over the contract period. In cases when the cost exceeds the contracted revenues the cost is expensed when incurred.

Contract balances

The table below provides information about receivables, contract assets and contract liabilities from contracts with customers.

(SEKm)	31 December 2018	31 December 2017	31 December 2016
Accounts receivables	1,224	1,017	1,055
Contract assets (included in accrued income)	575	608	654
Contract liabilities (included in prepaid income)	–129	–166	–164

Costs to obtain a contract

Part of the subscriber acquisition costs within the Pay-TV has been defined as cost to obtain a contract. These costs 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 obtain a contract are recognised as an asset and amortised over the subscription period. The Group recognises a contract cost asset even if the expected amortisation period is one year or less.

(SEKm)	2018	2017	2016
Opening balance 1 January	202	185	164
Increase of contract assets due to new contracts during the year	310	209	197
Amortisation expense of costs to obtain contracts	–242	–191	–177
Closing balance 31 December	**271**	**202**	**185**

Contract assets

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.

Contract liabilities

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 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 recogised over time in a pattern that depict the, transfer of control and,
- Prepaid revenue Online revenues as the customer buys virtual goods that are recognised as income over time depending on whether it is consumable or durable.

The contract liabilities at the beginning of 2018 has been recognised as revenue for the period ended 31 December 2018. The same applies for the beginning of 2017, where revenue was recognised during 2017.

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 adjustment is booked 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.

Note 4 Business segments

NENT'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. These include the Nice Entertainment Group with content production and distribution companies and Splay with digital video content.

The stated figures for 2018, 2017 and 2016 are based on the same operational structure.

Revenue per segment

	2018				
(SEKm)	Broadcasting & Streaming	Studios	Central operations	Eliminations	Total
External revenue	12,785	1,769	13		14,568
Internal revenue	15	142	71	–228	0
Total revenue for the segment	**12,800**	**1,911**	**84**	**–228**	**14,568**
Revenue streams					
Advertising revenue	4,017	172			4,189
Subscription revenue	8,272				8,272
Production revenue	61	1,321			1,382
Licenses and royalties	0	236			236
Other	436	40	13		490
Total external revenue streams	**12,785**	**1,769**	**13**		**14,568**
Timing of revenue recognition					
At a point in time	436	448	13		889
Over time	12,350	1,321	0		13,671
Revenue from external customers	**12,785**	**1,769**	**13**		**14,568**

	2017				
(SEKm)	Broadcasting & Streaming	Studios	Central operations	Eliminations	Total
External revenue	11,960	1,703	26		13,688
Internal revenue	2	283	136	–420	0
Total revenue for the segment	**11,961**	**1,986**	**162**	**–420**	**13,688**
Revenue streams					
Advertising revenue	3,759	133			3,891
Subscription revenue	7,637				7,637
Production revenue	70	1,238			1,309
Licenses and royalties		271			271
Other	493	61	26		580
Total external revenue streams	**11,960**	**1,703**	**26**	**0**	**13,688**
Timing of revenue recognition					
At a point in time	493	465	26		984
Over time	11,467	1,238	–		12,705
Revenue from external customers	**11,960**	**1,703**	**26**	**0**	**13,688**

Note 4 Business segments, cont.

Revenue per segment, cont.

(SEKm)	2016 Broadcasting & Streaming	Studios	Central operations	Eliminations	Total
External revenue	11,138	1,713	46		12,897
Internal revenue	1	185	135	–320	0
Total revenue for the segment	**11,139**	**1,897**	**181**	**–320**	**12,897**
Revenue streams					
Advertising revenue	3,618	90	22		3,729
Subscription revenue	7,147				7,147
Production revenue		1,199			1,199
Licenses and royalties		257			257
Other	373	166	24		564
Total external revenue streams	**11,138**	**1,713**	**46**	**0**	**12,897**
Timing of revenue recognition					
At a point in time	373	513	46		933
Over time	10,764	1,199			11,964
Revenue from external customers	**11,138**	**1,713**	**46**	**0**	**12,897**

	Operating income		
(SEKm)	2018	2017	2016
Broadcasting & streaming	1,661	1,574	1,370
Studios	45	44	56
Central operations	–162	–123	–64
Items affecting comparability	–40	75	–65
Total Group	**1,504**	**1,570**	**1,298**

The business segments are responsible for the management of the operational assets and the performance is monitored at the business segment level. Financing was managed centrally. Consequently, liquid funds, interest-bearing receivables and liabilities are not allocated to the business segments.

	Assets			Equity and Liabilities			Capital Employed		
(SEKm)	2018	2017	2016	2018	2017	2016	2018	2017	2016
Broadcasting & streaming	9,744	7,538	7,201	7,475	6,078	5,846	2,270	1,460	1,355
Studios	2,625	2,427	2,177	903	712	636	1,722	1,714	1,541
Central operations	2,239	371	445	1,688	–49	510	550	420	–67
Total	**14,608**	**10,336**	**9,822**	**10,066**	**6,741**	**6,993**	**4,541**	**3,594**	**2,829**
Cash and interest-bearing assets	428	89	33						
Liabilities to MTG				4,372	1,110	893			
Equity including non-controlling interest				598	2,573	1,970			
Eliminations	–2,834	–22	–4	–2,834	–22	–4			
Total operations	**12,202**	**10,403**	**9,851**	**12,202**	**10,403**	**9,851**	**4,541**	**3,594**	**2,830**

	Capital expenditure excluding investments in subsidiaries			Depreciation and amortisation		
(SEKm)	2018	2017	2016	2018	2017	2016
Broadcasting & streaming	490	114	154	150	115	104
Studios	35	20	18	45	35	30
Central operations	25	20	8	6	9	7
Total	**550**	**154**	**180**	**201**	**160**	**141**

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

	Net sales			Tangible and non-tangible assets		
(SEKm)	2018	2017	2016	2018	2017	2016
Sweden	5,913	5,396	5,068	1,969	1,609	1,563
Norway	3,031	2,985	2,820	852	828	872
Denmark	4,232	3,879	3,699	162	146	140
Finland	778	640	534	298	301	307
United Kingdom	63	119	97	270	262	275
Other	551	670	679	5	10	11
Total	**14,568**	**13,688**	**12,897**	**3,556**	**3,156**	**3,168**

Note 5 Cost accounts

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, note 19. 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 programme 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.

Function based income statement

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 expenses.

Nature of expenses

Group (SEKm)	2018	2017	2016
Net sales	14,568	13,688	12,897
Other operating income and other expenses	27	15	5
Cost of programmes and goods	–7,804	–7,159	–6,731
Distribution costs	–2,435	–2,710	–2,439
Salaries, remuneration, and social security expenses	–2,131	–1,912	–1,559
Depreciation and amortisation expense	–201	–162	–141
Asset impairment charges	–7	–4	–
Other expenses	–470	–262	–658
Share of earnings in associated companies and joint ventures	–3	0	–2
Items affecting comparability	–40	75	–65
Operating Income	**1,504**	**1,570**	**1,298**

Note 6 Other operating items

Group (SEKm)	2018	2017	2016
Other operating income			
Gain from exchange rate differences	0	48	0
Government grants	14	–	–
Other	31	11	16
Total	**44**	**59**	**16**
Other operating expenses			
Loss from exchange rate differences	–6	–38	1
Amortisation and depreciation	–4	–17	–10
Asset impairment charges	0	–1	0
Other	–7	12	–12
Total	**–17**	**–44**	**–21**

Note 7 Financial items

Group (SEKm)	2018	2017	2016
Interest revenue	22	1	3
Interest revenue, MTG Group	7	5	4
Total interest revenue	**29**	**6**	**7**
Interest expenses, external	–20	–1	–1
Interest expenses, MTG Group	–46	–70	–99
Total interest expenses	**–66**	**–72**	**–100**
Net exchange rate differences	0	–30	–24
Interest expenses from discounting	2	0	–18
Other	–17	0	7
Total financial costs	**–15**	**–30**	**–135**
Net financial items	**–52**	**–96**	**–128**

The interest expenses relate to financial liabilities valued at amortised cost. The liabilities relate to a cash pool account with Modern Times Group MTG AB.

Note 8 Taxes

Corporate income tax

Tax expenses reported includes actual corporate income taxes and deferred tax arising from temporary differences between accounts for financial reporting and accounts for tax assessment, calculated using the liability method. Such temporary differences are caused mainly by differences between taxable value and the reported value of assets and liabilities. A deferred tax asset is reported corresponding to the value of loss carry forwards if it is judged likely that they will be applied to taxable income in the foreseeable future. Net income for the year is charged with tax on taxable earnings for the year and with tax estimated for the change in temporary differences for the year as current tax and deferred tax expenses respectively in each Group company.

Distribution of tax expense

Group (SEKm)	2018	2017	2016
Current tax			
Current tax expense	–163	–178	–199
Adjustment for prior years	–21	–6	–34
Total	**–184**	**–184**	**–233**
Deferred tax			
Temporary differences	24	4	–7
Total	**24**	**4**	**–7**
Total income tax expense in the income statement	**–160**	**–180**	**–240**

Group (SEKm) Reconciliation of tax expense	2018	%	2017	%	2016	%
Tax/Tax rate (Sweden)	–319	–22%	–324	–22%	–258	–22%
Non-taxable income	40	3%	5	0%	–13	–1%
Foreign tax rate differential	30	2%	40	3%	22	2%
Non-deductible expenses	–79	–5%	–30	–2%	–115	–10%
Losses where no deferred tax was recognised	–8	–1%	–16	–1%	–8	–1%
Effect of losses carry-forward not previously recognised	27	2%	23	2%	–1	0%
Effect of group contributions to ultimate parent (MTG)	171	12%	125	8%	171	15%
Other permanent effects	0	0%	3	0%	–4	–0%
Under/over provided in prior years	–21	–1%	–6	0%	–34	–3%
Effective tax/tax rate	**–160**	**–11%**	**–180**	**–12%**	**–240**	**–20%**

Group (SEKm)	31 December 2018	31 December 2017	31 December 2016
Deferred tax asset			
Equipment	11	9	6
Intangible assets	4	0	1
Provisions	7	3	14
Inventory	0	0	0
Current receivables	1	18	7
Current liabilities	1	1	0
Financial assets	0	0	0
Tax value of tax losses carry forward recognised		0	0
Total	**24**	**31**	**27**

Note 8 Taxes, cont.

Distribution of tax expense, cont.

Group (SEKm)	31 December 2018	31 December 2017	31 December 2016
Deferred tax liabilities			
Intangible assets	149	152	142
Goodwill	147	147	147
Equipment	–1	–1	–2
Provisions	–3	0	2
Current receivables	–3	0	0
Current liabilities	0	0	0
Financial assets	22	14	38
Tax value of tax losses carry forward recognised	0	0	0
Total	**311**	**311**	**327**
Deferred tax net	**–287**	**–280**	**–299**

The movements in temporary differences net are explained below:

	2018						
Group (SEKm)	Opening balance 1 January	Deferred tax recognised in the P&L	Acquisition of subsidiary	Other comprehensive income	Reclassification	Translation differences	Closing balance 31 December
Tax losses carry forward	0	21			–21		0
Temporary differences in:							
Goodwill	–147						–147
Equipment	11	1					11
Intangible assets	–152	9					–144
Provisions	4	5				1	10
Inventory	0	3					3
Current receivables	18	–11			–6		1
Current liabilities	0	0					0
Financial assets	**–14**	**–3**		**–6**			**–22**
Total	**–280**	**24**		**–6**	**–27**	**1**	**–287**

	2017						
Group (SEKm)	Opening balance 1 January	Deferred tax recognised in the P&L	Acquisition of subsidiary	Other comprehensive income	Reclassification	Translation differences	Closing balance 31 December
Tax losses carry forward	0	0					0
Temporary differences in:							
Goodwill	–147						–147
Equipment	8	1		–1	3		11
Intangible assets	–142	1	–11				–152
Provisions	12	–5				–3	4
Inventory	0	0					0
Current receivables	7	4			3	4	18
Current liabilities	0	0					0
Financial assets	–38	4		17		3	–14
Total	**–299**	**4**	**–11**	**16**	**6**	**4**	**–280**

	2016						
Group (SEKm)	Opening balance 1 January	Deferred tax recognised in the P&L	Acquisition of subsidiary	Other comprehensive income	Reclassification	Translation differences	Closing balance 31 December
Tax losses carry forward	–4	–4				8	0
Temporary differences in:							
Goodwill	–147	0					–147
Equipment	4	4					8
Intangible assets	–135	–1	–1		0	–5	–142
Provisions	9	3					12
Inventory	0	0					0
Current receivables	1	6					7
Current liabilities	0	0					0
Financial assets	–13	–16		–9			–38
Total	**–285**	**–7**	**–1**	**–9**	**0**	**4**	**–299**

Note 9 Items affecting comparability

Group (SEKm)	2018	2017	2016
Net gain on sale of subsidiaries and associates	–	–	–5
Restructuring charges	–53	0	–59
Revaluation of liabilities related to options to acquire shares	14	75	–
Impairment of goodwill related to closed company	–6	–	–
Impairment of content	–16	–	–
Deconsolidation of the operations in Tanzania	21	–	–
Total	**–40**	**75**	**–65**

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 development on a like-for-like basis. Restructuring charges in 2018 refers to charges related to the creation of NENT Group. Revaluation of liabilities related to options to acquire shares in 2017 related to options to acquire shares in Splay AB and minority interests within the Studios Groups. In 2016 IAC comprise mainly further restructuring charges initiated in 2015.

Note 10 Intangible assets

Non-current intangible assets

Intangible assets are reported net after deductions for accumulated depreciation and amortisation according to plan. Depreciation and 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 non-current assets are classified in the following categories:

Class of assets	Depreciation period
Capitalised 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	Estimated revenue 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, whereby 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 development. The expenditure capitalised includes the direct costs and, when appropriate, cost of direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditures are stated at cost less accumulated amortisation and impairment losses. The capitalised development expenditure relates mainly to software and software platforms.

Goodwill

Goodwill arising from acquisitions 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 reviewed for impairment test 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 asset.

Other intangible assets

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

Note 10 Intangible assets, cont.

	Group				
(SEKm)	Capitalised expenditure	Trademarks	Beneficial rights	Other intangible assets total	Goodwill
Acquisitions					
Opening balance 1 January 2016	260	500	271	1,031	4,963
Investments during the year	86	0	19	105	
Acquisitions through business combinations				0	26
Sales and disposals during the year	–46			–46	
Change in Group structure, reclassifications etc	27	3	3	33	–70
Translation differences	1	22	14	37	41
Closing balance 31 December 2016	**327**	**526**	**307**	**1,160**	**4,960**
Opening balance 1 January 2017	327	526	307	1,160	4,960
Investments during the year	108	0	3	111	
Acquisitions through business combinations			39	39	
Sales and disposals during the year	–51			–51	0
Change in Group structure, reclassifications etc			–3	–3	
Translation differences	0	–9	–1	–10	–24
Closing balance 31 December 2017	**384**	**517**	**344**	**1,246**	**4,936**
Opening balance 1 January 2018	384	517	344	1,246	4,936
Investments during the year	109	0	363	471	
Acquisitions through business combinations				0	10
Sales and disposals during the year	–2	–12	–16	–30	0
Change in Group structure, reclassifications etc	–16		1	–15	
Translation differences	0	14	8	23	30
Closing balance 31 December 2018	**475**	**519**	**700**	**1,695**	**4,976**
Accumulated amortisation and impairment losses					
Opening balance 1 January 2016	–190	–18	–141	–348	–2,696
Sales and disposals during the year	42	0	–	42	–
Amortisation during the year	–44	0	–27	–72	0
Impairment losses during the year				0	–
Change in Group structure, reclassifications etc	–7			–7	–
Translation differences	0		–10	–10	1
Closing balance 31 December 2016	**–200**	**–18**	**–178**	**–396**	**–2,695**
Opening balance 1 January 2017	–200	–18	–178	–396	–2,695
Sales and disposals during the year	51		–	51	–
Amortisation during the year	–73	0	–32	–105	–
Impairment losses during the year	–4		0	–4	–
Change in Group structure, reclassifications etc			0	0	–
Translation differences	0	0	3	3	–1
Closing balance 31 December 2017	**–225**	**–18**	**–207**	**–450**	**–2,696**
Opening balance 1 January 2018	–225	–18	–207	–450	–2,696
Sales and disposals during the year	1	12	19	31	–
Amortisation during the year	–87	0	–54	–141	–
Impairment losses during the year	–1		0	–1	–6
Change in Group structure, reclassifications etc	1		0	1	–
Translation differences	0	0	–5	–6	0
Closing balance 31 December 2018	**–311**	**–6**	**–247**	**–564**	**–2,702**
Book value carried forward					
As per 1 January 2016	71	482	130	683	2,267
As per 31 December 2016	127	508	129	764	2,265
As per 1 January 2017	127	508	129	764	2,265
As per 31 December 2017	159	499	137	796	2,240
As per 1 January 2018	159	499	137	796	2,240
As per 31 December 2018	164	513	454	1,131	2,274

Only external expenditures have been capitalised.

Note 10 Intangible assets, cont.

Group (SEKm) Amortisation by function	2018	2017	2016
Cost of goods and services	–137	–54	–49
Administrative expenses	–4	–45	–1
Other operating expenses	0	–6	–22
Total	**–141**	**–105**	**–72**

Group (SEKm) Impairment losses by function	2018	2017	2016
Cost of goods and services	–1	–3	–
Other operating expenses	–	–1	–
Items affecting comparability	–6	–	–
Total	**–7**	**–4**	**–**

Impairment tests for cash-generating units

Cash generating units with significant carrying amounts of goodwill:

Group (SEKm)	2018	2017	2016
Broadcasting & streaming	1,286	1,276	1,292
Studios	988	964	972
Total	**2,274**	**2,240**	**2,265**

The changes in goodwill between 2018, 2017 and 2016 are due to translation differences. Trademarks with indefinite lives included in trademarks are:

Group (SEKm)	2018	2017	2016
Broadcasting & streaming	244	237	249
Studios	249	243	238
Total	**493**	**480**	**487**

The Group's trademarks have a strong position on their respective markets and will be actively used in the businesses, and are thereby judged to have indefinite lives. The trademarks are improved and developed continuously, and the net cash flows generated through these are not considered to cease within a foreseeable future. The change in trademark between years are due to translation differences.

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 flow is initially discounted at a pre-tax interest of 12 percent (12) considering the cost of capital and risk as a simplified overall requirement. Specific individual discount rates might be used in some cases, related to circumstances such as the territory or the economic environment. If the headroom turns out to be low in relation to the carrying value, specifically calculated WACC for the business in question is used. The model involves key assumptions such as market size, share and 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 percent (2.5) is normally applied.

The cash flow projections are based on a sustainable growth rate which is individually estimated based on each unit's outlook. Individual assumptions are also made on cost and capital turnover development.

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 units, 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 following table shows carrying amount and the recoverable amount of the digital video business in Studios. The current calculation, using an individual WACC of 8.7 percent, 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.

	Digital Video business
Recoverable amount	337
Carrying amount	309
The recoverable amount in relation to the carrying amount in case of a decrease in the growth rate:	
– 0.5 percentage point	311
– 1.0 percentage point	289

Note 11 Tangible assets

Accounting for tangible assets

Equipment, tools and installations are reported at cost less accumulated depreciation and any impairment losses. 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.

(SEKm)	Equipment, tools and installations
Acquisitions	
Opening balance 1 January 2016	782
Investments during the year	75
Acquisitions through business combinations	–
Sales and scrapping during the year	–224
Change in Group structure, reclassifications etc	2
Translation differences	18
Closing balance 31 December 2016	**652**
Opening balance 1 January 2017	652
Investments during the year	43
Acquisitions through business combinations	–
Sales and scrapping during the year	–20
Change in Group structure, reclassifications etc	–
Translation differences	–3
Closing balance 31 December 2017	**672**
Opening balance 1 January 2018	672
Investments during the year	79
Sales and scrapping during the year	–50
Change in Group structure, reclassifications etc	15
Translation differences	11
Closing balance 31 December 2018	**728**
Accumulated depreciation	
Opening balance 1 January 2016	–475
Sales and scrapping during the year	45
Depreciation during the year	–68
Impairment losses during the year	0
Change in Group structure, reclassifications etc	–
Translation differences	–15
Closing balance 31 December 2016	**–512**
Opening balance 1 January 2017	–512
Sales and scrapping during the year	14
Depreciation during the year	–56
Impairment losses during the year	0
Change in Group structure, reclassifications etc	–
Translation differences	3
Closing balance 31 December 2017	**–552**
Opening balance 1 January 2018	–552
Sales and scrapping during the year	47
Depreciation during the year	–61
Impairment losses during the year	–
Change in Group structure, reclassifications etc	–
Translation differences	–10
Closing balance 31 December 2018	**–575**
Book value carried forward	
As per 1 January 2016	307
As per 31 December 2016	140
As per 1 January 2017	140
As per 31 December 2017	120
As per 1 January 2018	120
As per 31 December 2018	152

Note 11 Tangible assets, cont.

Group (SEKm) Amortisation by function	2018	2017	2016
Cost of goods and services	–33	–21	–6
Selling expenses	–1	0	0
Administrative expenses	–23	–23	–47
Other operating expenses	–4	–12	–16
Total	**–61**	**–56**	**–68**

There were no impairment costs in either year.

Note 12 Financial assets

Group companies

The following table lists the companies included in the NENT Group as per 31 December 2018.

Ownership in Group companies	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
Nordic Entertainment Group AB	559124-6847	Sweden	100	100
Viaplay AB	556513-5547	Sweden	100	100
Splay AB[1]	556909-3882	Sweden	100	100
Splay Danmark ApS		Denmark	100	100
Splay Suomi Oy		Finland	100	100
Splay AS		Norway	100	100
Splay GmbH		Germany	100	100
Nordic Entertainment Group Sweden AB	556304-7041	Sweden	100	100
Nordic Entertainment Group Technology AB	556278-7910	Sweden	100	100
Nordic Entertainment Group Sport AB	556493-2340	Sweden	100	100
Viasat Sales AB	556840-9287	Sweden	100	100
Nordic Entertainment Finland Ab		Finland	100	100
Nordic Entertainment Group UK Ltd		United Kingdom	100	100
Nordic Entertainment Group TV AB	556153-9726	Sweden	100	100
Nordic Entertainment Group TV A/S		Denmark	100	100
Nordic Entertainment GroupTV AS		Norway	100	100
Televisionsaktiebolaget TV8	556507-2401	Sweden	100	100
Digital Rights Group Limited[1]		United Kingdom	100	100
Atrium TV Ltd		United Kingdom	100	100
ID Distribution Ltd		United Kingdom	100	100
C4i Distribution Ltd		United Kingdom	100	100
Zeal Entertainment Ltd		United Kingdom	100	100
IR2 Ltd		United Kingdom	100	100
This Is Your Life Experience Ltd		United Kingdom	100	100
3DRG Ltd		United Kingdom	100	100
Alchemy TV Distribution Ltd		United Kingdom	100	100
DRG America Ltd		United Kingdom	100	100
DRG America LLC		USA	100	100
Portman Film and Televison Ltd		United Kingdom	100	100
Saigon Productions Ltd		United Kingdom	100	100
Portman Acquisitions Ltd		United Kingdom	100	100
Portman Entertainment Ltd		United Kingdom	100	100
Portman Media Assets Ltd		United Kingdom	100	100
Portman Media Assets (No.2) Ltd		United Kingdom	100	100
Portman Productions Ltd		United Kingdom	100	100
An Awfully Big Production Company Ltd		United Kingdom	100	100
NICE Entertainment Group Oy[1]		Finland	100	100
Gong Media Aps		Denmark	100	100
Nice Entertainment Sweden AB	556777-9268	Sweden	100	100
Matador Film AB[1]	556793-6637	Sweden	100	100
Titan Television AB	556579-2610	Sweden	100	100
Nice Drama AB	556783-6704	Sweden	100	100
Baluba AB	556513-3146	Sweden	100	100
A nice company AS		Norway	100	100
NiceOne AS		Norway	100	100
Rakett AS		Norway	100	100
One Big Happy Family AS		Norway	100	100
Playroom Music AS		Norway	100	100

Note 12 Financial assets, cont.

Ownership in Group companies	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
Playroom Event AS		Norway	100	100
Monster AS		Norway	100	100
Monster Entertainment AS		Norway	100	100
Monster Scripted AS		Norway	100	100
Monster Grenseland AS		Norway	100	100
Nice Entertainment Finland OY		Finland	100	100
Production House Oy		Finland	100	100
Moskito Television Oy		Finland	100	100
Grillifilms Oy		Finland	57	57
Production Service Finland Oy		Finland	55	55
This is nice AB	556264-3261	Sweden	100	100
One Nice One AB	556472-8425	Sweden	100	100
Novemberfilm AS		Norway	100	100
Epiq Film ApS[1)]		Denmark	51	51
Bacademy AB	556970-5899	Sweden	60	60
Brain Academy Incorporated		USA	60	60
Strix Television AB	556345-5624	Sweden	100	100
Strix Drama AB	556419-9544	Sweden	100	100
Strix Televisjon AS		Norway	100	100
Strix Television B.V.		Netherlands	100	100
Paprika Holding AB[1)]	556896-1444	Sweden	100	100
Paprika Latino Studios EOOD		Bulgaria	100	100
Paprika Latino Studios D.O.O		Serbia	100	100
S.C. Paprika Studios S. A.		Romania	100	100
Paprika Latino Studio d.o.o		Slovenia	100	100
UAB Studija Paprika		Lithuania	100	100
Onair Studios SIA		Latvia	67	67
Paprika Latino Studios OÜ		Estonia	100	100
Paprika Latino s.r.o		Czech Republic	100	100
Paprika Latino s.r.o.		Slovakia	100	100
Paprika Latino Studios Kft		Hungary	100	100
Paprika Scripted Kft		Hungary	100	100
Nordic Entertainment Group Radio AB	556365-3335	Sweden	100	100
Nordic Entertainment Group Radio Megahertz AB	556050-1644	Sweden	100	100
Nordic Entertainment Group Radio Gigahertz AB	556237-4594	Sweden	100	100
KiloHertz AB	556444-7158	Sweden	100	100
Planet 103.9 Södertälje AB	556670-2477	Sweden	100	100
Radio National Skellefteå AB	556475-0346	Sweden	100	100
Nordic Entertainment Group Radio Sales AB	556490-7979	Sweden	100	100
Radio National Luleå AB	556475-0411	Sweden	60	60
Radio Industri XerKSes Borås AB	556034-4391	Sweden	100	100
Nordic Entertainment Group Sweden Holding AB	556057-9558	Sweden	100	100
Nordic Entertainment Group Shared Services AB	556298-5597	Sweden	100	100
Nordic Entertainment Group Services AB	556711-0290	Sweden	100	100
Viastrong Holding AB	556733-1086	Sweden	100	100
Nordic Entertainment Africa AB	556170-2217	Sweden	100	100
Senegal SA		Senegal	100	100
Africa Management Ltd		Ghana	100	100
Nordic Entertainment Group Denmark A/S		Denmark	100	100
Strong Productions A/S		Denmark	100	100
Viasat A/S		Denmark	100	100
TV3 Sport A/S		Denmark	100	100
Viasat Film A/S		Denmark	100	100
TV3 Sport1 A/S		Denmark	100	100
Nordic Entertainment Group Norway AS		Norway	100	100
Viasat AS		Norway	100	100
SportN AS		Norway	100	100
TV4 AS		Norway	100	100
P4 Radio Hele Norge AS		Norway	100	100
P5 Radio Halve Norge AS		Norway	100	100

1) Share capital and voting rights was the following for 2017 and 2016:

	2017	2016
Splay AB	96	81
Digital Rights Group Ltd	95	95
Nice Entertainment Group OY	100	95
Paprika Holding AB	96	96
Matador Film AB	–	–
Epiq Film ApS	–	–

Note 13 Associated companies and joint ventures

Companies

The following table lists the associated companies and joint ventures included in the NENT Group.

Ownership in Group companies	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
Airtime Sales AB	559040-3399	Sweden	50	50
Speekr World AB	559051-5606	Sweden	27	27
NSR Scandinavia AB	556821-4356	Sweden	48	48
Filmen Hundraåringen AB		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

The recognised values for the associated companies and joint ventures respectively are immaterial.

Note 14 Accounts receivables

Group (SEKm)	31 December 2018	31 December 2017	31 December 2016
Accounts receivables			
Gross accounts receivables	1,244	1,051	1,092
Less allowances for doubtful accounts	–20	–34	–37
Total	**1,224**	**1,017**	**1,055**
Allowance for doubtful accounts			
Opening balance 1 January	34	37	44
Provision for potential losses	9	4	7
Actual losses	–6	–5	–8
Reversed write-offs	–18	–2	–7
Translation differences	1	0	1
Closing balance 31 December	**20**	**34**	**37**
Ageing analysis			
Not due	914	785	807
30–90 days	231	213	211
> 90 days	99	53	74
Total	**1,244**	**1,051**	**1,092**

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

Note 15 Pledged assets and Contingent liabilities

Various companies within NENT Group are involved in disputes, with collecting societies, over payment of royalties for the past use of copyrights and similar rights. Further, various companies within NENT Group 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. These litigations are therefore not included in the contingent liabilities. There are no contingent liabilities in the Group in 2018, 2017 or 2016.

There are no pledged assets in the Group in 2018, 2017 and 2016.

Note 16 Shareholders' equity

The parent company was set up in 2018 and is therefore not included in the combined consolidation in 2016 and 2017. Eliminations of the equity have been done on all levels and the ultimate share capital does not exist. Please refer to Note 1 for further explanations.

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 (SEKm)	2018	2017	2016
Opening balance, 1 January	–123	–117	250
This year's translation differences, net of tax, continuing operations	46	–6	–368
Total accumulated translation differences, 31 December	**–77**	**–123**	**–117**

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 (SEKm)	2018	2017	2016
Opening balance, 1 January	–10	110	78
Recognised in other comprehensive income	–52	–147	85
Transferred to the acquisition value of item hedged (inventory programme rights)	120	26	–52
Closing balance, 31 December	**58**	**–10**	**110**

Revaluation reserve

The revaluation reserve includes revaluation of trademarks in relation to successive share purchase.

Group (SEKm)	2018	2017	2016
Opening balance, 1 January	–12	–12	–12
Closing balance, 31 December	**–12**	**–12**	**–12**

Retained earnings

Retained earnings comprise of previously earned income.

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 percent consolidated.

Earnings per share

Group (SEKm)	2018	2017	2016
Net income for the year attributable to equity holders of the parent company	1,286	1,287	928
Earnings per share before dilution			
Shares outstanding on 1 January	66,725,249	66,663,816	66,635,969
Effect from share awards exercised	128,884	42,582	20,027
Weighted average number of shares, basic	**66,854,133**	**66,706,398**	**66,655,996**
Basic earnings per share, SEK	19.24	19.29	13.93
Diluted earnings per share			
Diluted net income for the year attributable to the equity holders of the parent company	1,286	1,287	928
Weighted average number of shares, basic	66,854,133	66,706,398	66,655,996
Effect from share awards	508,272	435,921	170,829
Weighted average number of shares, diluted	**67,362,405**	**67,142,319**	**66,826,825**
Diluted earnings per share, SEK	19.09	19.17	13.89

Note 17 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

Financial policy

In addition to business operational risks, the Group is exposed to various financial risks in its operations. The most important financial risks are refinancing-, credit-, interest rate- and currency risks. The risks during 2016–2018 were regulated by the financial policy adopted by MTG's Board of Directors in 2018.

During 2018, NENT's Board of Directors has adopted a finance policy. The Group's financial policy constitutes a framework of guidelines and rules for financial risk mangement 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 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.

The ultimate parent company treasury function will be 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 will be concentrated with the central financing 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 will 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 will be managed centrally in accordance with the Group's financial policy. Loans will primarily be taken up by the parent company, and transferred to subsidiaries as internal loans or capital injections. In addition, there are companies with external loans and/or overdraft facilities connected directly to these companies.

Finance lease liabilities

The Group has no material finance leases.

Net debt

Group (SEKm)	31 December 2018	31 December 2017	31 December 2016
Short-term borrowings	**–**	**–**	**–**
Short-term borrowings from MTG	–	–	–
Short-term borrowings from MTG cash pool accounts	4,372	1,110	892
Total short-term borrowings	**4,372**	**1,110**	**892**
Cash and cash equivalents	428	89	33
Total cash and interest bearing assets	**428**	**89**	**33**
Net debt	**3,944**	**1,021**	**860**

Note 17 Financial instruments and financial risk management, cont.

Terms and payback period, gross values

Group (SEKm)	Interest rate	Fixed interest term	Effective interest rate	Total	Maturity 2019	Maturity 2020 or later
	2018					
Interest-bearing liabilities MTG incl cash pool accounts	1.1%	3 months	1.1%	4,384	4,384	
Accounts payable		1–4 months		1,750	1,750	
				6,134	**6,134**	

Group (SEKm)	Interest rate	Fixed interest term	Effective interest rate	Total	Maturity 2018	Maturity 2019 or later
	2017					
Interest-bearing liabilities MTG incl cash pool accounts	2.20%	3 months	2.20%	1,122	1,122	
Accounts payable		1–4 months		1,495	1,495	–
				2,617	**2,617**	**–**

Group (SEKm)	Interest rate	Fixed interest term	Effective interest rate	Total	Maturity 2017	Maturity 2018 or later
	2016					
Interest-bearing liabilities MTG incl cash pool accounts	2.15%	3 months	2.15%	911	911	
Accounts payable		1–4 months		1,841	1,841	–
				2,752	**2,752**	**–**

The interest payments arising from the financial instruments were calculated using the last interest rates on 31 December. The liabilities were calculated to be repaid on the earliest possible time period.

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 aims to gain financial flexibility through a balanced mix between variable and fixed interest rates and spreading maturities to match funding needs. During 2016–2018, the interest rate period was less than 1 year.

Short-term investments and cash and cash equivalents amounted to SEK 428 (89; 33) million as per 31 December and the average interest rate period on these assets was approximately 0 months.

Credit risk

Credit risk is defined as the risk that the counterparty in a transaction will not fulfill its contractual obligations and any collateral will not cover the claim of the NENT company. 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. 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 14 Accounts receivables.

The Group's exposure to credit risk amounts to SEK 2,659 (3,393; 3,049) 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

Currency 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.

Transaction exposure

Derivative instruments

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

Derivative financial instruments used as hedging instruments are recognised initially at cost and remeasured at 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

Note 17 Financial instruments and financial risk management, cont.

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 arises when inflow and outflow in foreign currencies in the financial statements of the separate entities within the Group are not matched. According to the NENT 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 percent 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 58 (–11; 110) million. Hedges with a maturity later than 12 months have a market value of SEK –1 (–35; 32) 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 (SEKm)	USD	EUR	DKK	NOK	GBP
Transaction flows	–3,111	–2,430	2,556	1,125	–285
Hedges due in 12 months	2,374	–49	–177	0	171
Net transaction flows	**–737**	**–2,479**	**2,379**	**1,125**	**–114**
Effect if SEK falls 5%	–37	–124	119	56	–6

The nominal value of the major hedge contracts amounted to:

Currency	2018	2017	2016
EUR	–5	42	75
USD	361	383	354

The effect of a change in the rate by 5 percent on all outstanding positions as per 31 December would have been approximately SEK 164 (166; 175) million. The impact on equity would be after deduction of tax.

Translation exposure

Translation exposure is the risk that arises when translating equity in a foreign subsidiary, associated company and 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:

	2018		2017		2016	
Currency	SEKm	%	SEKm	%	SEKm	%
NOK	1,503	46	1,399	45	1,262	44
EUR	1,189	36	1,093	35	995	35
DKK	506	16	592	19	588	21
Other currencies	63	2	59	2	21	1
Total equivalent SEK value	**3,261**	**100**	**3,144**	**100**	**2,865**	**100**

A 5 percent change in NOK/SEK would affect equity by approximately SEK 75 (70; 63) million, and in EUR/SEK the effect would be approximately SEK 59 (55; 50) million.

Note 17 Financial instruments and financial risk management, cont.

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 instruments – categories

From 1 January 2018, the categories for financial instruments has changed through the introduction of IFRS 9. The categories for 2017 and 2016 according to IAS 39 still apply for these years. The comparable figures in the tables below recognise the same levels as for 2018, as the change did no cause a transfer between levels or categories. In the below table, the classification for the respective years is presented.

2018	2016–2017	Financial instruments
Financial assets at fair value through profit and loss	Financial assets available for sale	Shares, derivatives such as forward contracts
Financial assets valued at amortised costs	Loans and receivables	Loans and receivables and cash and cash equivalents
Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through profit and loss	Derivatives such as forward contracts and contingent considerations and options to acquire additional shares
Financial liabilities valued at amortised costs	Other financial liabilities	Trade payables, short and long-term interest-bearing liabilities

Financial assets at fair value through profit and loss

Shares

The Group's holdings in listed shares are measured at market value based on bid price as per the balance sheet day. Changes in the market values of these shares will impact other comprehensive income.

Derivatives

Derivatives used as hedging instruments are recognised as financial assets at fair value and changes in the value is recognised in other comprehensive income. Derivatives that do not qualify for hedge accounting are accounted for as financial instruments at fair value through profit and loss.

Financial assets at amortised costs

Financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market classified as current assets, with exception for receivables with maturities later than 12 months after the balance-sheet date, these 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 used as hedging instruments are recognised as financial liabilities with the changes in value reported in other comprehensive income.

Contingent considerations and options to acquire additional shares

When a subsidiary is acquired, and previous owners remain as non-controlling interest the agreement in some cases includes contingent consideration or 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.

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

Note 17 Financial instruments and financial risk management, cont.

Group (SEKm) 31 December 2018	Fair value hedging instruments	Fair value through profit and loss	Financial assets at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Forward exchange contracts used for hedging				0				0
Shares and participations in other companies		3		3	3			3
Total	**0**	**3**	**0**	**3**	**3**	**0**	**0**	**3**
Financial assets not measured at amortised costs								
Trade and other receivables			1,327	1,327				0
Cash and cash equivalents			428	428				0
Total	**0**	**0**	**1,755**	**1,755**	**0**	**0**	**0**	**0**
Financial liabilities measured at fair value								
Forward exchange contracts used for hedging	74			74		74		74
Contingent consideration and options to purchase additional shares		20		20			20	20
Total	**74**	**20**		**95**		**74**	**20**	**95**
Financial liabilities measured at amortised costs								
Trade and other payables			7,999	7,999				0
Total	**0**	**0**	**7,999**	**7,999**	**0**	**0**	**0**	**0**

Group (SEKm) 31 December 2017	Fair value hedging instruments	Fair value through profit and loss	Financial assets at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Forward exchange contracts used for hedging				0				0
Shares and participations in other companies		3		3	3			3
Total	**0**	**3**	**0**	**3**	**3**	**0**	**0**	**3**
Financial assets measured at amortised costs								
Trade and other receivables			1,123	1,123				0
Cash and cash equivalents			89	89				0
Total	**0**	**0**	**1,212**	**1,212**	**0**	**0**	**0**	**0**
Financial liabilities measured at fair value								
Forward exchange contracts used for hedging	110			110		110		110
Contingent consideration and options to purchase additional shares		47		47			47	47
Total	**110**	**47**	**0**	**157**	**0**	**110**	**47**	**157**
Financial liabilities measured at amortised costs								
Trade and other payables			2,829	2,829				
Total financial liabilities	**0**	**0**	**2,829**	**2,829**	**0**	**0**	**0**	**0**

Group (SEKm) 31 December 2016	Fair value hedging instruments	Fair value through profit and loss	Financial assets at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Forward exchange contracts used for hedging	219			219		219		219
Shares and participations in other companies		3		3	3			3
Total	**219**	**3**	**0**	**222**	**3**	**219**	**0**	**222**
Financial assets measured at amortised costs								
Trade and other receivables			1,180	1,180				0
Cash and cash equivalents			33	33				0
Total	**0**	**0**	**1,213**	**1,213**	**0**	**0**	**0**	**0**
Financial liabilities measured at fair value								
Forward exchange contracts used for hedging	20			20		20		20
Contingent consideration and options to purchase additional shares		151		151			151	151
Total	**20**	**151**	**0**	**172**	**0**	**20**	**151**	**172**
Financial liabilities measured at amortised costs								
Trade and other payables			3,072	3,072				0
Total financial liabilities	**0**	**0**	**3,072**	**3,072**	**0**	**0**	**0**	**0**

Note 17 Financial instruments and financial risk management, cont.

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 and options to purchase additional shares – 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 – the fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

Group (SEKm) Financial liabilities, level 3	2018	2017	2016
Opening balance 1 January	47	151	198
New acquisitions	6	17	–
Reclassification	–	–	–66
Exercise	–14	–46	–2
Changes in fair value	–18	–77	19
Interest expenses from discounting	0	2	3
Translation difference	–	0	–1
Closing balance 31 December	**20**	**47**	**151**

Note 18 Supplementary information to the statement of cash flows

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

Group (SEKm)	2018	2017	2016
Depreciation and amortisation	201	161	141
Write-downs	7	4	–
Provisions	–135	32	–80
Revaluation of liabilities related to options to acquire shares	–3	–102	–47
Unrealised exchange differences	0	0	–3
Other items	133	28	11
Total	**204**	**123**	**22**

Cash paid for interest and corporate tax

Group (SEKm)	2018	2017	2016
Interest paid	–67	–72	–100
Interest received	7	6	7
Corporate income tax	–104	–209	–137
Total	**–164**	**–275**	**–231**

Note 19 Lease and other commitments

Accounting for leases

An operating lease is a lease that does not fulfil the conditions for a finance lease. For operating leases, the rental expense is recognised in the lessee's accounts on a straight line basis over the period during which the asset is used. The main part of the Group's operating lease agreements are rental agreements for offices.

Commitments for future payments on non-cancellable operational leases at 31 December

Group (SEKm)	2018	2017	2016
2017	–	–	180
2018	–	197	153
2019	164	158	120
2020	150	141	118
2021	132	122	115
2022	131	117	411
2023 and thereafter	425	311	–
Total lease commitments	**1,003**	**1,045**	**1,098**
This year's operational costs			
Minimum lease fees	149	211	192
Variable fees	0	6	6
This year's operational costs	**149**	**218**	**198**

Other commitments for future payments at 31 December

	Future payments for programme rights			Transponder commitments		
Group (SEKm)	2018	2017	2016	2018	2017	2016
2017	–	–	3,044	–	–	259
2018	–	3,238	3,129	–	192	193
2019	5,143	3,011	1,226	168	168	163
2020	4,178	2,172	811	55	56	53
2021	3,023	921	286	–	–	–
2022	1,326	589	18	–	–	–
2023 and thereafter	1,679	–	–	–	–	–
Total other commitments	**15,350**	**9,932**	**8,515**	**223**	**416**	**668**

Note 20 Average number of employees

	2018			2017			2016		
Group	Men	Women	Total	Men	Women	Total	Men	Women	Total
Sweden	548	376	924	517	300	817	550	316	866
Norway	173	151	324	162	146	308	170	150	320
Denmark	132	88	220	118	88	206	136	101	237
Finland	29	40	69	32	33	65	37	35	72
United Kingdom	74	86	160	79	96	175	82	91	173
Other countries	7	20	27	3	16	19	26	28	54
Total	**963**	**761**	**1,724**	**911**	**679**	**1,590**	**1,002**	**721**	**1,723**

Note 21 Salaries, other remuneration, and social security expenses

Group (SEKm)	2018	2017	2016
Salaries, other remuneration and social security expenses			
Wages and salaries	1,609	1,466	1,181
Social security expenses	392	279	272
Pension costs	118	97	86
Share-based payments	20	51	18
Social security expenses on share-based payments	–8	19	2
Total	**2,131**	**1,912**	**1,559**

Group (SEKm)	2018	2017	2016
CEO and other senior executives	104	88	77
of which, variable salary	*10*	*5*	*21*

A Board of Directors has been elected for Nordic Entertainment Group AB during 2018 and annual fees of SEK 4.7 million have been agreed up until the 2019 AGM. Fees after the 2019 AGM will be decided at the Annual General Meeting in 2019.

Those executives who, prior to joining NENT, were part of MTG's executive management were paid in accordance with the guidelines approved by the MTG Annual General Meetings in 2016–2018.

Remuneration guidelines adapted to the NENT business for the Group Management will be presented for approval at the Annual General Meeting in 2019.

The below table shows the current annual remuneration costs in NENT for information purposes.

(SEK thousand)	Base fee	Base salary	Variable remuneration	Other benefits	Pension costs	Total
David Chance, chairman	1,503					1,503
Anders Borg	630					630
Henrik Clausen	552					552
Simon Duffy	735					735
Christina Schauman	630					630
Natalie Tydeman	605					605
Anders Jensen, CEO		7,200	7,200	55	720	15,175
Executive managers (14 persons)		37,258	28,736	3,366	2,850	72,210
Total	**4,655**	**44,458**	**35,936**	**3,421**	**3,570**	**92,040**

Note 21 Salaries, other remuneration, and social security expenses, cont.

The senior executives are found under the heading "Board of Directors, senior executives and auditors". In addition to the remuneration, members of the Group management were included in MTG's long term share-based incentive programmes. The programmes will be closed in the first quarter of 2019.

The remuneration to the Chief Executive Officer was decided by the Board of Directors. Remuneration to executive management is monitored and reviewed by the Board.

Share-based payments

The MTG group has had 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 of the equity-settled share-based payments 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 re-valued quarterly.

Employees in NENT have historically been offered to participate in share-based incentive programs offered by MTG in 2013–2017. The costs of these programmes relating to NENT employees impacts the combined financial statements. The programs related to the NENT employees are now terminated.

MTG's incentive programmes have three-year vesting periods together with performance obligations. The share awards granted to each participant were granted free of charge. Dividends paid on underlying shares during the vesting period will increase the number of shares in order to treat the shareholders and the participants equally. The performance criteria for the different programmes varies, and could include operating income (EBIT), absolute shareholder return and shareholder return compared to a peer group.

The programmes are equity-settled programmes. The initial fair value at grant date of the share awards is expensed during the vesting period. The cost for the programmes is recognised in equity and as an operating expense. The cost is based on the fair value of the MTG Class B share at grant date and the number of shares expected to vest. The cost recognised in NENT for the programmes in 2018 amounts to SEK 12 (70;20) million, excluding social charges. Total provision for the social fees in the balance sheet amounted to SEK 13 (22;3) million.

Distribution of issued share awards:

No of share awards outstanding	CEO	Senior executives	Key personnel	Total
LTIP 2016	13,348	64,802	101,026	179,176
LTIP 2017	14,692	79,703	164,406	258,801
Total outstanding as per 31 December 2018	**28,040**	**144,505**	**265,432**	**437,977**

Note 22 Audit fees

(SEKm)	Group 2018	2017	2016
KPMG, audit fees	10	9	10
KPMG, audit related fees	0	0	0
KPMG, tax related fees	1	0	0
KPMG, other services	7	0	0
EY, audit fees	0	1	2
Deloitte, audit fees	0	0	0
Other, audit fees	0	0	0
Total	**18**	**10**	**12**

Note 23 Related party transactions

Related party

The Group have had a number of transactions with other companies within the MTG Group and the parent company MTG AB. The transactions between the different parties are based on market prices at arm's-length basis. Sales and purchases include advertising and content. Other costs comprise management fees from MTG AB. The major transactions relate to the borrowings and cash pool receivables and liabilities. In connection with NENT's acquisition of the subsidiaries, these balances will be settled.

In connection with the listing, NENT will take over the external financing that lies within MTG AB.

(SEKm)	Group 2018	2017	2016
Net sales			
MTG	44	138	181
Associated companies and joint ventures	107	108	71
Total revenues	**151**	**246**	**252**
Operating expenses			
MTG	30	49	49
Associated companies and joint ventures	37	49	86
Total operating costs	**67**	**97**	**135**
Other income			
MTG	12	0	0
Total other income	**12**	**0**	**0**
Receivables			
MTG	145	289	375
Associated companies and joint ventures	25	23	27
Total receivables	**169**	**312**	**402**
Payables and other liabilities			
MTG	198	275	385
Associated companies and joint ventures	0	0	1
Total payables and other liabilities	**198**	**275**	**387**
Dividends			
MTG	–3,310	–47	–15
Total dividends	**–3 310**	**–47**	**–15**
Group contributions and shareholders' contributions			
MTG	–776	–569	343
Total group contributions and shareholders' contributions	**–776**	**–569**	**343**
Cash pool overdraft			
MTG borrowings	0	0	0
MTG cash pool overdraft	4,372	1,110	892
Total cash pool overdraft	**4,372**	**1,110**	**892**

Remuneration of key management personnel

Other transactions than reported in note 19 have not been made.

Note 24 Provisions

Accounting for provisions

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 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.

Group (SEKm)	Restructure provisions	Royalties and other provisions	Total
Opening balance, 1 January 2016	**178**	**306**	**485**
Provisions during the year	0	135	135
Utilised during the year	–115	–16	–130
Reversed during the year	–6	–86	–93
Reclassification		8	8
Translation differences	2	3	5
Closing balance, 31 December 2016	**60**	**350**	**410**
Opening balance, 1 January 2017	**60**	**350**	**410**
Provisions during the year	0	108	108
Utilised during the year	–22	2	–20
Reversed during the year	0	–58	–58
Translation differences	0	–1	–1
Closing balance, 31 December 2017	**38**	**401**	**438**
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	0	–14	–14
Reclassifications		–22	–22
Translation differences	0	5	5
Closing balance, 31 December 2018	**33**	**276**	**309**

The Group has defined benefit pension plans in Norway and in one Swedish company. The provision is included in Other provisions. The plans relate to a few employees and the amounts relating to these pension plans are immaterial. The Swedish defined benefit plan is a multi-employer defined benefit plan. The Group reports these pension costs in the same way as defined contribution plans.

The restructuring provision consists of expenses related to the restructuring programme launched during 2015, mainly for redundancies. The majority of the provision has been paid out during 2016.

Note 25 Acquisitions

Acquired operations 2018

The Group acquired 100 percent of the shares in Energy Holding Norway AS on 18 January 2018 for a cash consideration of NOK 3.5 million. The company was merged with its parent company P4 Radio Hele Norge AS in April the same year. Further, on 15 September the Group acquired 51 percent of the shares in Epic Film ApS for a cash consideration of SEK 4.2 million and a deferred consideration of SEK 5.5 million. The transaction costs for all acquisitions were SEK 0.9 million and were recognised in other operating expenses in the income statement.

Epiq Film ApS had net sales of SEK 1 million for the full year 2018 and from the acquisition date. The net result was SEK 0 million. If the acquisition had been done on 1 January, the Group's sales would have been SEK 14,568 million and the net result SEK 1,293 million.

Acquistion by utilisation of option to acquire shares

The Group further acquired remaining 4 percent shares in Paprika Holding AB, 4.96 percent in Digital Rights Group Ltd in September and remaining 4 percent of the shares in Splay AB in June 2018 for cash consideration of in total SEK 11.6 million. These acquisitions were made by exercising existing options to buy the shares.

Acquired operations 2017

(SEKm)	Matador	Other	Total
Cash paid	17	46	64
Effect of previous participation			0
Additional purchase price and other settlements, non-paid	17		17
Total consideration	**34**	**46**	**80**
Recognised amounts of identifiable assets and liabilities			
Tangible assets			
Intangible assets	39		39
Accounts and other receivables	1		1
Financial assets			0
Cash and cash equivalents	2		2
Deferred tax receivables/liabilities net			0
Provisions	–8		–8
Accounts and other payables			0
Net identifiable assets and liabilities	**33**	**0**	**33**
Non-controlling interest			
Goodwill			0
Total value	**33**	**46**	**80**

Cash consideration (SEKm)	Matador	Other	Total
Cash paid	17	46	64
Cash and cash equivalents in the acquired companies	–2		–2
Total cash consideration	**16**	**46**	**62**

The Group acquired 100 percent of the shares in Matador Film AB on 31 August 2017 for a cash consideration of SEK 17 million and a deferred consideration of SEK 17 million. The acquisition gave rise to an intangible asset of SEK 30 million net of tax. The company is included in the segment "Studios". The Group acquired 15 percent of the shares in Splay AB in December 2017 for a cash consideration of 35 SEK million, through the exercise of options to purchase additional shares, and thereby held SEK 96 percent of the shares. The Group also acquired the remaining 6 percent of the shares in Nice Entertainment Group OY by utilising the option. Further, the Group made earn-out payments to former owners in Nice Drama. The total considerations for these transactions were in total SEK 46 million.

Contributions during 2017 from the acquisition date (SEKm):	Matador	Total
Net sales	6	6
Net income	2	2

Contributions from acquisitions if the acquisition had occurred 1 January 2017 (SEKm)	Matador	Total
Net sales	8	8
Net income	5	5

The Group's total sales if the acquisition had occurred on 1 January would have been SEK 13,690 million and net income would have been SEK 1,298 million.

Acquisitions in 2016

The Group made earn-out payments of in total SEK 2 million to former owners of Nice Drama and Paprika.

Divested and discontinued operations

2018

No businesses were sold during 2018. The Tanzanian operations were discontinued in 2018.

2017

There were no divestments made in 2017.

2016

The Group sold Viasat Ukraine in June.

Auditor's report on combined financial statements of historical financial information

To the Board of Directors of Nordic Entertainment Group AB
Corp. ID nr. 559124-6847

We have audited the combined financial statements for Nordic Entertainment Group AB on pages 101-133, which comprise the combined balance sheets as of 31 December 2018, 2017 and 2016 and the combined income statements, cash flow statements and statements of changes in equity for the years then ended, and a description of significant accounting policies and other explanatory notes.

The Board of Directors' and the Managing Director's responsibility for the financial statements

The Board of Directors and the Managing Director are responsible for the preparation and the fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and additional applicable framework. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation in accordance with the requirements in the Prospectus Regulation (EC) No 809/2004.

The auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses*. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. 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.

An audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses* involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the financial statements. The audit procedures selected depend on our assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the Board of Directors and the Managing Director and evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional applicable framework of the combined financial position of Nordic Entertainment Group AB as of 31 December 2018, 2017 and 2016 and its combined financial performance, statements of changes in equity and cash flows for these years.

Stockholm, March 7, 2019
KPMG AB

Joakim Thilstedt
Authorised Public Accountant

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