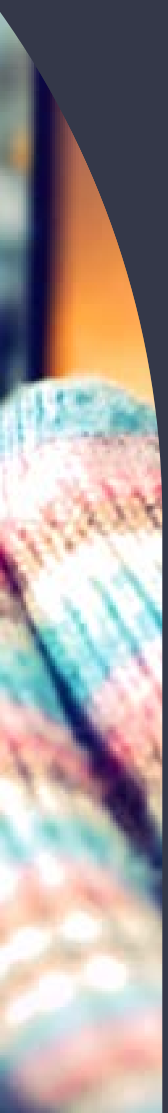
Telling stories
Touching lives
Expanding worlds

2020 Annual & Sustainability Report

Contents

About this report

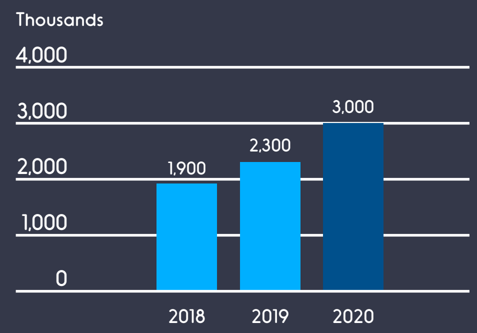
The statutory Annual Report covers pages 64–122, 57–59. The Sustainability Report (including the statutory sustainability report) covers pages 18–40, 49, 59, 132–153. NENT Group reports its sustainability work according to GRI Standards – Core option. The Annual & Sustainability Report is published in Swedish and English. The Swedish version is the original and shall apply in any instance where the two versions differ.



At a glance

NENT Group is the Nordic region's leading entertainment provider and streaming company, with the broadest and most relevant content offering, excellent content discovery and a stable and scalable technology platform. Our ambition is to be the European streaming champion, and Viaplay will be rolled out to 10 international markets between the beginning of 2021 and the end of 2023.

Viaplay subscriber base[1)]



1) Paying subscribers (including subscribers that have access to Viaplay through traditional pay-TV packages)

Net sales (SEKbn)	EBIT before IAC (SEKm)	Number of employees at the end of 2020	Nationalities in our team
12.0	1,077	1,708	45+

Viaplay subscribers
3 million

Viaplay launched
in Iceland
on 1 April

Viaplay subscriber growth
33%

Viaplay Originals premiered
30

Minutes of viewing on Viaplay
57 billion

Growth in viewed minutes on Viaplay
30%

2020 highlights

2020 was an unprecedented year in many ways. Not only did we manage our way through the Coronavirus pandemic, but we also completed the merger of Viasat Consumer and Canal Digital, raised our Viaplay subscriber intake target three times, launched Viaplay in Iceland, announced the expansion of Viaplay internationally, secured multiple long-term sports rights, premiered 30 new Viaplay originals, signed multiple long-term distribution partnership deals, teamed up with Elisa in Finland, delivered on our cost-cutting programme, announced new five-year financial targets and launched an updated reporting structure. We will come out of this crisis even stronger and better positioned than before. The credit for this goes to the fantastic dedication and focus of our teams during these challenging times.

Financial highlights

- Net sales increased by 0.1% on an organic basis to SEK 12,003m. Viaplay revenues accounted for 30%, Other subscriptions for 39%, Advertising for 29% and Studios for 2% of Group sales.
- Viaplay paying subscribers increased by 748k or 33% to 3,020k following high intake and low churn levels. Viaplay sales increased by 11% on an organic basis to SEK 3,625m despite the lowering of sports prices for more than three months during the Coronavirus pandemic lockdown.
- Operating income before associated companies and items affecting comparability amounted to SEK 978m. This represents a 13% decline when excluding the contribution of Viasat Consumer, which was deconsolidated from the beginning of May 2020. Operating income before items affecting comparability amounted to SEK 1,077m.

Strategic highlights

- NENT Group implemented a SEK 700 million cost savings programme to offset the effects of the Coronavirus pandemic, ensure that jobs were safeguarded, and enable continued investment in the content and technology that will drive growth.
- The 50/50 merger between Viasat Consumer and Canal Digital was completed and created the large scale player Allente that can compete on a Nordic level, generate substantial cost synergies, and enable the upselling of Viaplay to the Canal Digital subscriber base.
- NENT Group secured the exclusive Swedish, Norwegian, Danish and Finnish media rights to the English Premier League, the world's leading national football league, in a ground breaking six year deal that runs from 2022 to 2028.
- NENT Group and Elisa combined their streaming services in Finland, to enhance their content offerings and deliver accelerated subscriber growth. NENT Group is responsible for the service's technology and analytics, while Elisa handles sales, marketing and customer support.

Sustainability highlights

- NENT Group has worked to safeguard the health and wellbeing of our people during the Coronavirus pandemic. This has been done by taking early and decisive action to have most of our people work from home, by ensuring access to virtual meeting and digital interaction tools, by ensuring a safe working environment for those who do need to come into the office, and by providing relevant support networks and regular information updates throughout the year. We have also used our platforms to raise awareness about how to fight Covid-19 together.
- NENT Group has continued to raise awareness of the benefits of equality, diversity and inclusion (EDI) by launching and implementing an EDI strategy. Our people have participated in Equality workshops and EDI is being integrated into our content offering and the work of attracting new viewers.
- NENT Group has accelerated its environmental work during the year, which included committing to the Science Based Targets Initiative in order to align its greenhouse gas emissions targets with the objectives of the Paris Agreement.

Cryptid

CEO's statement

2020 was an extraordinary and challenging year in many ways, a year that will change many things forever, including how we work together, look after each other, society, and the environment. Our strategy, resilience, flexibility, and culture have all been put to the test, and it is great to see that NENT Group will emerge from this crisis stronger, more sustainable, better positioned and better prepared for the future. We have gone further by dramatically accelerating our transformation during 2020, and setting clear goals to become the European streaming champion and one of the most diverse and equal companies in the global entertainment industry.

"2020 was a year in which we all faced new challenges and found new ways of working. The safety and wellbeing of our people has been our greatest priority, and we took early and decisive actions to protect the business and ensure that we would bounce back quickly once the environment improved. We have entertained millions of people at home during this period and accelerated our transformation towards our goal of being the European streaming champion. Our strategy is all about sustainable development and the creation of long-term value for all stakeholders.

This is our second integrated financial and sustainability report as a listed company, and it is integrated because our financial planning and performance walk hand in hand with our sustainability strategy and ESG performance. That is how we develop our strategy and run our business, in order to generate long term sustainable value for our owners, employees, customers and all stakeholders.

2020 proved just how relevant, resilient, and flexible NENT Group is. We acted early and decisively when the Coronavirus impacted, in order to keep everyone safe and healthy, to entertain our customers at home, to reduce prices when certain content was not available, and to reduce all non-essential costs so that we could safeguard all jobs. These actions included a 700 million cost saving programme, the application for various government assistance programmes, the reduction in Viaplay sports package prices while live sports events were not happening, the postponement of productions during lockdowns, and the withdrawal of the annual cash dividend. We have also helped where we can to make a contribution to those in society who have been most affected by the crisis.

The impacts on our business have been very different. On the one hand, people staying at home led to a significant acceleration in the growth of Viaplay, as we raised our subscriber growth target three times and ended the year by meeting our milestone of 3 million paying Viaplay subscribers. This represented a growth of 33%, and the average number of minutes viewed over the year was also up more than 30%. Churn remained at low levels as subscribers watched a wide range of new Viaplay content, including the premieres of 30 new Viaplay original productions. We had over 80 original productions on Viaplay by the end of the year and will definitely pass the 100 originals milestone in 2021 as we premiere a further 40 new titles. The resilience and adaptability of the Viaplay platform was proven yet again with 99.97% service accessibility, 57 billion minutes of streamed content, and many new user experience features delivered by our team of more than 400 developers. And we even successfully launched Viaplay in Iceland on 1 April during lockdown!

Viaplay launched in Iceland on 1 April

On the other hand, our advertising, subscription and production revenues were of course all impacted heavily by the pandemic, with substantial revenue and profit declines in Q2 in particular. The strength and flexibility of our supplier and customer relationships was essential in enabling our teams to find solutions and ensure that we could bounce back swiftly as markets returned.

As a result of all the above, we returned to healthy organic revenue and profit growth in the second half of the year. Overall, our organic sales were slightly up for the year while like for like profits were down less than 13%.

In line with our strategy to focus on our streaming operations, we further streamlined the Group during 2020 by finalising the Allente joint venture and reorganising our content production studios. The merger of our Viasat Consumer satellite pay-TV and broadband business with Telenor's Canal Digital to form Allente creates a scale Nordic player with over 1.1 million subscribers. Not only will this enable us to capture significant synergies through our 50% shareholding, but will also bring Viaplay and our linear channels to even more households through our long-term agreement with Allente. The newly formed company has already refinanced itself and paid out a SEK 2.4 billion dividend at the end of the year, with further dividends to be paid in 2021. We are in the process of selling the majority of our non core content production and distribution businesses to new owners, so that those that remain can focus purely on the delivery of original content to Viaplay.

It has been clear for a while now that we have been ready and able to expand Viaplay outside the Nordic region. Storytelling is in our DNA and we know that there


The BEAT Summit employee event in November 2020

is a rising demand for our original, acquired and sports content in these new markets, which has only accelerated in the past year with the changes in consumer behaviour and the rise in streaming video consumption. Our platform can compete with the best globally, and is agile enough to be deployed into new markets in a financially sound way. We know that our original content can travel, given the number of broadcasters and streamers around the world who have bought the rights to show our formats. The relationships that we have developed over many years and across multiple markets with the Hollywood and international studios, and with the owners of the major sports rights, make us confident that we can secure the content that we want for new markets on attractive terms. And the flexible new functional organisation that we put in place in 2019 lends itself perfectly to international expansion. Furthermore, the window of opportunity is now, as we are well ahead of our peers and the market shares of tomorrow are being handed out today.

The 5-year strategy and plan that we presented to our stakeholders in November laid out the roadmap for both our Nordic and international operations – enabling us to more than double our organic sales, more than triple our organic profits, and more than triple our Viaplay subscriber base by substantially increasing our penetration in the Nordics and entering 10 new international markets. The Nordic story is driven by our strategic content investments and firm belief that every household will in time subscribe


NENT Group wins five awards at Kristallen 2020

to multiple streaming services. Looking forwards, not only will we produce more and more of our own award-winning originals and show even more movies, series, and kids' content, but we will soon be the home of Premier League football in Norway, Formula One in Finland, and FIS skiing across the region, and we have secured landmark multi-year rights to premium men and women's football, motor-racing, handball, ice hockey, golf and many other events. We have analysed a large number of candidate international markets for our expansion and decided on the initial 5, where we have secured key content rights, we are negotiating distribution partnership deals to accelerate our development, and we have detailed consumer insight and go to market plans. We discussed the plans with our major owners at the end of the year and proposed an equity issue to fund the expansion and provide further financial flexibility, which was then approved at our EGM and resulted in the raising of SEK 4.35 billion via a directed new share issue after the end of the year.

NENT Group is becoming a more and more diverse group in many ways, and it has been great to see this recognised in both internal and external surveys over the past year. We want to be one of the most equal entertainment companies in the world and our drive for greater inclusion affects our relationships with all of our stakeholders – from the ever-increasing variety of content that we show on our platforms, to the gender equality in our workforce, and from the 45 nationalities represented in our teams to how we think about our role in society and the responsibility to respect and protect each other and the environment. 2020 showed that we are on the right track. We are now taking a further step by committing to the Science Based Targets Initiative to become carbon net-zero and ensure that the positive environmental effects of 2020 are a lesson well-learned. We continue to be a proud signatory of the UN Global Compact and Media Compact, as well as the Women's Empowerment Principles. Our work towards our various sustainable development goals has been rated highly by the world's leading ESG-indices.

None of this would have been possible without the exceptional commitment and creativity of our people. We have a culture based on values (Bravery, Equality, Appreciation, Trust) that were chosen by our people, and a common purpose that was also chosen by our people (Telling stories, Touching lives, Expanding worlds). This is what binds us together – it is our heartbeat. And this is why the measured engagement levels and employee net promoter score for NENT Group increased during 2020, even though nearly all of us were working remotely throughout the year. So, a very big thank you to everyone for all that has been achieved in 2020, and for the groundwork that we have now laid for our Nordic development and international expansion. We continue to build NENT, brick by brick.

And thank you to you, more than ever this year, for supporting NENT Group. We wish you the very best and look forward to a busy and exciting 2021, in which we hope to see each other face to face again.

Anders Jensen
President & CEO

Who we are

Our vision is to be the European Streaming Champion. This means providing best-in-class experiences, both for our customers and for our employees. We are clear about what NENT Group stands for, and what we expect of each other. We have four values and a common purpose, which were proposed and chosen by our teams in hundreds of workshops.

Purpose

Telling stories, touching lives, expanding worlds

This is fundamentally about who we are, what we do, and why it matters. We do so much more than make money for our owners. Our purpose is our cause, what we believe in, and our reason for being at work. We are here to tell stories, touch lives and expand worlds.

We are all storytellers. We tell stories that connect people and help us make sense of the world and each other. Stories matter and, if they are inspiring and exciting, they set our mood, change our mind, and stimulate an attitude. And we are not here to tell just any story. We want to tell the story that touches your life, that moves you, that makes you think differently, makes you reflect, that expands your mind and your world!

Vision

Our vision is to be the European Streaming Champion.

We want to be the leading streaming player in Europe and to be the leading European streaming champion around the world. We are expanding Viaplay internationally and have announced the initial five new markets we will expand into during 2021, with five more to come by the end of 2023. Our Nordic DNA is a key part of our personality – it differentiates us in terms of how we do business and how we tell stories.

Values

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

Bravery, Equality, Appreciation and Trust are our NENT Group values – and together they form a powerful BEAT, the heartbeat of entertainment! These values were proposed and chosen by our people, and have now been rolled out, in hundreds of team workshops.

For more information about our values, see page 20.

Telling stories
Touching lives
Expanding worlds

A sustainable strategy

Embracing change is in our DNA, which is more relevant than ever today as we are impacted by a global pandemic and see unprecedented changes in the way that people create and consume content. The key to success is to provide outstanding experiences for our employees, customers, partners and all stakeholders. We want to be a force for good and sustainability is an integrated driver of everything that we do.

Our clear purpose and vision ensure that we know where we are going, and that we have the energy to get there. We are laser-focused on the priority of providing outstanding experiences for our employees, customers, and partners.

Employees

For our employees, we want everyone at our company to grow and develop. We aim to provide a safe, fair and inclusive work environment where everyone can thrive and feel empowered to be the best versions of themselves. If our people grow, so does our business. Autonomy and self-leadership allow us to act, to succeed, to fail and to learn faster, in order to stay ahead of the curve in our extremely fast-moving industry. We value everyone's uniqueness – you can just be yourself here. The 'Hearts of NENT' initiative highlights the uniqueness of each individual and brings each person's perspective to life, showing what our values mean to our people. Nurturing a culture that develops the best in our people will attract the best ideas and talents and enable us to meet our high ambitions.

Customers

For our customers, this means providing the most relevant stories on the most accessible platforms. Being a content champion is about quality as much as quantity. Viewer tastes are highly individual and change over time. Viaplay's content strategy therefore spans three major content categories – original content, acquired content and sports content. Each one of these has a number of sub-categories such as live sports, international movies and series, kids shows', local language scripted drama and non-scripted reality. Today, Viaplay has category leadership in several of these areas through a combination of investments in acquired and original content. NENT Group has built streaming platforms that compete with the best in terms of performance, functionality and content discovery, and we also make our linear channels available on as many third party platforms as possible.

Partners

For our partners, we focus on creating win-win relationships. Long term innovative partnerships are key to accelerating our growth and driving value. In 2020 we formed a number of strategic partnerships on both the content and distribution sides of the business. One example is our ground-breaking partnership in Finland with telecommunications and digital services provider Elisa to combine our Viaplay 'Films & Series' package with Elisa Viihde Aitio's content into a new standalone streaming service. Another example is our partnership with Lionsgate's Starz to make Viaplay the exclusive Nordic launch partner for Starz's international premium streaming service Starzplay.

Our industry

Our industry is evolving at an ever-accelerating pace. Standing still is simply not an option if we want to remain relevant, which is why we embrace change and constantly transform the ways that we work. Our shift towards streaming, the reskilling of the organisation, the focus on original content production, the creation of our new purpose and values, the move from a country to function-based organisation, the merger of our satellite pay-TV business to create Allente, the reorganisation of our Studios operations, and now the imminent international expansion of Viaplay are just some of the strategic moves that we have made in recent years.

Our strategy

Our sustainability strategy is tightly linked with our business strategy. Our ambition is to make a positive impact in society and for our stakeholders by doing better business. Our sustainability work consists of a number of key focus areas: developing Nordic storytelling and the creative industry; promoting an equal, diverse and inclusive society; and driving excellence in our culture, conduct and content. Integrating these areas into everything that we do is key to our success and delivering on our ambitions and targets. We have put extra focus on equality, diversity, and inclusion during 2020 with the launch of an EDI strategy and the conducting of equality workshops with the majority of our people. We have also accelerated our environmental work with the commitment to the Science Based Targets Initiative, in order to align our emissions targets with the ambitions of the Paris Agreement.

Purpose

Telling stories, touching lives, expanding worlds

Vision

To be the European streaming champion

Values

Bravery, equality, appreciation, trust

Focus on generating outstanding sustainable experiences

Employees

Attract, retain and develop the best talent

Customers

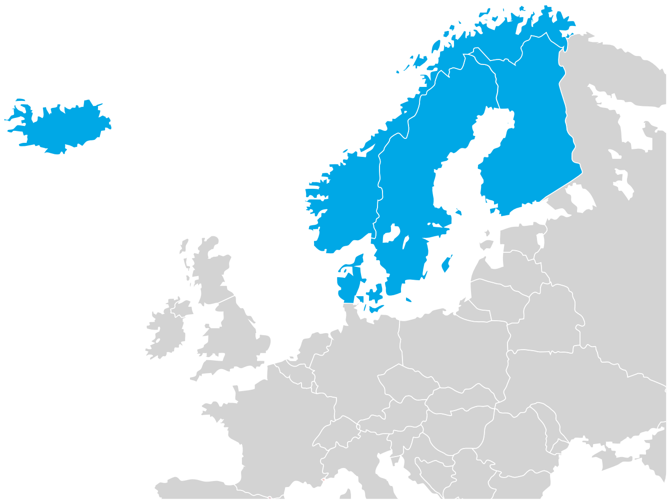
Telling the most relevant stories with best in class discovery

Partners

Open and innovative win-win partnerships

Our story

NENT Group is first and foremost a video streaming story. Our early and substantial investments into streaming have firmly established Viaplay as one of the leading streaming services in the Nordics. We are now ready for the next chapter in our story as we aim to drive value in the Nordics through accelerated sales growth and gradual margin expansion, as well as to expand Viaplay internationally into ten new markets by the end of 2023. Our aim is to be the European streaming champion and we have high ambitions as we start this next chapter from a position of strength, with leadership positions in the key areas of content, technology and people.



THE NORDIC STORY

NENT Group has a proven track record in the Nordics. We have transformed ourselves while continuing to deliver profitable growth. 70% of our sales now come from subscriptions, with Viaplay accounting for 30% of Group sales. The focus on these growing and recurring revenue streams has improved both our visibility and resilience, while reducing volatility, which allows us to take a more aggressive and long term approach when reinvesting profits back into the business in order to accelerate growth and value creation. This is a model that has worked well for us and is expected to continue to do so.

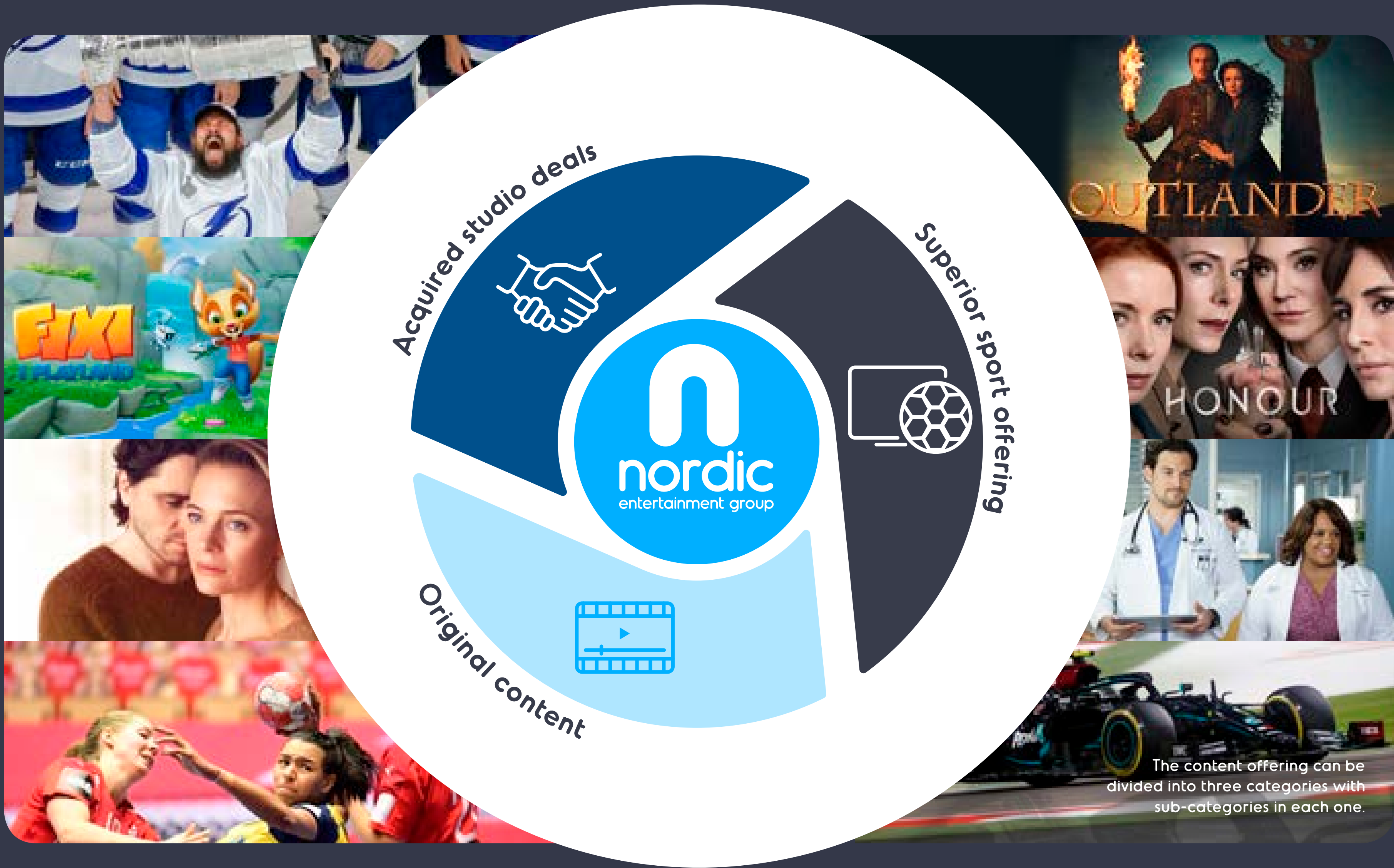
Viaplay is a "must have" service

Viaplay is firmly established as one of the top two streaming services in the Nordics. Early and substantial investments into content, content discovery and the platform have ensured that Viaplay is top of mind and the leading premium Nordic video streaming service.

Viaplay's Nordic content offering includes premium sports, original scripted and non-scripted content, acquired local and international series and movies, and kids content. Viaplay has leading positions in Sports, Original content, Movies and Kids content, and a number of our more than 80 originals have been made available internationally and proven popular with viewers around the world. Our technology platform also competes with the best around the world in terms of performance, functionality and content discovery.

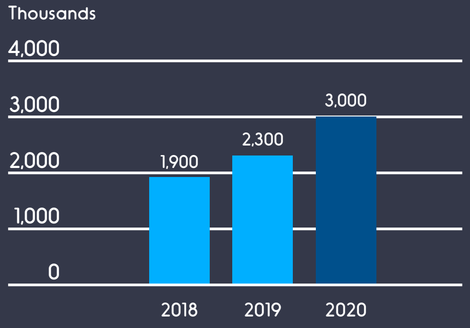
Viaplay is growing fast

Viaplay's paying subscriber base grew by 33% in 2020 to reach and exceed our target of 3 million. This represents a significant acceleration and reflects the growth in the business-to-business segment in particular, where we have formed strategic distribution partnerships with the major traditional linear subscription TV providers in each of our markets. Our direct-to-consumer base is also growing at healthy levels, and the mix of basic and premium subscribers has remained at constant levels.



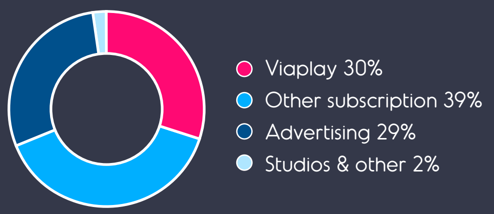
The content offering can be divided into three categories with sub-categories in each one.

Viaplay subscriber base[1]



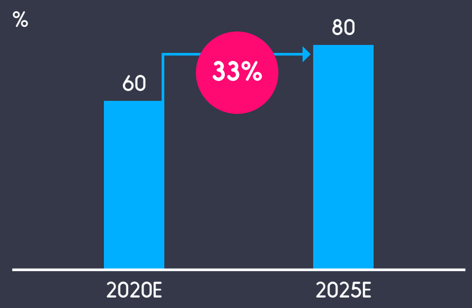
1) Paying subscribers (including subscribers that have access to Viaplay through traditional pay-TV packages)

Sales split 2020

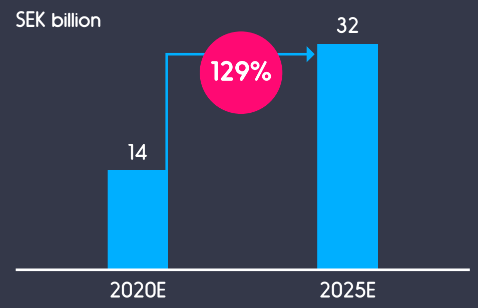


Significant growth opportunity in the Nordics

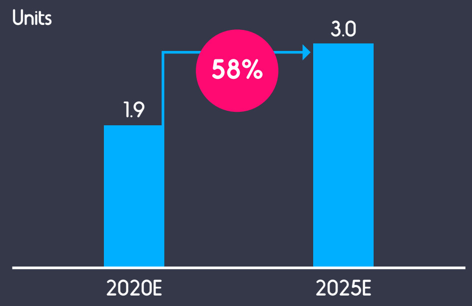
SVOD penetration



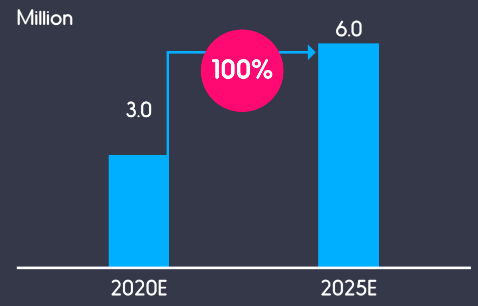
Market size



SVOD subscriptions/household



Viaplay subscriber base



Source: NENT analysis

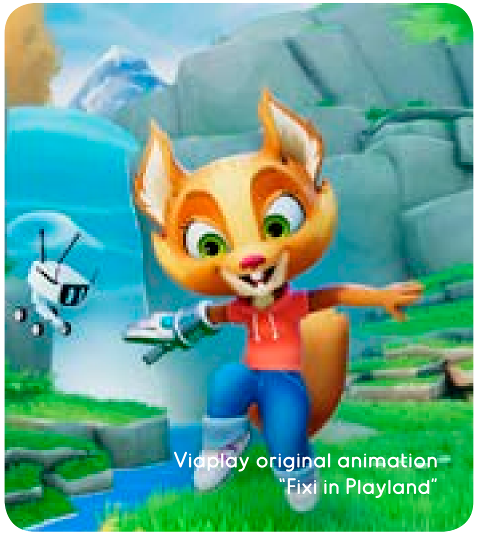
And there is significant market growth potential

Viaplay has grown fast and there is plenty of room for further growth in the Nordic markets. Approximately 60% of Nordic households subscribe to at least one video streaming service today and we believe that this penetration level will increase to approximately 80% over the next five years. In line with previous paradigm shifts in communication, such as broadcast television and mobile telephony, we see no reason why the penetration will not reach 100% in time.

Each Nordic streaming household has an average of approximately 1.9 streamed video subscriptions today, and we expect this to rise to approximately 3 subscriptions per household by the end of 2025, as it has already done in the US for example. Streaming is clearly not a "winner takes it all" market but establishing and maintaining a leadership position requires the technological excellence and content differentiation that Viaplay has consistently delivered. These factors, combined with rising prices from the currently low levels in the basic tiers in particular, indicate that the Nordic streaming market will more than double in value over the next 5 years.

Which is why we have ambitious targets

We expect to double the number of Viaplay subscribers in the Nordics to approximately 6 million by the end of 2025. This growth will be driven by NENT Group's unique offering of original and acquired content, as well as by the addition of key new sports rights such as the FIS skiing rights across the region, Premier League football in Norway and Formula 1 motor-racing in Finland. We premiered 30 new original shows on Viaplay in 2020 and expect to premiere a further 40 originals in 2021, including a number of documentaries and international English language scripted dramas.



We also continue to be the home of the largest number of new movie premieres from Hollywood, favourite series and kids' content, and the most comprehensive live sports offering that has been secured for many years to come.

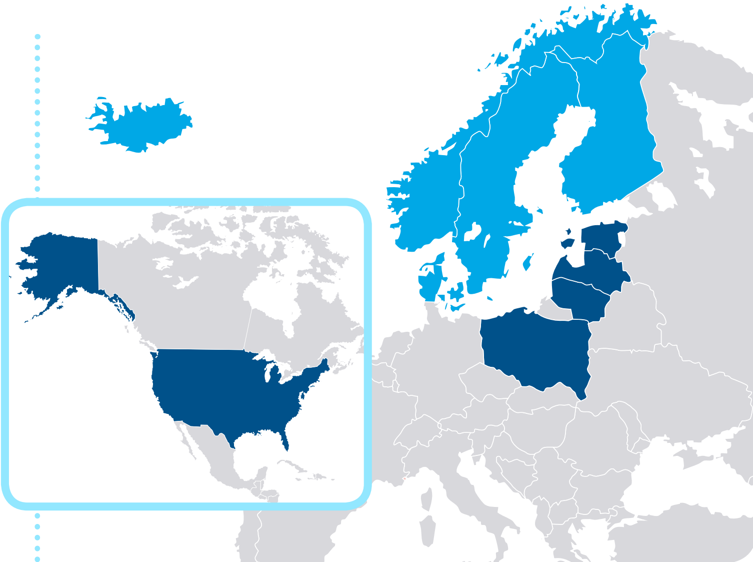
Given these investments, we see significant opportunities to raise prices this year and beyond. Combined with the anticipated subscriber intake, this is why we expect Viaplay to be the primary driver of the anticipated 13–15% compound annual organic revenue growth between 2020 and 2025 for our Nordic operations.

Higher revenues will result in operational leverage and consequently higher margins. We expect to raise the operating margin for our combined Nordic operations to approximately 15% in 2025. We do expect that the underlying margin, when excluding the contribution from the Viasat Consumer business that was deconsolidated in May 2020, will go up in 2021 and then remain stable in 2022 as the investments that we are making in the new sports rights drive both revenue and cost growth. The margin is then expected to increase in the following three years.

NENT Group targets

Group organic sales growth CAGR 2020–2025 ~18–20%	**Nordic organic sales growth CAGR 2020–2025** ~13–15%	**Viaplay subscribers by end of 2025** ~10.5 million
Nordic EBIT margin[1] in 2025 ~15%	**International EBIT** Accretive to Group in 2025	**Leverage policy of Net Debt/EBITDA incl. leases** <2.5x

1) Before associated company income and items affecting comparability.



THE INTERNATIONAL EXPANSION

The performance of Viaplay in the Nordics, as well as the successful launch of Viaplay in Iceland in April 2020, demonstrate that we are ready for the next chapter in our story, which is to expand Viaplay outside the Nordic region. Streaming is the future, and we have the right infrastructure and skillsets to capture the unique opportunity we see in the years ahead. All of the success factors are in place and the ambition is clear – we are building the European Streaming Champion.

We have analysed a wide range of potential markets in Europe and around the world, evaluating key factors such as market size, streaming penetration, international and local competition, content availability, pricing environment and partnership opportunities . Based on this analysis, we have identified and announced that we will enter five new markets in 2021, with five more to come during 2022 and 2023, and we have built cases for many more for the future. We have two distinct approaches to new market entries: Broad or Specialised. The broad approach comprises a full content offering of our originals combined with sports, acquired series and movies. The specialised approach is focused around our original content offering, together with complementary thematic and international content. Each market entry is based on being successful with a simply and competitively priced direct-to-consumer offer, and then we enter discussions with potential business-to-business distribution partners that could accelerate our market penetration. This mirrors how we have developed Viaplay in the Nordic region.

We have launched Viaplay in Estonia, Latvia and Lithuania in March 2021 and the initial response has been very positive. The Baltic service is built on a strong sport rights portfolio including UEFA Champions League and Bundesliga football, Formula 1 motor-racing and NHL ice hockey; our Viaplay originals; and over 10,000 hours of international and local series, movies and kids content. The monthly subscription is offered at an attractive and competitive price of EUR 9.99. We do expect to add more content over time to further differentiate our proposition. There are approximately 2.8 million households in the Baltics, of which approximately 15% have at least one streaming subscription and this is expected to grow to up to 50% penetration and more than two subscriptions per household by the end of 2025. Distribution deals have already been signed with leading telecommunications operators to include Viaplay in their video subscription packages in Latvia and Estonia.

Viaplay will then be launched in Poland in August 2021 and offer over 8,000 hours of Nordic, local and international content, our Viaplay originals and coverage of live sports including the hugely popular Bundesliga German top tier football league, UEFA Europa and Conference leagues. 25% of Poland's 13.8 million households currently have a streaming subscription, and this is expected to grow to well over 40% in 2025, with the current average of 1.5 subscriptions per household expected to increase to over 2. The monthly subscription will be offered at an attractive and competitive price of 34 Zloty, and we do expect to add more content over time to further differentiate our proposition.

Viaplay will be launched in the US in late 2021 as a tailored and specialised service providing our Viaplay originals, as well as complementary high-quality Nordic drama series and international content. The successful track record of a number of our originals that have been shown on networks in the US, as well as detailed consumer research and the clear demand for differentiated international content, give us confidence that we can secure the relatively low levels of market penetration required to deliver a high growth and profitable US business. The US is the world's largest streaming market with 300 million subscriptions, 80% household penetration, and an average of three subscriptions per household, all of which are expected to grow further in the coming years. There is a high affinity for Scandinavian and international original content in the US and we will create even more new English language originals that can travel to the US and other markets.

Viaplay will be launched in an additional five European markets by the end of 2023 and the combined 10 markets are expected to attract approximately 4.5 million international subscribers by the end of 2025. NENT Group's international operations are expected to grow rapidly and be EBIT profitable on a combined basis in 2025, with accumulated combined losses to breakeven of approximately SEK 2.5 billion. The margin potential for the international Viaplay operations is expected to be even higher than in the Nordics and the development of the international operations will be reported separately in our results.

The international expansion will be funded with part of the proceeds of the directed placement of 10.6 million new NENT Group B shares, which were issued in February 2021. The placing of the new shares with Swedish and international institutional investors, including certain existing shareholders, was significantly oversubscribed and raised gross proceeds of approximately 4.35 billion.

Our people

Our values Bravery, Equality, Appreciation and Trust build the foundation of our business. That fosters an open, inclusive and engaging culture that aims to inspire employees, audiences, and creates long-term business value. We have made significant steps in 2020 to create an even more inclusive working environment and we will continue this important work, because we know it is a key factor to be able to become the European streaming champion.

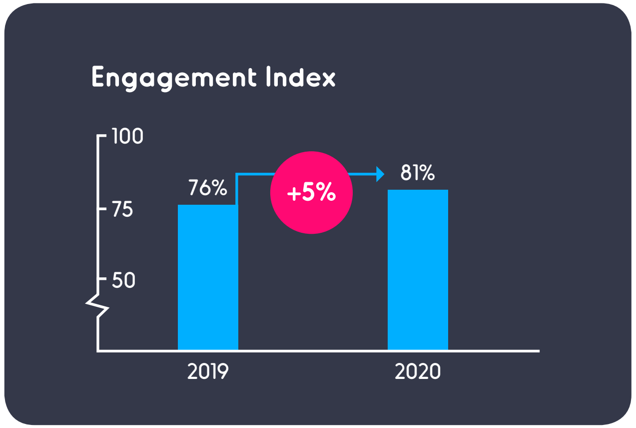
Driving engagement and innovation

We are a people, technology and content company that depends on cutting edge innovation and creativity to put ideas into practice. We want the best people in the business to want to work with us, and to provide a culture where talent can perform and develop. Our culture is based on the One-NENT approach, our values, our focus on Diversity & Inclusion, our desire to learn and to lead.

One Company – ONE NENT

We are still a young company, having our shares listed on NASDAQ Stockholm in March 2019, and we are building our organisation and creating our own story which we believe will create more engagement among our people.

We reorganised the company in 2019 by shifting from a country-based set-up to a functional operating model – ONE NENT – which enables us to take decisions faster, and ensures even better strategic alignment across the business. This year's Employee Engagement Survey (EES) clearly shows that we are on the right track with the Engagement Index (measuring clarity and energy) increasing from 76% to 81%. The EES excludes employees of NENT Studios businesses that are currently being sold.



Hack days; a platform for learning, engagement and cross-functional collaboration with the focus of improving the Viaplay experience.

BRAVERY
Do you challenge the way you do things in order to learn and grow?
89%

EQUALITY
Do you feel that you can be yourself at work?
94%

APPRECIATION
Do you give positive feedback in your team?
92%

TRUST
Do you openly admit mistakes in your team in order to learn from them?
90%

Results from the 2020 EES. The percentage equals the share of our people answering 4 or 5 on a 5 point scale.

Great values – great opportunities

In 2019, our people came together to create four shared values for NENT Group. We call these values 'the BEAT': Bravery, Equality, Appreciation and Trust. These values help create a mutual understanding of how we want to behave in our work and with our colleagues. They create a winning culture that prioritises and promotes people, encourages us to bring our unique selves to work, and motivates us to speak up when we believe that things should be done in a different way. 89% of respondents to the EES confirmed that they "dare to challenge how things are done".

In 2020, we have continued with the roll-out of employee workshops around each of our values. An average of 70% of our employees[1] participated in each workshop.

> **True champions build from an equal foundation. We believe in empowering our people to collaborate and innovate. Everyone contributes with their unique perspective and together, we are accountable for all our stories to be told and all our voices being heard**
>
> Sahar Kupersmidt,
> EVP & Chief People and Culture Officer

Diversity and Inclusion

Equal opportunities and inclusion fuel our success and equality, in terms of working conditions and treatment, are the basis on which we operate. As one of our four values, Equality reflects our belief in standing together in our diversity to welcome everyone. We believe that a diverse and inclusive working environment leads to better decisions, greater creativity, increased engagement and a highly motivating sense of belonging and purpose.

We seek to make Equality part of every aspect of our business, in order to reach our goal of becoming the European streaming champion. We want to be the world's most diverse and inclusive streaming company. Diversity for us is not just about factors such as age, gender and ethnicity, but also about knowledge, experience, personality and so much more. In 2020, we created a separate Diversity & Inclusion (D&I) strategy based on the mapping of our status (including interviews, the EES results, new hires, retention, gender and age distribution). The result shows that we need to take actions to raise the awareness levels around this topic and we have taken several measures in 2020 to do so. For example: workshops, seminars and trainings have been conducted across the Group and 72% of our people have now participated in an equality workshop that includes unconscious bias and other training. We have arranged seminars on subjects ranging from childrens' rights and mental well-being to LGBTQIA+[2] inclusivity and Black Lives Matter, with over 500 participants in total. We have also initiated a mentorship programme to empower female talents, and promote diversity and knowledge sharing. This programme will be expanded further in 2021.

We have also reviewed our talent aqcuisition process to make it more standardised across the Group, and initiated an Applicant Tracking System in the screening process. We will continue this work in 2021 and focus on inclusive leadership with the deployment of a recruitment and remunera-

1) Excludes employees of the NENT Studios businesses that are currently being sold.
2) LGBTQIA+ is a common abbreviation for the Lesbian, Gay, Bisexual, Pansexual, Transgender, Genderqueer, Queer, Intersex, Agender, Asexual and other queer-identifying community.

tion toolkit. We are also implementing a job architecture framework to clarify potential career paths even better. Due to the impact of the coronapandemic, the review of our succession planning model will now take place in 2021.

Although we acknowledge that we need to do more to improve our work around D&I, we have also come a long way. 94% of our people responded in the EES that you "can be yourself at work", and 87% that they have the same opportunities regardless of gender, gender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age.

Gender balance in the technology sector is an important issue for both the society and to secure future gender balance in our own business. An example on how we promote this is by being a proud partner of Women in Tech since its beginning. An initiative taking a strong stand and emphasizing the importance of more women choosing a career in tech, and that those who are already here should want to stay in the industry.

Another example of our progress is that we were rewarded for our gender equality work in 2020 when we were ranked second in the Swedish "SHE-index" and first in the Nordic Business Diversity Index. As an example, we have a ratio of 50/50 in our Group Executive Management and more than 50% of our top 100 talents are women.

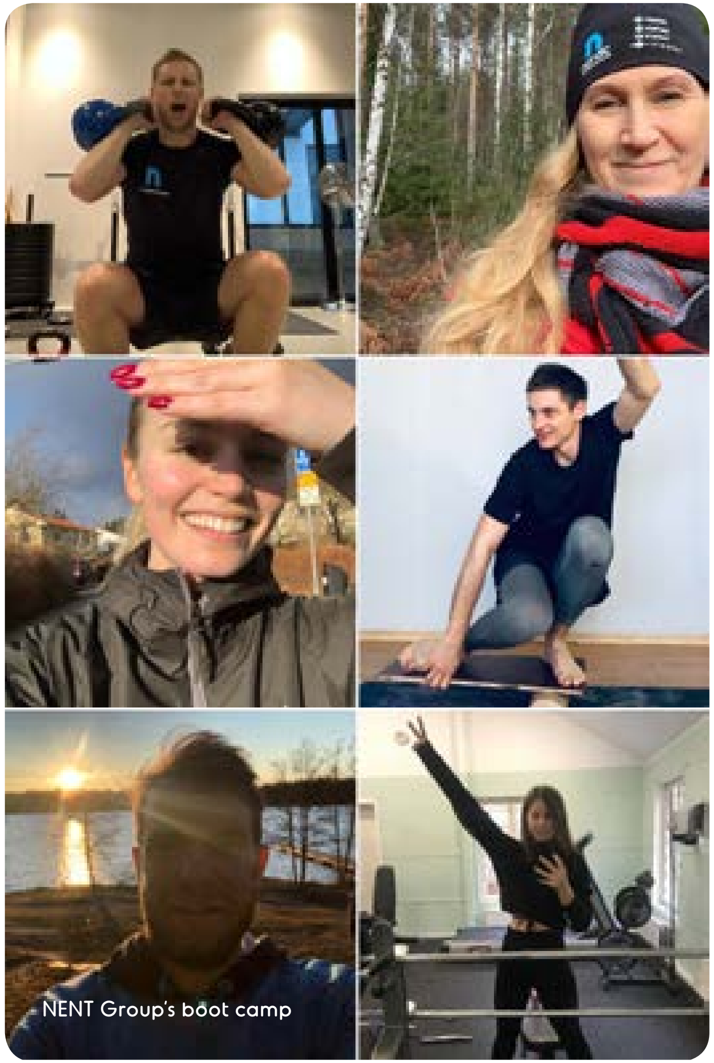
We have zero tolerance of any kind of discrimination and harassment. The EES includes questions relating to discrimination, and we follow up the results of the survey throughout the year and take appropriate measures where required. There have been zero reported incidents of discrimination in 2020.

Learning culture and leadership

In a technology driven and creative content business, it is essential to be proactive and stay ahead of the curve, in order to originate and implement the best ideas. We believe self-leadership is vital for professional and personal growth. When we are empowered to act, collaborate and trust in each other's strengths, our teams become even greater than the sum of their parts. According to the EES, 84% of our people have "the authority to take their own decisions" and 91% "take ownership for their own learning and development".

Among the many initiatives to establish the learning culture were the two 'Hack Days' arranged in 2020. Each 'Hack Days' is an entire week where cross-functional teams work on projects of their own choosing to come up with tech-inspired solutions for different parts of the Group's operations, with special focus on the Viaplay/Viafree experience. In total, 33 hacks were represented, and we can see that it drives a learning culture, innovation and engagement among our people.

All physical location training programmes after the Coronapandemic outbreak were cancelled. These have been replaced by online trainings and workshops, as well as a general emphasis on digital learning by sharing experience and best practice. All employees also have access to LinkedIn's learning modules. In 2020 we kicked off our first Booster training which is focusing on the Viaplay product from a Product Management and Development perspective. In total 27 people participated in this 30 hours training course which will be rolled out again in 2021.


NENT Group's boot camp

We manage our learning culture mainly through close and regular dialogue in our teams, and between managers and employees, which has empowered us to act, collaborate and trust even more. We have further improved the career and development review process, now known as the 'NENT Dialogue', so that managers and employees set long-term goals, and follow up on them in a simpler and more frequent way than before. According to the EES, 75% of employees had participated in a dialogue with their manager in 2020. In 2021 we aim to increase this share by preparing and supporting both managers and employees even more in this process.


Listerners' Aid 'Lyssnarhjälpen': Music Sessions

Staying safe and healthy at work

The safety and security of NENT Group's employees and assets is always the most important consideration. NENT Group's Risk and Security team works closely with all of the Group's functions to identify potential risks and ways to mitigate them by training teams and implementing processes, systems or insurance policies to protect our employees and the business. For more information on risk management, please see pp. 57–59.

Encouraging a safe working environment around productions that we commission is a priority requirement when we work with partners. We screen people in key positions in each production company, in order to make sure that they share our values. We also provide information about our whistleblower service to all production staff (both at start-up meetings and during set visits) to ensure that everyone knows what to do, and who to contact in the event of any issues or questions. For more information on our approach to securing the health and safety of the people working for partners and/or suppliers, please see p. 33.

In 2020, we had three reported incidents related to safety and we have taken relevant measures in each case. This compares with five incidents in 2019. We also established a 24/7 capability to assist our people worldwide regarding safety issues during 2020. As planned, we worked to identify challenges and enablers for healthier and safer workplaces, including safe travelling, during 2020. This was primarily, and necessarily, focused on reacting to the implications of the Coronavirus pandemic, and we will continue the broader work in 2021.

Working through the Coronavirus pandemic

Our primary objective throughout the pandemic has been to secure the health and safety of our people. We started informing our people about the virus already in January 2020, and set up an internal information site with protocols and guidelines about our response to the outbreak in February. Our Risk and Security team has worked closely with our People & Culture function to make sure that we have taken swift and decisive actions, which have been communicated quickly and clearly to our employees on a regular basis.

What progress has been made?

- We have adopted and improved our remote ways of working. We have nearly doubled the amount of Slack messages being sent per day and the amount of Teams meetings have increased from appx. 800 per month before the pandemic to appx. 13,000 in the autumn.
- We have improved our system maintenance by going towards more flexible and cloud based solutions.
- 93% of respondents to our EES indicated that NENT Group handled the situation during the Coronavirus pandemic well or very well. Managers provided action plans after each survey to follow-up on the effects of Covid-19 and further enhanced the support being provided to colleagues.

Examples of measures taken to secure the health and safety of our people

- From 11 March, we encouraged almost all of our people to work from home. For those teams that had to be on site or travel to deliver business critical services, we set up detailed procedures and protocols and guidelines at our working locations. In general, appx. 90% of our people have been working from home.
- In order to promote physical and social wellbeing, all our people have had the opportunity to have office equipment delivered to their homes. We have also shared information and experience about how to create the best possible working conditions at home and how to conduct successful digital meetings.
- In order to promote mental wellbeing, workshops have been arranged to raise awareness levels and provide useful advice on measures that can be taken to improve conditions when working from home.

Examples of showing support to society

In the midst of the pandemic in the spring, we wanted to contribute to the heroes of Covid-19. We did this through different actions:

- We gave away 3 month Viaplay subscription to over 12,600 people working to help others suffering from the Coronavirus pandemic. This included people all over the Nordics working in hospitals and elderly homes, but also people helping neighbours with buying food etc.
- We set up Listerners' Aid 'Lyssnarhjälpen' where our Swedish radio stations connected people wanting to help other people in need of support. We also initiated 'Lyssnarhjälpen: Music Sessions' where famous artists gave six acoustic live concerts on radio and TV.
- We donated airtime on our platforms to different organisations informing the public on the importance of e.g. cleaning hands. We also did a campaign in our Social Media Channels encouraging people to 'Stay Together by Staying Apart'.

Sustainability

"

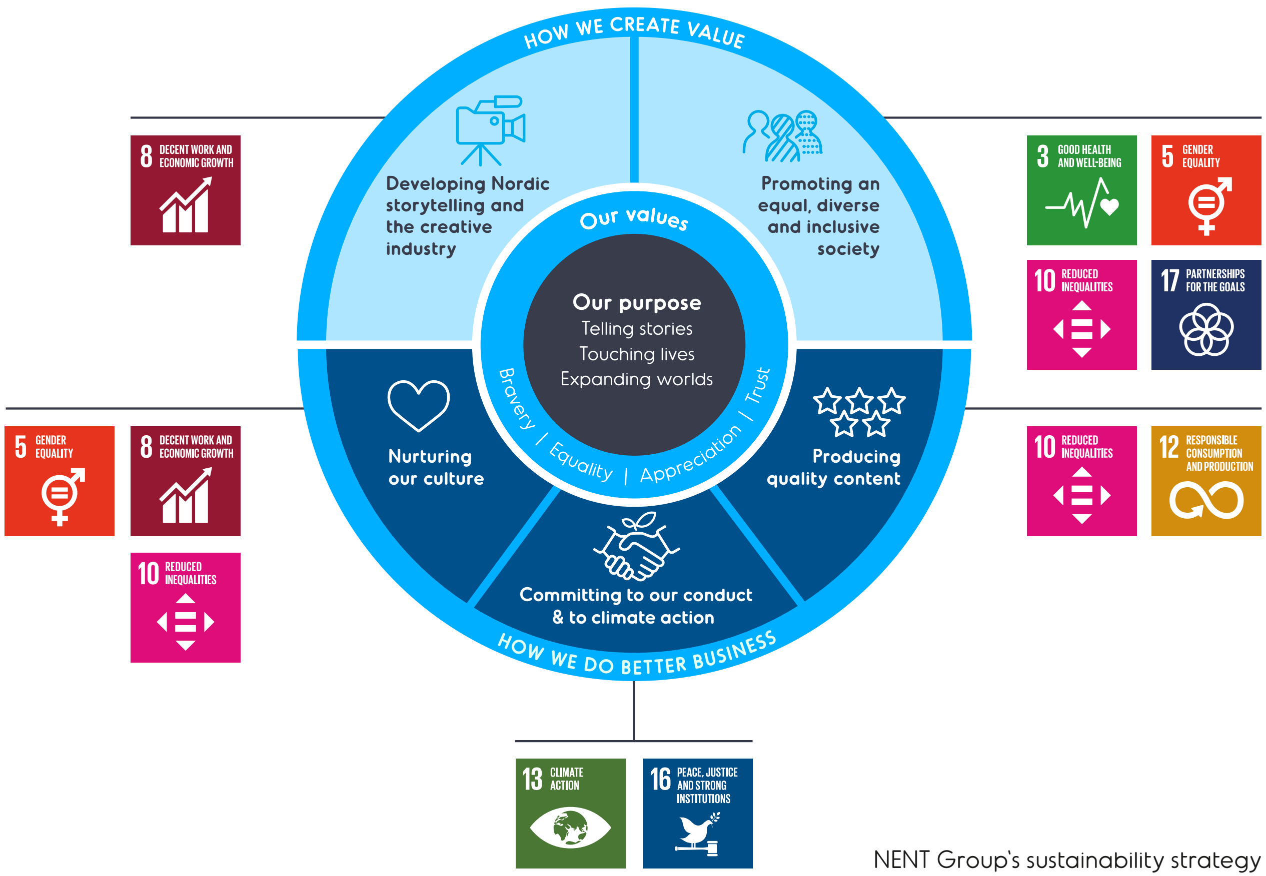
Sustainability is at the heart of NENT Group's business. As the leader in Nordic entertainment, we take every opportunity to inspire and engage.

Our approach to sustainability

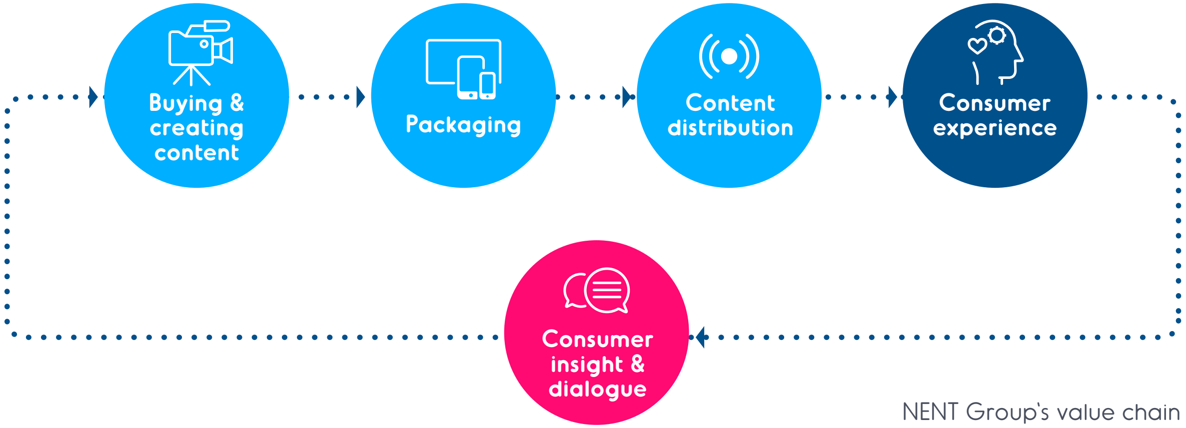
We are a value-driven company and we want to make a positive and sustainable impact on the societies in which we conduct business. We operate in a fast-changing industry that creates both challenges and opportunities for our business. We are committed to fundamental sustainability principles, such as UN Global Compact and Women's Empowerment Principles that guide our work and help us future-proof our business.

Stakeholder value is shareholder value

Sustainability is integrated with NENT Group's business strategy, culture and values. Our ambition is to make a positive impact on society while doing better business. Our priorities are presented in our sustainability strategy, which consists of five focus areas: developing Nordic storytelling and the creative industry; promoting an equal, diverse and inclusive society; and driving excellence in our culture, conduct (including climate action) and content. These focus areas reflect the materiality analysis that we conducted in 2018, as well as consideration of today's megatrends and the biggest challenges faced by the world in general, and the Nordic countries in particular. These include climate change, rapid technology shifts, and rising levels of inequality and segregation. The implementation of our strategy is intended to create value for both society and our stakeholders.



NENT Group's sustainability strategy



NENT Group's value chain

Link to business strategy

Our sustainability strategy is aligned with, and supports, our business priorities: to provide outstanding experiences for our employees, customers and partners, and to support our international expansion.

By producing quality content that is equal, diverse and inclusive, we aim to provide the most relevant and engaging stories that will be easily accessible and appreciated by broad audiences in many countries and languages. Nurturing a culture that helps us to attract and develop the best people will also help us to secure the best ideas and talents. By integrating sustainability into our decision making, we seek to build win-win relationships and partnerships and thereby create growth for our company.

Sustainability in the value chain

The sustainability strategy interacts with, and impacts on, each part of NENT Group's value chain.

Buying and creating content is vital for our business and developing Nordic storytelling is a key part of our sustainability strategy.

We make sure that our content is engaging, diverse, equal, inclusive, and that it educates about topics of wide societal concern. We also ensure that we buy content responsibly through our supply chain management procedures and content screening by our Content Compliance team.

Packaging is about mapping the content to our customers' interests, and includes scheduling and pricing considerations. Read more about how we screen sensitive content and apply appropriate scheduling restrictions and on-screen warnings on pages 38–40.

Distribution of our linear channels and on-demand services is achieved through the Group's own streaming platforms or third-party network operators. We aim to make our content easily accessible to wide audiences through subtitling, audio description, signing and dubbing.

To gain knowledge about viewing experiences, we use information on viewing habits and dialogues with stakeholder groups to further improve our offerings and continue to seek to fulfil our purpose of telling stories, touching lives and expanding worlds.

Sustainability safeguards

NENT Group's sustainability strategy is directly aligned with 8 of the UN's 17 Sustainable Development Goals (SDGs). This highlights our commitment to helping find sustainable solutions to global challenges. This commitment is also reflected in NENT Group being a signatory member of the UN Global Compact. We are also committed to the SDG Media Compact and the Women's Empowerment Principles. In 2020, we also committed to the Science Based Targets initiative to ensure that our business takes action to reduce greenhouse gases in line with the ambitions of the Paris Agreement.

These safeguards guide our decision making and priority setting with the aim of future proofing our business from a sustainability perspective.

ESG indices and recognitions — a key performance indicator

Environmental, Social, and Corporate Governance (ESG) refers to the three core factors used by the investment community to evaluate the sustainability work of companies and their societal impact. ESG indices provide a key performance indicator for our work, a useful benchmark against what others are doing, and a clear indication of those areas where we can improve our work further.

In 2020, NENT Group participated in two of the major global ESG indices: Sustainalytics and Morgan Stanley Capital International (MSCI). We also participated in the S&P Global Corporate Sustainability Assessment (CSA) which serves as a basis for inclusion in the SAM Sustainability Yearbook and Dow Jones Sustainability Index. NENT Group scored above the 90th percentile in each index and the CSA for our industry. The SAM Sustainability Yearbook 2021 which is the world's most comprehensive publication on corporate sustainability. Our score in the Yearbook placed us 7th out of 68 global industry peers, and NENT Group was the only Nordic company in its industry to be included in the Yearbook.

NENT Group has also participated in other sustainability indices, e.g. we were ranked number 2 in the SHE-index (Swedish index) focusing on gender balance in general in the company. We were ranked number 1 in the Nordic Business Diversity Index (NBDI) for large capitalisation companies listed on Nasdaq Stockholm, focusing on aspects of gender equality, age, nationality and educational background of the executive team.

We are also a Nasdaq ESG Transparency Partner, thereby signalling our engagement in market transparency and raising environmental standards.

SUSTAINALYTICS
a Morningstar company

A rating of 12 (where 100 is highest risk and 0 is lowest risk). Placed in the 95th percentile of the Broadcasting sub-industry assessed by Sustainalytics.

Sustainability Yearbook
Member 2021
S&P Global

A score of 57 out of 100. Ranked 7th out of 68 in the Media, Movies and Entertainment Industry and included in the SAM Sustainability Yearbook 2021.

MSCI ESG RATINGS
AA

A rating of AA (which is second best on a 7-grade scale (AAA-CCC) in the MSCI ESG Ratings assessment.

Signaling our engagement in financial market transparency and raising environmental standards directly to the public.

SHE Index
Powered by EY

Ranked number 2 out of 30 companies, focusing on the general gender balance in the company.

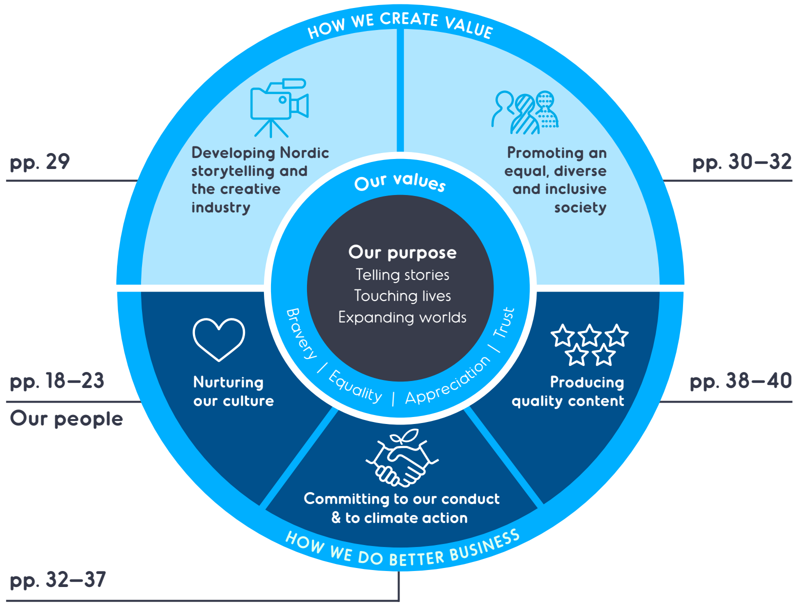
NORDIC BUSINESS DIVERSITY INDEX

Ranked number 1 among 90 large capitalisation companies listed on Nasdaq Stockholm, focusing on gender balance in the the executive team.

Sustainable business

Our sustainability work aims to be a driver for our business. Only then can we create value for all our stakeholders, including our shareholders. To be able to achieve this, sustainability needs to be integrated into everything we do. With our sustainabiity strategy we have the foundation to succeed and our activities in 2020 show that we are on the right track.

In this section we outline four out of five focus areas in our sustainability strategy; ensuring that we manage our sustainability agenda in a way that aligns with our stakeholders' expectations. For more information on the fifth focus area and how we nurture our culture, please see the section 'Our people' on pages 18–23.



Developing Nordic storytelling and the creative industry

We are Nordic by origin, and global in terms of our storytelling, partnerships and audiences. We develop Nordic storytelling by offering a broad and diverse portfolio of some of the best international content available. We also do it by working closely with local and international talents to produce critically acclaimed scripted drama, comedy series, documentaries, kids' content and feature films. In 2020, our productions Partisan, Love me and Box 21 have all won best series awards at major national and international ceremonies.

Impact through our content

We produce series, films and documentaries in every Nordic language. Creating quality content and reaching as many viewers as possible is essential for us because it enables us to engage millions of people every day. It also provides a platform to promote the Nordic creative industry, languages and cultures. It also enables us to make a significant contribution to local communities and talents by creating jobs in the creative industry – an industry that contributes to an open, vibrant, and inclusive society. For this reason, we invest in and develop the local creative community in each market that we expand into. Despite Covid-19 forcing the postponement of some of our original productions, we still reached the target of premiering 30+ originals in 2020 (28 scripted and 10 documentaries). In 2021 and despite the ongoing impact of Covid-19, we aim to premiere at least 40 originals (including scripted and documentaries), which shows how well we adapt to new conditions while continuing to reach our goals.

> **Our Originals are at the heart of everything we do and the rewards our productions have received in 2020 show us that we are also starting to attract a global audience.**
>
> Filippa Wallestam, EVP & Chief Content Officer

Promoting talents

We rely on a steady stream of new talents in the local creative industry to be able to continue creating relevant and innovative content for our audiences. Gaining access to the creative community can be challenging for new talents, which is why we planned on initiating a pan-Nordic recognition concept in 2020 for talents in the creative business. Due to the Coronavirus pandemic we had to postpone this initiative and are planning on launching it in 2021 instead.

In 2021 we are also aiming to initiate at least one production created by a debutant (director or writer) which is a perfect opportunity for talents to gain access to the industry.

In addition, NENT Group usually hosts an annual awards ceremony in Denmark every year to celebrate talents at the production companies that we work with to create content for the Danish market. The awards categories include e.g. talent of the year, Viaplay original of the year, programme of the year and innovation of the year. The 2020 ceremony did not take place due to Covid-19 and is planned for 2021 instead.

In brief

See page 135 for details

Goals 2019–2021

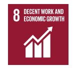
- Invest in Nordic storytelling and create job opportunities in the local creative industry.

Target 2020	Status	Target 2021
• Increase the number of Viaplay originals annually from 21 to 30+.	green	• Premiere at least 40 Viaplay originals.
• Launch recognition concept to promote talents in the creative industry.	yellow	• Launch recognition concept to promote grassroots talents. • Initiate at least one project created by a debutant (director or writer).

Impact

- Job creation in the creative business in general and for grassroots talents in particular.

Contribution to SDGs



Box 21

Promoting an equal, diverse and inclusive society

It is important for us to reflect the societies within which we live and work so that our stories are engaging and relevant for as many people as possible. This is why we seek to portray a plurality of perspectives and cultures that appeal to a wide audience. We appointed a Head of Diversity and Inclusion in 2019, with the primary task of leading our efforts to make NENT Group the most equal, diverse and inclusive streaming company.

New strategy for Equality, Diversity & Inclusion

We launched an Equality, Diversity and Inclusion strategy (EDI) in early 2020, which focuses on three key areas: attracting, exciting and keeping the best talent; producing and promoting diverse content; and ensuring a fair and inclusive culture. All of these areas are managed by setting targets, implementing action plans, and regularly following up on performance. More information about the first and third key area can be found in 'Our People' on pages 18–23.

Equality is one of our four values and 72% of our employees have so far participated in workshops to learn more about equality, including how to recognise and understand unconscious bias.

Recognising diversity

We are working to encourage greater diversity in the entertainment industry. In order to reach and attract existing and new audiences, our content must be both relevant and engaging. As a result, we work consistently with EDI behind and in front of the camera.

In 2018, we created a working group focusing on EDI across our product portfolio and content creation value chain. This group's task is to continuously identify EDI challenges and enablers. The launch of our EDI strategy in 2020 further intensified our work in this area.

We conducted workshops for people in key positions in order to increase awareness of how EDI can – and should – positively influence the way we produce, distribute and promote our content. Examples of this approach in action included dedicated Viaplay content blocks for Global Pride Day and World Children's Day.

At the same time, we are also constantly broadening our content offering. In November 2020, we established a partnership with STARZ, a US entertainment company providing diverse and premium streaming content, that brings STARZ's content to Viaplay subscribers. We increased the hours of our non-English language content offering in 2020 and aim to increase this by a further 15% in 2021. We are also very proud of our original stories such as the documentary film and series 'Catwalk', which highlights a group of

In brief

See page 135 for details

Goals 2019–2021

- Reach & maintain 50/50 gender balance in the creative value chain.
- Increase employees' feeling of having equal opportunities at work.
- Raise awareness of EDI through partnerships.

Target 2020	Status
Increase percentage of women in key positions in the creative value chain.	●
Establish two-way mentorship programme teams.	●
Establish Diabetes foundation.	●

Target 2021

- Reach & maintain 50/50 gender balance.
- Increase mentorship programme from 10 to 30 participants.
- Review current and possible new partnerships.

Impact

- Increased diversity and inclusion supports the wellbeing of our people, aligns us with our stakeholders, and opens up new opportunities. It also increases the possibility to reach new customer groups.

Contribution to SDGs

EDI strategy

To be the European Streaming Champion

Strategy	Attract, excite and keep the best talent	Diverse content	Fair and inclusive culture
Focus areas	Talent acquisition and promotions	Content	Culture
	Internal and external communication (e.g. transparency, inclusive language and best practices)		
Foundation	BEAT values – Bravery, Equality, Appreciation & Trust		
	ONE NENT – Working together as one company		

Rights to top-division football

young people with disabilities challenging societal stereotypes. We have also begun developing Equality Content Guidelines to support our people in decisions regarding equality in our content, which will come into use in 2021.

We map the gender balance in our creative value chain for scripted and non-scripted content. This covers Directors, Writers, Producers, Executive Producers, Hosts, Actors, Project Managers, Editors, and Post Producers. The balance for scripted content increased from 44% women in 2019 to 47% in 2020, as relatively more women took on roles as Writers and Photographers. For non-scripted content, the balance decreased from 64% women in 2019 to 56% in 2020, as men took on more lead acting roles. We use the mapping information to raise awareness and encourage gender balance also in this part of our business.

We also believe in the importance of investing in the growth of women's sports, which is why we have acquired the rights to IHF and EHF handball competition for both men and women, top-division women's football from England, Germany and France; the FIFA Women's World Cup in football; LPGA Tour golf and cross-country skiing. We aim to increase the number of women's sports rights with close to 20% in two years (from 38 in 2020 to 45 in 2022).

Increased investment in women's sports

Women in Tech

BEAT Diabetes

Partnerships enabling Diversity and Inclusion

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

BEAT Diabetes

In the Nordic region, diabetes currently impacts over 1.5 million people, according to the International Diabetes Federation. The region is also home to the highest number of people with Type 1 diabetes in the world per capita. In response, NENT Group has organised a Diabetes Gala on World Diabetes Day every year since 2017, in collaboration with the Swedish Diabetes Association. In total, the event has raised over SEK 20 million for research into type I and type II diabetes. In 2020 the Gala was cancelled because of the Coronavirus pandemic. However, in 2020, we stepped up our engagement by initiating the pan-Nordic BEAT Diabetes Foundation. It is an independent entity in which we will invest SEK 2.5 million every year from 2020 to 2024 to raise awareness and drive positive change within three areas: health tech, healthy lifestyles, and inclusion and wellbeing. We believe joining the fight against diabetes also contributes to a more inclusive society.

Childhood trust

In the UK, NENT Group has helped The Childhood Trust, who funds grassroots charities to alleviate the impact of child poverty in London, by filming and editing two campaigns for them and also donating GBP 10,000 to them.

Women in Tech

In Sweden, we are a founding partner of Women in Tech, an annual event that aims to promote equality and to inspire talented women to pursue careers in technology.

Airtime donations

We use our platforms to create change by donating airtime to organisations with an important cause, giving them the possibility to reach a larger audience with their important messages. In total in 2020, we donated airtime worth over SEK 43 million to e.g. Red Cross, UNICEF, SOS Children's villages, UNHCR and World Animal Protection.

Committing to our conduct & to climate action

We conduct business responsibly and with integrity, and we expect our suppliers and partners to do the same. Keeping information and data relating to our business, customers and all stakeholders safe is a top priority for us.

Our governing framework

Our Employee and Supplier Codes of Conduct combined with our Group policies and directives provide a framework that defines how we do business; keeps us aligned with all applicable regulations, and supports us in living our values of Bravery, Equality, Appreciation and Trust. The framework is based on accepted standards and principles, including those relating to human rights, and it is subject to regular review (see model below).

Business ethics programme

NENT Group is committed to have a robust and fit-for-purpose business ethics programme that fosters a culture of good ethics and compliance at all levels of the company. NENT Group's business ethics programme focuses on business ethics risks such as corruption, competition law, data protection and sanctions. The programme is created to enable us to to raise awareness about sound business practices (by having accessible policies and procedures and providing compliance training for all employees), to prevent breaches of our Code of Conduct, laws and regulations. The programme also contains elements to detect the mistakes and breaches when they do happen; enable employees to report, and us to respond and remediate quickly when needed. The business risks and the programme are continuously reviewed to ensure the effectiveness of the programme. The seven core elements that form the basis of the business ethics programme are based on the principles endorsed by national regulators such as the U.S. Securities and Exchange Commission, the U.S. Department of Justice and the UK Serious Fraud Office. See model below.

Working with suppliers

In 2020, we established an enhanced Supplier Due Diligence process to ensure the responsible management of both existing and new suppliers. Suppliers that are identified as high-risk will receive a mandatory questionnaire covering topics such as business ethics, environmental work, fair working conditions and health & safety. The definition of high-risk is based on four criteria: annual contract value; type of product/service; dependency on the product/service; and location of operation. A total of five suppliers were screened in 2020 and no resulting actions have been necessary. The aim is for all of our identified high-risk suppliers to have received the questionnaire by the end of 2021.

Raising awareness among our people

In 2020, around 1000 employees participated in Ethics & Compliance information sessions and/or more in-depth training sessions. The information sessions aimed to raise awareness about the Company's Steering Document framework and whistleblower processes. The in-depth training sessions focused on competition law and anti-bribery & corruption rules targeting key functions.

The Employee Code of Conduct is reviewed annually, and employees are asked to sign the Code every other year. By the end of 2020, 90% of our employees had signed the Code and 85% had also completed the associated e-learning course, which also covers aspects relevant to human rights.

NENT Group had no reported incidents of corruption in 2020. Two whistleblower incidents were reported in 2020,

In brief

See page 136 for details

Goals 2019–2021
- Raise awareness of our Code of Conduct (CoC), values and policies.
- Address and engage with all high-risk suppliers to ensure shared commitment to our ethical standards.

Target 2020 (Status)
- Increase employee awareness of CoC. ●
- Identify high-risk suppliers and initiate process for engaging with those. ●

Target 2021
- Secure and improve the integration of CoC into our on-boarding process.
- Engage with all high-risk suppliers through new Supplier Due Diligence Process.

Impact
- Business conduct that is aligned with our ethical standards leading to a safer and more trusted relationship between stakeholders and us.

Contribution to SDGs

NENT Group's business ethics programme

where in depth investigations were initiated. They related to the work environment and to a potential conflict of interest, and were resolved during the year. Additionally, we had a breach of the Code of Conduct; more specifically, a health & safety and psycho-social well-being case. This breach was resolved with the necessary measures.

Protecting data and content

NENT Group aims to protect all personal data entrusted to us, and to comply with all relevant data protection laws and regulations, including GDPR, wherever we operate. As part of this commitment, we established a Data Protection Governance Framework in 2020, which is managed by NENT Group's Privacy Team. The framework consists of different elements to be implemented each year by each business function's data protection manager. The framework is designed to prevent, detect and investigate data privacy issues, and includes a roadmap with prioritised workstreams and action points for the year, along with clear ownership and deadlines to secure best practice processes and minimise risk exposure. The EU Court's invalidation of the Privacy Shield mechanism and the handling of personal data outside the EU/EEA has been added to the roadmap.

Protecting our content from piracy is a key priority for us, and our work to manage this risk is carried out by our Technical Operations Center in close cooperation, and aligned with our legal, technical and operational entities. We continuously review this risk and take appropriate measures. We also cooperate with specialised external organisations such as the The Audio-visual Anti-Piracy Alliance and the Nordic Content Protection.

The piracy landscape is constantly evolving and requires us to continuously evaluate the preventive measures we have in place as well as potential new ones. This is carried out by dedicated resources and in an internal forum within PD&T, Content Protection Committee: Tech, which meets on a monthly basis. We have several security controls

NENT Group's Governing Framework

COMPLIANCE SAFEGUARDS

- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- UN's Guiding Principles for Business and Human Rights
- The Universal Declaration of Human Rights
- The ILO's Core Conventions

Laws and regulations

Guidelines by authorities, e.g. US department of justice

STEERING DOCUMENTS

Code of Conduct and Supplier Code of Conduct

Policies (e.g. Sustainability and Data Protection)

Directives (complement to CoC and Policies)

METHODS TO SECURE COMPLIANCE

Internal Audit: Following up that the business is conducted in a way that aligns with the governance framework.

Review of policies and Code of Conduct: Adopted by the Board of Directors and revised annually. Directives are adopted and revised by CEO and CFO.

Whistleblowing: Possibility for employees to report anonymously through our Speak up line channels without the risk of retaliation.

implemented in different stages of the content delivery chain. However, due to the fact that piracy is illegal and action against it sometimes has to be handled by the authorities, we also have to make our voice heard in regulatory processes regarding legislation and policies concerning piracy, both at an EU and national level. An example of this is our participation in the European Commission's stakeholder dialogues regarding the Directive on Copyright in the Digital Single Market in the autumn 2019. In 2020 we contributed to consultations taking place in Sweden and Denmark on the respective national implementation of the Copyright Directive.

Any incident regarding data and content protection is documented and followed up on. In 2020, NENT Group did not have any incidents that had an impact on our business operations nor affected the rights and freedoms of our customers, employees and business partners.

Human Rights

We comply with both internationally recognised human rights principles and the laws of the countries in which we do business. To meet our responsibilities, we have established a process in 2020 for proactive and systematic identification and review of potential human rights issues, and where they could occur. This process is based on our Governance Framework (see model above) and covers our own operations and supply chain. Human Rights are also part of the due diligence in our Mergers & Acquisition Process. This process will be further implemented in 2021 and the subject for annual follow up. In 2020, zero cases of human rights violations have been detected.

Committing to our conduct & to climate action

Our environmental efforts are focused on two areas: changing behaviour by raising awareness, and taking action to reduce greenhouse gas emissions from our business. They are important for us because we want to contribute to a more sustainable future and do our part to help tackle the environmental challenges that we are facing globally.

Delivering on expectations

In 2020, we have seen a substantial rise in interest and expectations from the investor community, consumers and our own people regarding the environment, which is why we are taking a leadership role in this important area. It is not only the right thing to do, but also a critical part of future-proofing our business.

We manage our environmental impact by raising awareness about the topic and by setting relevant targets that we follow up on regularly. We apply the precautionary principle when assessing the environmental impact of our business, which means that whenever we suspect, in the lack of complete scientific knowledge, that a decision might have a negative environmental impact, we refrain from making such decision.

Our goal for 2021 has been to reduce total CO_2 emissions by 10%, compared to 2019. The significant reduction in business travel due to Covid-19 already resulted in a 59% reduction in CO_2 emissions in 2020 compared to 2019. Business travel accounted for 63% of Group CO_2 emissions in 2020. It is our intention to manage a sustained and substantial reduction in business travel even after Covid-19 by using our now well-established virtual meeting platforms. For that reason, we decreased our business travel budget for 2021 which is now approximately 40% lower than in 2019. To further support the pathway towards a zero-carbon economy, we also committed to the Science Based Target initiative in 2020. In 2021 we will prepare for such targets and submit them for validation by the end of 2021.

Raising awareness

We want our people to be aware of why protection of the environment is such an important issue for us, and how we can each help by taking the necessary actions in our everyday lives. This is why NENT Group has a forum, called 'Green Group', with a cross functional representation reviewing the environmental work of the Group and suggesting and promoting ideas and activities.

In 2020, we launched a one-day activity, called 'Green Slackathon' to boost employee engagement and share knowledge about smart environmental choices and sustainable healthy lifestyles. This was followed by our first-ever 'Digital Green Week' with panel discussions and interactive sessions featuring experts and guest speakers. We discussed climate change, its impacts, digital competence in light of the coronavirus pandemic as well as the environmental sustainability of streaming services and content production. The activities created engagement and led to idea sharing on e.g. our social platforms.

In brief

See page 136 for details

Goals 2019–2021

- Reduce total CO_2 emissions from business travel, facilities and energy use by 10% by 2021 compared with 2019.

Target 2020 — Status

- Reduce total CO_2 emissions from business travel, facilities and energy use by 5% in 2020.

Target 2021

- Continue actions to reduce total CO_2 emissions by no less than 10% compared to 2019.
- Prepare and submit Science Based Targets for validation.

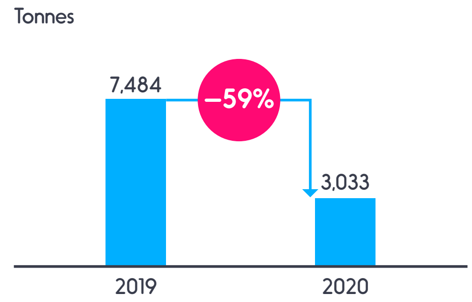
Impact

- By reducing CO_2 emissions and reaching SBTs, we contribute to a more environmentally sustainable future

Contribution to SDGs

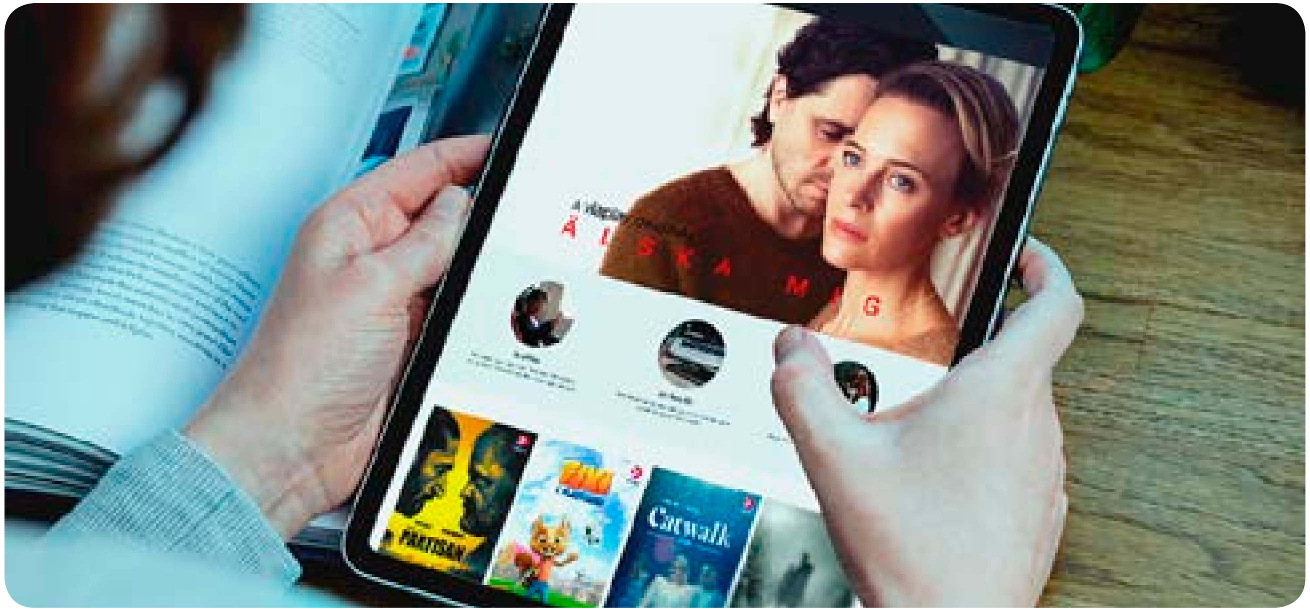
13 CLIMATE ACTION

CO_2 emissions



"Taking action on climate change is everyone's responsibility and it is time for us at NENT to do more. As the Nordic region's leading streaming company that aims to be the European streaming champion, we want to be at the forefront of positive change. It is also a key responsibility for us and other companies to learn from the radically changed way that we are operating our business during the ongoing Coronavirus pandemic. We are proud to learn from, and stand beside the science on this critical issue and to commit to the Science Based Targets, reducing our emissions in line with the Paris Agreement.

Anders Jensen, CEO



Green series and movies production
We want to integrate environmental criteria when deciding on which content to produce and acquire, but also to the way we produce our own content, so that we use our platform and content as a voice for climate action. In 2022, Viaplay will premiere the Norwegian drama series 'Made in Oslo', which is produced using more environmentally sustainable practices. The production has been designed to maximise recycling and the effective use of resources, while minimising travel and energy consumption. All suppliers and partners are also selected according to their environmental profiles. Our aim is to learn from this production and adapt best practices for future productions.

Climate impact of streaming
We want to get better at measuring and investigating all of the direct and indirect greenhouse gas emissions that we are responsible for. We want to understand better where in the value chain most emissions are being emitted and set actions to decrease these as soon as possible. In 2020, we published a report regarding the CO_2 emissions from our streaming services. It turns out that the majority of the CO_2 emissions, in the streaming value chain (excluding content production), are from the devices used by our customers in their own homes. In 2021, we will continue to review how we can reduce energy consumption and CO_2 emissions from streaming through both smarter solutions and knowledge sharing with our consumers.

Committing to the Science Based Targets Initiative

In 2020, NENT Group committed to the Science Based Targets initiative (SBTi), the international partnership that aims to drive climate action in the private sector in line with the goals of the Paris Agreement. As a result, we will carry out a comprehensive analysis of our direct and indirect greenhouse gas emissions in 2021, including emissions from streaming, technical infrastructure and content production. We will then set ambitious targets to reduce emissions across our business and supply chain over the coming years.

We aim to announce long-term emissions reduction targets at the start of 2022 and to become carbon net-zero from no later than 2023. We will offset all remaining emissions through certified projects focusing mainly on investments into renewable energy sources.

EU taxonomy and financial disclosure

The EU-taxonomy, which will be fully implemented in 2023, aims to provide guidance for policy makers, industry and investors on how best to support and invest in economic activities that contribute to achieving a climate neutral economy. It sets performance thresholds for economic activities in the shape of technical criteria to make a substantial contribution to one of the environmental objectives (Climate change mitigation; Climate change adaptation; Sustainable use and protection of water and marine resources; Transition to a circular economy; Pollution prevention and control; and Protection and restoration of biodiversity and ecosystems), while doing no significant harm to the other ones. Companies should also meet minimum sustainability safeguards (for example, the OECD Guidelines on Multinational Enterprises).

NENT Group is not considered to be in a sector that makes a substantial contribution to the objectives of the taxonomy, but it is possible that we work with suppliers that are. The details of the EU taxonomy are still under development and we will monitor this closely in 2021 to make sure we contribute in the best way we can wherever that is possible.

The Financial Stability Board (FSB) created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase the reporting of climate-related financial information. The TCFD focuses not on the impact companies have on climate change, but rather on what impact climate change might have on companies. The recommendations from TCFD are structured around four areas: Metrics and targets; Risk management; Strategy; and Governance. NENT Group already takes climate change into consideration in its risk management process and it is therefore covered in our targets, strategy and governance structure. We will develop our risk-scenario analysis in 2021, in order to be able to disclose more information about the potential risks that we could face.


Production of Heder

Producing quality content

To be of great quality, our content must reflect our values and be considered safe and trusted by our audiences. We manage this by focusing on the needs of our audience and continuously improving the user experience. We always seek to comply with the applicable rules and regulations in each of our territories, and our ambition is to constantly eliminate barriers by making more diverse and more accessible content available through subtitling, audio description and signing.


Partisan

Living our values

We incorporate the broadcasting and streaming regulations and our Supplier Code of Conduct in agreements connected to content production. All our productions are vetted by our Content Compliance Team before making it accessible to our audience, making sure it is in line with relevant regulations. We stand up for freedom of expression, privacy and editorial independence, as specified in our editorial guidelines that apply to all of NENT Group's content. In particular, we promote diversity and plurality in our content, about which more information can be found on pages 30–32.

In 2020, we received nine programme content complaints, eight of which were ruled 'not in breach' and one still pending at year end.

A proactive approach to content compliance

Most of NENT Group's broadcast licenses and streaming registrations were held in the UK up until the end of 2020, where the regulator Ofcom set out clear rules on programme content, sponsorship, product placement, fairness and privacy through its Broadcasting Code. Our content compliance team regularly reviewed Ofcom's bulletins detailing 'in breach' material, along with the regulator's guidance on how broadcasting and streaming rules should be interpreted. We engage in meetings with the regulators and provide annual training for the relevant employee groups in the company.

As of 1 January 2021, NENT Group has moved its broadcast licenses and streaming registrations to Sweden. This will not lead to any significant changes in our approach to securing regulation compliance, and our evaluation shows that this transition will not result in any breaches of Swedish broadcast and streaming compliance regulations.

NENT Group takes a robust approach to audience protection when launching into new markets; ensuring the content on our platforms adheres to standards of protection set out both in the EU's Audiovisual Media Services Directive and to the conditions of the license relevant to the service in question.

In brief

See page 137 for details

Goals 2019–2021
- Improve the family experience on Viaplay for safe & trusted experience.
- Increase content accessibility beyond regulatory requirements.

Target 2020 (Status)
- Establish kids' and parents' focus groups for all our original kids productions.
- Introduce audio descriptions and sign language content onto our on-demand platforms.

Target 2021
- Increase scope of kids user research.
- Making our most popular own production titles fully accessible (incl. subtitles, sign interpretations and audio descriptions) in all Nordic languages. Start with five titles in 2021.

Impact

Safer and more trusted viewing experiences will retain existing viewers and attract new ones.

Contribution to SDGs

10 REDUCED INEQUALITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Quality entertainment for everyone

We help our viewers to make informed decisions about what to watch. We screen all sensitive content and apply appropriate scheduling restrictions to protect younger viewers. We provide on-screen warnings if a series or film contains potentially offensive, sexual or violent content. In addition, we do not show adult content on any of our platforms. Parents can set the Viaplay kids' section as a default, control access to other content via a pin code, and create dedicated kids' profiles that filter out unsuitable content. As we want both minors and their parents to feel safe when consuming our content, we work with responsible distributors and producers to make sure that we do not produce content that does not comply with our values.

Making our content accessible

Ofcom's regulations require us to broadcast a certain amount of content with audio description (10%) and subtitles (82.5%) and in 2020 we averaged 15% audio description and 92% subtitling. In July 2021, we will receive new requirements for accessibility from the Swedish Regulator and our assessment is that we will reach these requirements. We aim to ensure more content is accessible on our channels in 2021 than in 2020, and to make at least five of our most popular titles on Viaplay fully accessible with subtitling, audio description and signing interpretation.


Love me


Fixi in Playland

> We create a child oriented streaming experience for children around the globe so that they feel empowered and can stream independently. We make life easier for the person accompanying the child and help the whole family to bond and share meaningful moments together.
>
> **Product mission for Kids Content**

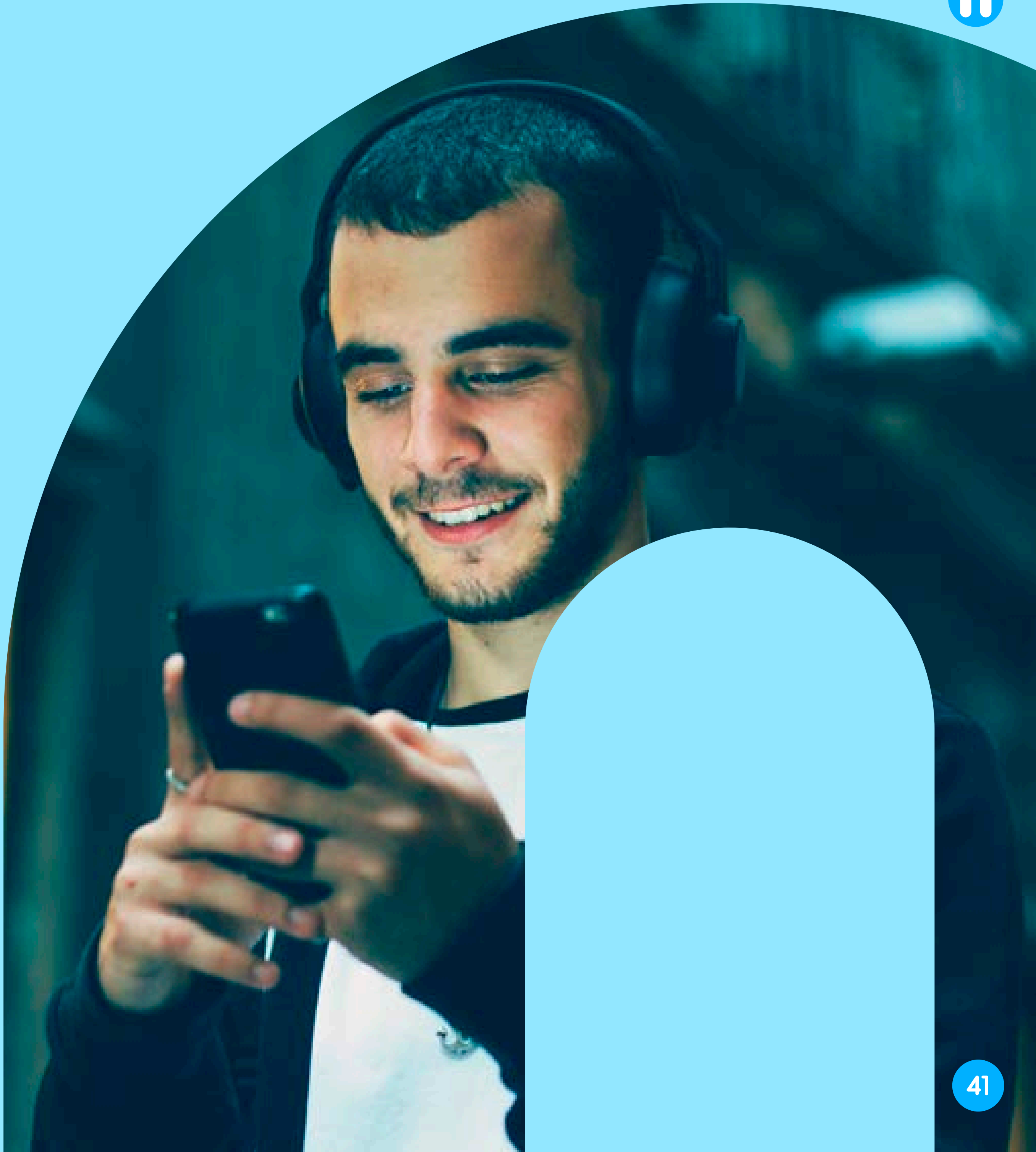
Safe and trusted kids' content

Kids are one of our main audiences, and we want to offer content that both educates and entertains. We aim to promote good role models who learn from mistakes, collaborate and solve problems. We also promote diverse groups with boys and girls from different backgrounds, such as in the kids series 'Where's Waldo' available on Viaplay. We also seek to promote interaction where kids are encouraged to learn to read and write, learn maths and learn new languages as in 'Blues Clues & You' and 'Corn & Peg'. Our Viaplay original animation Fixi is a good example of how we encourage kids to take an interest in technology and also take regular physical exercise. In 2021 we will launch a third season of Fixi.

We conduct regular user research and analyse viewing data in order to develop our kids' content offering. For example, 'Fixi in Playland' was developed together with a school class of 8 year-olds, and we have a Viaplay Fixi panel with families that helps us to assess both our current kids' content and new initiatives.

Due to Covid-19, we had to adapt our ways of working with user research by moving from 'in person' interviews and tests to online solutions. Our user panels are today based on a Swedish population, but we will broaden our research to include other Nordic countries in 2021 and look into the possibility of expanding our user panels to the new markets that we are entering.

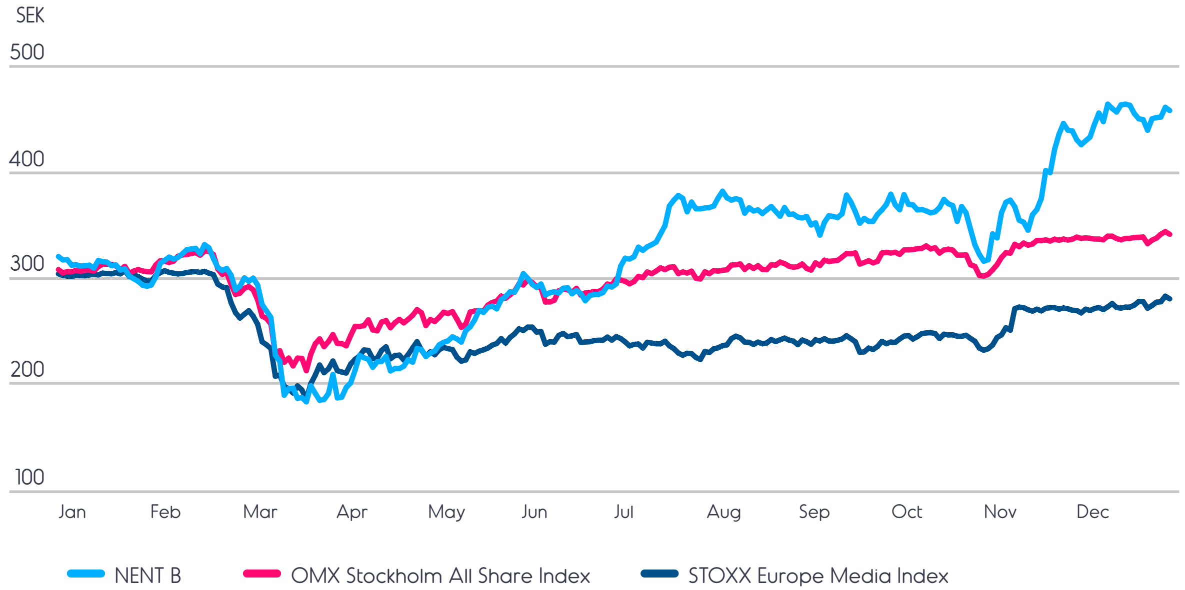
The share



The NENT Group share

Our share price increased by 51% during 2020, compared to 13% for the OMX Stockholm All Share Index (OMXSPI) and a 7% decrease for the STOXX Europe Media Index. Our share price has increased by 109% since our shares were listed on Nasdaq Stockholm on 28 March 2019, compared to 31% for the OMXSPI and 1% for the STOXX Europe Media Index.

Share price development 31 December 2019–31 December 2020



Share price performance and total return

NENT Group's shares were listed on Nasdaq Stockholm's Large Cap list under the symbols 'NENT A' and 'NENT B' on 28 March 2019. The price of NENT Group's B share increased by 51% in 2020 to end the year at SEK 458.6, corresponding to a market capitalisation of SEK 30.9 billion.

Dividend and dividend policy

NENT Group did not propose the payment of any dividend for 2019 due to the uncertainty caused by the Corononavirus pandemic. The Board of Directors is not proposing a payment of any dividend for 2020 in light of the SEK 4.35 billion equity raise after the end of the year and the Group's investment in the international expansion of Viaplay. The Group's annual ordinary cash dividend policy to distribute between 30% and 50% of adjusted net profit has therefore been suspended, but the Board will continue to consider means of distributing surplus funds to shareholders from time to time and as circumstances allow.

Shares and share capital

The Group's share capital amounted to SEK 136m at the end of the year. The total number of issued shares at the end of 2020 was 67,842,244, comprising 532,572 Class A shares, 66,839,153 Class B shares and 470,519 Class C shares (which are held in treasury). The quota value is SEK 2.00 per share.

	Class A shares	Class B shares	Class C shares	Total
Issued shares as of 31 December 2020	532,572	66,839,153	470,519	67,842,244

Voting rights

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

Ownership structure

The total number of shareholders according to the share register held by Euroclear Sweden AB (Swedish Securities Centre) was 54,971 at the end of 2020. The shares held by the 10 largest shareholders corresponded to approximately 46% of the total number of shares and 45% of the voting rights. International investors owned approximately 55% of the share capital, with Swedish institutions and mutual funds owning approximately 33% and Swedish private individuals owning approximately 10%. The remaining 2% was owned by other Swedish investors.

Share issues, buy-backs and reclassifications

In accordance with the resolution of the 2019 Annual General Meeting, the Board authorised the issue and repurchase of 500,000 NENT Group Class C shares in March 2020, in order to be able to reclassify the Class C shares into Class B shares for delivery to participants in the 2019 long-term incentive programme once the final outcome is known and subject to a Board decision in Q1

NENT Group's Capital Markets Day on 10 November

Shareholders by geography

Shareholders as of 31 December 2020

Name	Class A Shares	Class B Shares	Class C Shares	Total	Capital	Votes
Norges Bank		6,023,672		6,023,672	8.9%	8.3%
Swedbank Robur Funds		5,732,244		5,732,244	8.4%	7.9%
Nordea Funds		5,613,971		5,613,971	8.3%	7.7%
Handelsbanken Funds		2,866,105		2,866,105	4.2%	3.9%
Schroders		2,521,063		2,521,063	3.7%	3.5%
Marathon Asset Management		2,234,440		2,234,440	3.3%	3.1%
Vanguard		1,991,388		1,991,388	2.9%	2.7%
Lannebo Funds		1,935,441		1,935,441	2.9%	2.7%
Skandia Life	159,415	1,362,477		1,521,892	2.2%	4.1%
Skandia Funds		1,060,050		1,060,050	1.6%	1.5%
Other	373,157	35,498,302	470,519	36,341,978	53.6%	54.7%
Total outstanding shares	**532,572**	**66,839,153**	**470,519**	**67,842,244**	**100%**	**100%**

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

2022. 5,282 Class C shares were reclassified into Class B shares in 2020 and delivered to participants as part of an accelerated vesting due to certain participants leaving NENT Group as part of the merger transaction to form the Allente joint venture. In addition, 24,199 Class C Shares were reclassified into Class B shares, in order to provide for upcoming LTIP vestings. These Class B shares and the remaining Class C shares are held in treasury.

The Board did not utilise the authorisation provided by the 2020 Annual General Meeting to resolve to repurchase any shares in 2020.

Separately and in accordance with the Articles of Association, owners of Class A shares are entitled to convert their shares into Class B shares in January and July each year. A total of 13,090 Class A shares were reclassified into Class B, shares in 2020.

After the end of the period, in February 2021, NENT Group issued 10,600,000 new Class B shares and raised gross proceeds of approximately SEK 4.35 billion to finance the international expansion of Viaplay and enhance the Group's future financial flexibility. This resulted in a 15.6% increase in the total number of shares from 67,842,244 to 78,442,244 (whereof 532,572 Class A shares, 77,439,153 Class B shares and 470,519 Class C shares), and a 14.6% increase in the total number of votes from 72,635,392 to 83,235,392. The share capital increased by SEK 21,200,000 from SEK 135,684,488 to SEK 156,884,448.

Share related long-term incentive plans

If all the share rights awarded to senior executives and key employees as at 31 December 2020 were exercised, the total number of outstanding shares would increase by 300,094 Class B shares, and be equivalent to a dilution of 0.44% of the issued Class B shares and 0.43% of the related voting rights at the end of 2020. Further details about the programmes can be found in note 7 on page 91.

Outstanding share rights granted	
LTIP 2019	300,094

Analysts covering NENT Group

Company	Name	E-mail
Berenberg	Jamie Bass	Jamie.Bass@berenberg.com
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Handelsbanken	Kristoffer Carleskar	krca05@handelsbanken.se
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Nordea	Klas Danielsson	klas.danielsson@nordea.com
SEB	Johanna Ahlqvist	johanna.ahlqvist@seb.se

Share information

Marketplace	Nasdaq Stockholm, Large Cap segment
Ticker	NENT A, NENT B
ISIN code (A share)	SE0012324226
ISIN code (B share)	SE0012116390
Market cap as of 31 December 2020	SEK 30.9 bn
Share price as of 31 December 2020	SEK 458.6
Share price development	+51%
Highest closing price during the year	SEK 464.6
Lowest closing price during the year	SEK 183.6

Governance report

Governance and responsibility

Corporate Governance

Corporate Governance at Nordic Entertainment Group AB ("NENT Group") is based on Swedish legislation, the Rulebook for Issuers on Nasdaq Stockholm and the Swedish Code of Corporate Governance (the "Code"). Please see www.corporategovernanceboard.se for more information. NENT Group has been compliant throughout 2020 with the Code, the Rule Book for Issuers on Nasdaq Stockholm and the generally accepted principles in the securities market.

Shareholders

For information about NENT Group's ownership structure, share capital and shares, please refer to "The NENT Group share" on page 42.

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

Annual General Meeting

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

Each Class A share entitles the holder to ten votes, and each Class B and Class C share respectively entitles the holder to one vote. The Board has the right before a General Meeting to decide that shareholders shall be able to exercise their rights to vote by post before the General Meeting.

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

The Nomination Committee

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

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

In accordance with the resolution of the 2020 Annual General Meeting, the Chairman of the NENT Group Board convened a Nomination Committee to prepare proposals for the 2021 Annual General Meeting.

The Nomination Committee comprises Erik Durhan, appointed by Nordea Funds; Joachim Spetz, appointed by Swedbank Robur Funds; Vegard Torsnes, appointed by Norges Bank; and David Chance, Chairman of the NENT Group Board. The three shareholders who have appointed representatives to the Nomination Committee held approximately 23.9% of the total voting rights in NENT Group as per 31 December 2020. The members of the Nomination Committee appointed Erik Durhan as Committee Chairman at their first meeting.

Information about how shareholders can submit proposals to the Nomination Committee is available at www.nentgroup.com/about/corporate-governance/nomination-committee, where the Nomination Committee's motivated statement regarding its proposal to the Annual General Meeting and a brief presentation of its work will also be published well in advance of the Annual General Meeting on 19 May 2021.

In its work, the Nomination Committee applies Section III, 4.1 of the Swedish Corporate Governance Code as its diversity policy. Accordingly, the Nomination Committee gives particular consideration to the importance of increased diversity in Board representation, including gender, age and nationality, as well as depth of experience, professional background and skillset. Further information may be found in the Nomination Committee's motivated statement regarding the proposal for the Board, which was provided in advance of the 2020 Annual General Meeting.

The Board of Directors

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

The Board of Directors of Nordic Entertainment Group AB has comprised six Non-Executive Directors during 2020. The members of the Board of Directors were David Chance (Chairman), Natalie Tydeman, Simon Duffy, Kristina Schauman, Anders Borg and Pernille Erenbjerg. The Board has complied with the Code's provision that the majority of members shall be independent of the company and its management, and that at least two of the members shall also be independent of the company's major shareholders (i.e., those with a holding exceeding 10%). Biographical information about each Board member can be found on pages 52–53.

Responsibilities and duties of the Board of Directors

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

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

A Remuneration Committee and an Audit Committee have been established within the Board as subsidiary bodies of the Board, and do not reduce the Board's overall responsibility for the governance of the Company and the decisions taken.

The work of the Board

During the year, the Board of Directors held ten (10) Board meetings. Prior to each ordinary Board meeting, the members receive a written agenda, based on the Board's established procedures, and a complete set of documents for information sharing and decision making. Recurring items on the Board's agenda include the company's financial performance and position, market conditions, investments, and adoption of the financial statements. Reports by the Audit and Remuneration Committees, as well as reports on internal controls and financing activities, are also regularly addressed. The Chief Executive Officer presents matters for discussion at the meetings, and the Company's Chief Financial Officer and other members of management also participate and present specific matters. The Group General Counsel is the Board secretary.

The attendance of Board members at Board and committee meetings during 2020 is presented on page 53.

Important issues addressed during the year included strategic expansion plans, major investments, mergers and divestments, the response to the Coronavirus pandemic, key market developments and commercial partnering decisions.

Ensuring quality in Financial Reporting

The reporting instructions approved annually by the Board include detailed instructions about the type of financial reports and other information to be submitted to the Board. In addition to the interim and full year reports, the Board reviews and evaluates financial information regarding the Group as a whole, as well as the entities within the Group.

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

Evaluation of the Board of Directors and the Chief Executive Officer

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

The review focuses on whether the Board is adding value to the organisation, and on enhancing its performance by examining the Board structure and composition, its operation and effectiveness, and its role in monitoring the execution of agreed strategies. The review also includes an individual performance review, a quantitative ranking system, and the opportunity to provide comments, particularly in relation to ideas for improvement. At the Q4 Board meeting, the Chairman provides the full Board with a report of the outcome of the Board evaluation process. A summary is also presented by the Chairman to, and discussed with, the Nomination Committee.

In addition, a more extensive Board evaluation is undertaken by an independent Board member or an external consultant at least every three years. NENT Group is planning to carry out such an evaluation in 2021.

Remuneration Committee

The Remuneration Committee comprised Natalie Tydeman (Chairman), David Chance and Anders Borg. The Remuneration Committee's assignments are stipulated in Section III, 9.1 of the Code, and cover salaries, pension terms and conditions, incentive programmes, and other conditions of employment for senior executives. The guidelines applied by the Group in 2020 are presented in note 7. Minutes are kept of the Remuneration Committee's meetings and reported to the Board at its next meeting.

The Audit Committee

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

Remuneration of Board Members

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

External Auditors

KPMG was elected as NENT Group's auditor for the financial year 2020 until the end of the 2021 Annual General Meeting. KPMG was appointed in 2018 as the Group's external auditor in connection the company's formation and was re-elected in connection with the Group's listing in 2019. Joakim Thilstedt, Authorised Public Accountant, has been responsible for the audit on behalf of KPMG since 2018. Audit assignments have involved the examination of the Annual Report and financial accounting, the administration by the Board and the CEO, other tasks related to the duties of a company auditor, and consultation or other services that may have resulted from observations noted during such examination or the implementation of other tasks. All other tasks are defined as other assignments.

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

KPMG provided certain additional services in 2020. These services mainly comprised tax compliance work, advice on accounting issues, and other assignments of a similar kind and closely related to the audit process. For more detailed information about the auditors' fees, please see note 30.

Pre-approval of policies and procedures for Non-audit related services

In order to ensure the auditor's independence, the Audit Committee has established pre-approval policies and procedures for non-audit related services to be performed by the external auditor. The policy was approved in November 2020 by the Audit Committee.

Executive Management

As at the end of 2020, the members of the Executive Management team comprised Chief Executive Officer Anders Jensen, Chief Financial Officer Gabriel Catrina and seven other members. Two additional Executive Management team members, Group General Counsel My Perrone and Head of Corporate Communications Roberta Alenius, were appointed in January 2021. Biographical information, including shareholdings as of 31 December 2020, for each member of the Executive Management team is provided on pages 54–56.

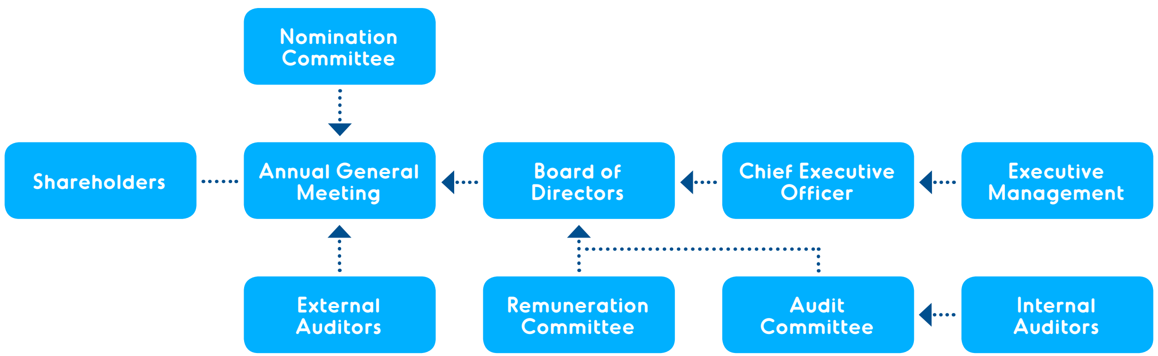
Chief Executive Officer

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

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

The Board evaluates the performance of the CEO on a regular basis. The Board also holds a meeting once a year to evaluate the CEO's performance, without the attendance of the CEO or any other member of the executive management team. The CEO and the Executive Management, supported by the various employee functions, are responsible for adherence to the Group's overall strategy, financial and business controls, financing, capital structure, risk management, mergers, divestments, and acquisitions. This includes the preparation of financial reports and information to, and communication with, shareholders and capital markets participants. NENT Group has established a Steering Document Framework consisting of Codes of Conduct, Group policies and directives, which express the Group's values and commitment to conduct business in full compliance with laws and regulations, standards, and initiatives.

Governance structure



Sustainability

NENT Group's sustainability work is a central part of the company's business and governance. It is based on, and closely aligned with, the Group's purpose, values, strategy, and culture, and includes its own sustainability strategy, policy framework, roadmap and initiatives. Reporting is conducted in accordance with the core level of the GRI standards and is reviewed and approved by the Board of Directors. Responsibility for the overarching sustainability strategy, goals, actions and follow-up rests with the Head of Sustainability and the Board of Directors. The Board monitors the work through regular updates, which also include discussion about sustainability trends, risks, and developments. The functions, as well as individual entities across the Group, have operational responsibility for implementing and meeting relevant goals and targets. Working groups have been established to drive improvement across the Group. Progress in the sustainability work is reported as an integrated part of the Annual and Sustainability Report 2020.

Executive remuneration

The existing guidelines for the remuneration of senior executives, which were approved at the 2020 Annual General Meeting, as well as information regarding the application of, and deviation from, the existing guidelines, and remuneration paid out to the senior executives during 2020, can be found in note 7. The guidelines apply to the members of the Executive Management team.

The Board and its Remuneration Committee intend the guidelines to apply for four years from approval and have not therefore proposed any changes for 2021.

Internal controls

The processes for the internal control, risk assessment, communication and monitoring of 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 companies listed 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 guidelines and policies, which are important for its internal control activities. This includes the monitoring of performance against plans and prior years. The Audit Committee assists the Board in overseeing various issues, such as monitoring internal audits and establishing accounting policies for 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 team 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, as well as laws and regulations, together comprise the control environment. All employees are accountable for compliance with these policies and guidelines.

Risk assessment and control activities

The Company has developed a risk management framework defined to identify and quantify risks in all group functions, which are reviewed by the Board of Directors and the Audit Committee. More information about NENT's risk management process and the top risks can be found in the section Risk Management and Risks on page 57.

Compliance

The compliance function's responsibilities are to review and evaluate compliance issues within the organisation, in order to ensure that management and employees comply with the rules and ethical regulations in the most significant risk areas, such as data privacy, competition law and anti-bribery & corruption. The Head of Compliance presents the progress made with the compliance programme to each audit committee meeting, and also reports on any incidents and ongoing investigations.

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 communication channels to the Executive Management team and Board of Directors for information from employees that is identified as significant. Guidelines for external communication ensure that the Company applies the highest standards in providing accurate information to the capital markets and its broader stakeholders.

Follow-up

The Board of Directors regularly evaluates the information provided by the Executive Management and the Audit Committee. The Board receives regular updates about the Group's development between its 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 and 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 ordinary meetings of the Committee.


First responders

Board of Directors

David Chance

Chairman of the Board
American and British, born 1957. Elected September 2018.

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

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

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

Natalie Tydeman

Non-Executive Director
British, born 1971. Elected July 2018.

Natalie is a Senior Investment Director at Kinnevik AB and was previously a Managing Partner of v | t Partners and a Senior Partner at GMT Communications Partners. She held a number of senior executive roles in the media and technology sectors such as Excite in Europe, Discovery Communications' European internet operations, Fox Kids Europe's Online & Interactive division, and Fremantle Media's business diversification and corporate venturing activities as Senior Vice President. She is also a Non-Executive Director of Modern Times Group MTG AB, where she chairs the Remuneration Committee, a Non-Executive Director of FutureLearn, and a Trustee of Nesta, where she chairs the Venture and Impact Investment activities. Natalie is a graduate of the University of Oxford and Harvard Business School.

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

Direct or related person ownership: 380 Class B shares.

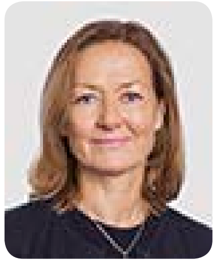
Simon Duffy

Non-Executive Director
British, born 1949. Elected July 2018.

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

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

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



Kristina Schauman

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

Kristina is a partner and owner of advisory firm Calea AB and was a Board member of state-owned Apoteket AB from 2009 to 2018, including a period as acting CEO and CFO during 2010 and 2011. She previously served as CFO of Carnegie Investment Bank AB from 2008 to 2009 and of OMX AB from 2004 to 2008, and worked in finance roles for Investor AB, ABB and Stora. She has been a member of the Boards of a number of public and private companies, including ongoing positions at Nasdaq-listed Coor Service Management Holding AB, BillerudKorsnäs AB, AFRY AB, Oslo Stock Exchange listed company BEWi ASA and the private company Diaverum AB. Kristina holds a degree in Business Administration and Economics from Stockholm School of Economics.

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

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

Anders Borg

Non-Executive Director

Swedish, born 1968. Elected September 2018.

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

- Member of the Remuneration Committee and expert advisor to the Audit Committee.
- Independent of the Company, management and the major shareholders.

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

Pernille Erenbjerg

Non-Executive Director

Danish, born 1967. Elected in May 2020.

Pernille is a Board member of Nordea, Nordic Connectivity (Global Connect) AB as well as Deputy Chairman of Genmab. She is also the Deputy Chairman of Millicom International Cellular. Pernille has previously served as Deputy Chairman of the Board of Directors of DFDS and as a member of the Board of Directors of the Royal Danish Theatre. She has held various positions at TDC – Group CEO and President from 2015 to 2018, Group CFO from 2011 to 2015. Pernille holds a Bachelor of Science and a Master of Science degrees from Copenhagen Business School.

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

Direct or related person ownership: 0 Class B shares.

Board of Directors and attendance at Board and Committee meetings 2020

Board of Directors	Board meeting attendance[1]	Audit Committee attendance[2]	Remuneration Committee attendance[3]	Independent of major shareholders	Independent of company and its management
David Chance	10/10	–	6/6	Yes	Yes
Natalie Tydeman	9/10	–	6/6	Yes	Yes
Simon Duffy	10/10	7/7	–	Yes	Yes
Kristina Schauman	10/10	7/7	–	Yes	Yes
Anders Borg	10/10	7/7[4]	4/6[5]	Yes	Yes
Pernille Erenbjerg	7/7	4/4	–	Yes	Yes

1) The total number of Board meetings during 2020 were ten (10), of which three (3) were held prior to the Annual General Meeting held on 19 May 2020 and seven (7) were held following the 2020 Annual General Meeting.
2) The total number of Audit Committee meetings during 2020 were seven (7), of which three (3) were held prior to the Annual General Meeting held on 19 May 2020 and four (4) were held following the 2020 Annual General Meeting.
3) The total number of Remuneration Committee meetings during 2020 were six (6), of which two (2) were held prior to the Annual General Meeting held on 19 May 2020 and four (4) were held following the 2020 Annual General Meeting.
4) Anders Borg is an expert advisor to the Audit Committee.
5) Anders Borg replaced resigning director Henrik Clausen after the Remuneration Committee's second meeting in 2020.

All shareholdings reported as per 31 December 2020.

Group Executive Management

Anders Jensen

President & CEO

Swedish, born 1969

Anders was appointed President and CEO on 23 March 2018. He was previously EVP & CEO of Nordic Entertainment at MTG, having joined the company in 2014. His earlier roles include Senior EVP and CEO of the consumer division at TDC Group; CEO of Telenor Hungary; CEO of Grameenphone in Bangladesh; and Chief Marketing Officer of Vodafone/Telenor in Sweden. Anders is a Non-Executive director of Guardian Media Group, a Board member of Los Angeles-based studio PictureStart and a member of the International Academy of Television Arts & Science.

Direct or related person ownership: 50,018 Class B shares.

Gabriel Catrina

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

Argentinian, born 1974

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

Direct or related person ownership: 13,524 Class B shares.

Filippa Wallestam

EVP & Chief Content Officer

Swedish, born 1983

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

Direct or related person ownership: 5,596 Class B shares.

Kaj af Kleen

EVP & Chief Technology & Product Officer

Swedish, born 1982

Kaj was appointed EVP and Chief Technology & Product Officer on 1 October 2019. His previous positions include SVP and Group Chief Technology & Product Officer and CTO of Viaplay. He is also a Board member of Allente Group, the leading Nordic satellite and IPTV distributor. Kaj joined MTG as a Management Trainee in 2007. Kaj holds a Masters in Industrial Engineering from Luleå University of Technology and an MBA from the University of Oxford.

Direct or related person ownership: 5,209 Class B shares.

Kim Poder

EVP & Chief Commercial Officer
Danish, born 1968

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

Direct or related person ownership: 12,136 Class B shares.

Matthew Hooper

EVP & Chief Corporate Affairs Officer
British, born 1970

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

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

Mia Suazo Eriksson

EVP & Chief Marketing Officer
Swedish, born 1977

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

Direct or related person ownership: 560 Class B shares.

Sahar Kupersmidt

EVP & Chief People & Culture Officer
Swedish, born 1977

Sahar was appointed EVP and Chief People & Culture Officer on 1 October 2019. She has previously held several leadership positions including SVP and Head of Nordic DTH TV. Sahar was a member of Viasat Sweden's leadership team from 2012 to 2018 and MTG Sweden's leadership team from 2015 to 2018. Sahar chairs the BEAT Diabetes Foundation and was named Female Role Model of the Year at Sweden's 2018 Telekomgala industry awards. Sahar has studied at Linnéuniversitetet.

Direct or related person ownership: 2,578 Class B shares.

Peter Nørrelund

EVP & Chief Sports Officer
Danish, born 1971

Peter was appointed EVP and Chief Sports Officer on 1 August 2020. He was previously an advisor to NENT Group's President and CEO on sports rights, as well as EVP and Head of Product Development & Incubation at MTG and CEO of DreamHack Sports Games. He joined MTG in 2003 and was appointed Head of Sports in 2013, having been responsible for the company's sports rights acquisitions since 2006. While at MTG, Peter was also COO of Turtle Entertainment. Peter graduated from the Danish School of Media & Journalism, and then worked as a reporter, commentator, host, and Editor in Chief at Danmarks Radio.

Holding: 5,155 NENT Class B shares.

Roberta Alenius

SVP, Head of Corporate Communications
Swedish, born 1978

Roberta Alenius was appointed SVP and Head of Corporate Communications on 1 September 2020. She was previously Head of Communications Sweden at Telia and held various communications positions for Sweden's Prime Minister in 2006–2014, including Head of Press and Spokeswoman for the Government. Roberta has also held the position of Head of External Communications for Nordea Group.

Holding: 1,409 NENT Class B shares.

My Perrone

SVP, Group General Counsel & Company Secretary
Swedish, born 1977

My was appointed SVP, Group General Counsel & Company Secretary on 13 February 2020. She is responsible for the legal function group-wide. She has previously held roles at NENT Group as Acting General Counsel and Head of Legal Sweden. Before joining the company in 2011, she worked as an attorney at law firms such as Magnusson and Setterwalls, and as an inhouse legal counsel at V&S Group. My has a Master of Laws from Lund University and a specialisation in Intellectual Property from Malmö University.

Holding: 248 NENT Class B shares.

All shareholdings reported as per 31 December 2020.

Risks and risk management

Risks are a natural and integrated part of NENT's business. The purpose of risk management is to understand the risks we are facing and to decide how to best manage these. NENT's strategy lays the foundation for setting short-term and long-term objectives. The risk management process is used for 1) identifying risks to the successful delivery of these objectives, 2) classifying the extent to which individual risks are acceptable or perhaps even desirable and 3) defining mitigation actions to ensure an optimum balance between risk and return.

All risks identified are analysed to establish their financial and non-financial impacts, the likelihood of the occurrence, and cause. Unacceptable risks are thereafter addressed. The process is led by the Group's risk management function, but the responsibility of managing the risks lies with the functions. Once the risks are assessed, they are consolidated, evaluated and their mitigations monitored at group level by the Governance, Risk and Compliance Committee. The top risks are presented to the Audit Committee on a regular basis and to the Board of Directors at least twice per year.

Coronavirus pandemic

In becoming a global economic crisis, the Coronavirus pandemic has created unique challenges for NENT Group's people, operations and financial performance and position. The health and wellbeing of the Group's employees, the ability to produce content, the Group's advertising sales, live sports coverage, and the ability to raise finance in the capital markets have all been put at risk. Extensive measures to protect employees, maintain operations and preserve financial resources were implemented across the group, including the banning of all non-essential travel, ensuring that as many employees as possible work from home, restricting access to workplaces and ensuring safety in the workplace, as well as reducing temporarily prices for customers and implementing wide raging cost saving programmes. These measures have resulted in minimal disruption to Group operations and finances. While the outlook on the evolution of the Coronavirus pandemic across the world has been improving due to the development of new vaccines, NENT Group has continued to monitor the situation closely and constantly reviewing different scenarios for the ongoing development of the Coronavirus pandemic, its impact on the Group, and potential contingency plans.

Competitive risks

Competition for viewers, subscribers, listeners, advertisers, and distributors is intense from various current and new players. To ensure NENT Group continues to operate successfully both on the local market and as a global player it is important that we have the right people onboard. We continue to develop new technologies and product innovations and produce high quality content. As the entertainment landscape is evolving, we may see further vertical and horizontal integration amongst our partners and competitors (e.g. mergers, acquisitions, and diversifications of services). Ensure superior user experience maintained, continued investments in our own distribution platform Viaplay, whilst finding the right partners are key to staying competitive.

Tech risks

Piracy is a global phenomenon, and all indicators point to an increase of this issue during the forthcoming years. NENT is taking firm action through dedicated resources working with this risk on an ongoing basis, e.g., monitor and influence law-making organisations, and partnership with Nordic Content Protection and other organisations fighting piracy.

Furthermore, it is reasonable to assume that Viaplay is facing increased risk exposure to cyber-attacks, intrusions, disruptions or denials of service considering its expansion in new market territories, i.e., the more market penetration the higher the risk of Viaplay being targeted by malicious actors. NENT has taken a strong stance in this context and will continue to invest in this space during the years ahead.

Tax related risks

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

Legal & Regulatory risks

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

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

- The updated Audiovisual Media Services Directive came into force in October 2020. While most of the changes pose little threat to the Group's business activities, the Directive does explicitly allow EU Member States to introduce levies for audiovisual streaming services targeting their markets. Denmark is currently consulting on the introduction of a "streaming tax" although no legislation has been proposed as yet. This poses some risk to the Group's business activities as its streaming service Viaplay could be required to pay into film funds or pay a tax on revenue earned in certain Member States in the future.
- In November 2020, the European Commission published its review of the Geo-blocking Regulation, maintaining the exclusion for the audio-visual industry but encouraging more cross-border access to content and stakeholder dialogue. Any obligation imposed by the European Commission which undermines the territorial licensing of content could pose a risk to the Group's business and the mechanism by which it funds content.
- In December 2020, the European Commission proposed two legal instruments aimed at regulating online platforms: the Digital Services Act (the "DSA") and the Digital Markets Act (the "DMA"). While negotiations are in their preliminary stages on both legal texts, the EC's DSA text contains provisions related to removing illegal (included copyrighted) content online and introducing enhanced obligations for platforms to "Know Your Business Customer". A weakening of these proposed provisions could adversely impact the Group's ability to enforce its intellectual property rights online.
- In December 2020, the Swedish government announced a new gambling market inquiry which includes a proposal for certain advertising restrictions. If implemented in their current form, these restrictions could pose a risk to the Group's advertising-funded business.
- In January 2021, the European Commission published a consultation for a digital levy aimed at addressing the issue of a fair taxation related to the digitalisation of the economy. In principle it will apply to all digital services and therefore poses the risk of double taxation of the Group's streaming business.

Compliance & Business Ethics

NENT Group strives for high standards and continuous improvements in responsible business conduct. Adherence to laws and regulations related to anti-bribery & corruption and fair competition is a key element of the Group's compliance programme. Breaching such rules could have significant negative impact in terms of loss of reputation, brand value & shareholder value, as well as the imposition of financial penalties. To mitigate these risks NENT Group has implemented an effective compliance program including training for all employees but in particular for high-risk functions and areas.

NENT Group handles substantial volumes of personal data. Loss, alteration, or unauthorised disclosure of personal data due to either mishandling or cyberattacks may incur legal action, fines, loss of reputation and increased customer churn. A Data Privacy team has been established to support the business in the identification and mitigation of assets at risk. Read more how the Group mitigates these risks in the sustainability section on pages 59.

Financial risk management and financial policy

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

The Group's financial risk management is centralised to the parent company, in order to capitalise on economies of scale and synergies, as well as to minimise operational risks. The Group's financial policy is subject to review and approval by the Board of Directors and constitutes a framework of guidelines and rules for financial risk management and financial activities in general. The Group's financial risks are continuously evaluated and monitored to ensure compliance with the Group's financial policy. The exposures are described in note 23.

Financing and refinancing risk

External borrowing is managed centrally in accordance with the Group's financial policies. Loans are primarily taken up by the parent company and transferred to subsidiaries as internal loans or capital injections.

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

Interest rate risk

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

Credit risk

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

Foreign exchange risk

Foreign exchange risk is the risk that fluctuations in exchange rates will adversely affect the Group's income statements, financial position and cash flows. Foreign exchange risk is divided into transaction exposure and translation exposure.

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

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

Insurable risks

NENT Group has developed a group insurance programme to ensure the group has sufficient cover including media liability, business interruption, director and officer liabilities, and asset losses. The purpose of the insurance programme is to protect against scenarios which may have a negative effect on the business, its personnel, and shareholders, and to protect NENT's balance sheet from sudden and unexpected damages.

Risks regarding our people

Our people are our most important resource. The ability to attract and retain skilled people is prerequisite for our success. Further, the wellbeing of our people is essential, especially at challenging times such as the Coronavirus pandemic. To read how we maintain an attractive workplace and focus on wellbeing please see section established on pages 18–23.

Sustainability risk management

Sustainability is integrated with NENT Group's business strategy, culture, and values with the ambition to make a positive impact in society while doing better business. The risks that could derail this strategy from a sustainability perspective are:

- Breach of applicable data privacy protection regulations
- Illegal access, distribution, and consumption of content through piracy activities
- Provision of safe and fair working environments throughout the value chain

Read more about how the Group mitigates these risks in the sustainability section on page 33.

People and social issues, data protection and human rights are covered in the sustainability strategy, and Group policies and directives. Read more on page 33 about how NENT Group identifies and addresses risks in these areas and implements and follows up on its actions through the governance framework.

NENT Group's Supplier Code of Conduct outlines the standards that the Group expects from its suppliers. The Group has established a process in 2020 to address and engage with identified high-risk suppliers, in order to ensure commitment to the Group's ethical standards.

Environmental issues are a focus area, and the Group takes actions to minimise its negative environmental impact. Read more on page 33.

Auditor's report on the corporate governance statement

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

Engagement and responsibility

It is the Board of Directors that is responsible for the corporate governance statement for 2020 on pages 46–59 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

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

Stockholm 30 March 2021
KPMG AB

Joakim Thilstedt
Authorised Public Accountant and Auditor in Charge

Remuneration Report

Introduction

This remuneration report[1] provides an outline of how NENT's Remuneration Guidelines for executive remuneration (the "guidelines"), adopted by the 2020 Annual General Meeting (the "AGM"), have been implemented in 2020. The report also provides details of the President & CEO's remuneration in the year and a summary of NENT's outstanding share program.

Key developments 2020

2020 can be summarized as a year of challenges and uncertainty. There were no deviations to the Guidelines nor any use of the right to reclaim remuneration.

The strong momentum built up since listing in 2019 remained into the start of 2020 with continued sales growth and shareholder value creation.

Impact on remuneration: The annual salary review was completed in February and the President & CEO was awarded a base salary increase of 8% in January 2020 in recognition of his strong performance during the 18 months from appointment in July 2018.

However, the effects of the Coronavirus pandemic were soon found to have a material impact on our operations and putting at risk NENT's previously stated ambition to deliver profitable growth for the full year 2020. Consequently, we implemented a range of measures to reduce ongoing costs by SEK 700 million and the Board of Directors (the "Board") did not propose the previously indicated cash dividend of SEK 7.0 per share for 2019.

Impact on remuneration: The Remuneration Committee and Board decided to cancel the launch of NENT's short-term incentive program for 2020 and to not propose any long-term incentive plan to the 2020 AGM.

NENT managed its way through the pandemic and completed several strategically important steps in its business transformation.

Actions were taken following financial recovery in Q3 and Q4 and NENT Group performance.

Impact on remuneration: The Remuneration Committee and Board decided to reinstate the 2020 short-term incentive program in December to maintain momentum in challenging times. The plan was approved with the following modifications: The President & CEO and other STI participants to be measured on 100% corporate performance measures to ensure full alignment with corporate performance and creation of shareholder value. Thus, there will be no individual strategic, financial or operational measures for the 2020 STI award. The corporate performance targets approved by the Remuneration Committee in March, prior to plan cancellation, were adopted by the Board for the 2020 STI plan.

Total remuneration of directors

NENT's remuneration policy is designed to i) drive and reward sustainable company and individual performance, ii) be market competitive to attract and retain best-in-class talent, and iii) to incentivise the creation of long-term shareholder value in a rapidly changing industry. Total remuneration shall be on market terms and may include base salary, pension, benefits and performance-linked elements in the form of short-term ('STI') and long-term incentive ('LTI') plans.

The guidelines, adopted by the 2020 AGM, can be found in note 7 of the 2020 annual report. The auditor's report stating whether the guidelines have been complied with is available on the company's website https://www.nentgroup.com/about/corporate-governance/general-meetings. In addition to the remuneration elements covered by the guidelines, the NENT AGMs resolved to implement a long-term share-based incentive plan ("LTIP 2019") and on remuneration to the board of directors is not covered by this report. Such remuneration is resolved annually by the AGM and disclosed in note 7 of the annual report 2020.

1) The report has been prepared in compliance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act (2005:551) and the Remuneration Rules (dated December 1 2020) issued by the Swedish Corporate Governance Board. Information required by Chapter 5, Sections 40–44 of the Annual Accounts Act (1995:1554) is available in note 7 on pages 89–94 in the company's annual report for 2020 (the "annual report 2020"). Information on the work of the remuneration committee in 2020 is set out in the corporate governance report, which is available on pages 45–60 in the annual report 2020. Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 7 on page 92 in the annual report 2020.

Total remuneration of the CEO [SEK]

Table below sets out total remuneration earned by NENT'S President & CEO in 2020.
Disbursement of any payments may or may not have been made the same year.

		Fixed remuneration		Variable remuneration					
Name of director, position	Financial year	Base salary	Other benefits[1]	One-year variable[2]	Multi-year variable	Extra-ordinary items	Pension expense[3]	Total remuneration	Proportion of fixed and variable[4]
Anders Jensen. President & CEO	2020	8,000,000	55,318	3,520,000	N/A	0	486,949	12,062,267	71/29

1) Other benefits include car allowance, travel pass.
2) One-year variable remuneration for 2020 refers to the payout under the 2020 NENT STI plan due to be paid in Q1 2021.
3) Pension expense is in the form of a defined contribution plan based on a percentage of base salary.
4) Base salary, benefits and pension expense is considered fixed remuneration for the purpose of this calculation.

Share-based remuneration

Outstanding share-based programs

NENT has one outstanding long-term incentive plan "LTIP 2019" for the President & CEO, other members of Group Executive Management (GEM), senior executives and key employees within NENT. The plan was approved by shareholders at the 2019 Annual General Meeting. Within the scope of the plan, participants were granted performance share awards free of charge, which after a three-year vesting period entitle them to NENT shares. Vesting of performance share awards is conditional upon the achievement of two equally weighted NENT performance targets; (i) organic sales growth, and (ii) operating income for the 2019 financial year, and subject to continued employment throughout the vesting period, with certain customary exceptions. The 2019 performance targets have been achieved and the performance share awards are due to vest in full in 2022. The CEO has been granted 42,700 performance share awards. In total, a maximum 300,000 shares are outstanding, which corresponds to 0.45% of the shares in the company on a diluted basis.

To further incentivise the creation of long-term shareholder value, the CEO and members of GEM are required to build and maintain a significant shareholding in NENT. The CEO is required to hold 150% of net salary, and current ownership is well above that threshold.

Remuneration of the CEO in shares

The table outlines the details of the LTIP 2019 performance share awards granted to the President & CEO in May 2019.

	The main conditions					Information regarding the reported year					
						Opening balance	During the year		Closing balance		
Name of director, position	Plan	Performance period[1]	Award date	Vesting date[2]	End of retention period[3]	Shares held at the beginning of the year[3]	Shares awarded	Shares vested	Shares subject to a performance condition[4]	Shares awarded and unvested at year end	Shares subject to a retention period
Anders Jensen. President & CEO	LTIP 2019	2019	2019-05-19	Q2 2022	–	42,700	–	–	42,700	42,700	–

1) The performance targets were measured over a one-year performance period.
2) The performance share awards vest post publication of NENT's interim report for the first quarter of 2022.
3) The shares are not delivered to the President & CEO until vesting in 2022 and there is no requirement to retain the shares post vesting.
4) The applicable performance conditions were confirmed fulfilled in Q1 2020.

Application of performance criteria

NENT Short-term incentive ("STI")

The performance measures for the annual NENT STI plan are reviewed and selected annually to incentivise and reward the achievement of annual financial and, when appropriate, non- financial performance measures clearly linked to the strategic priorities and sustainable development of the Group. On reinstating the 2020 STI plan in December, the Board resolved that the President & CEO and other STI participants should be measured on 100% corporate performance measures to ensure full alignment with corporate performance and creation of shareholder value.

Performance of the CEO in the reported financial year: Variable cash remuneration

Set out in the table below is a description of how the criteria for payment of short-term compensation "STI" have been applied during the financial year.

Name of director, position	Description of the criteria related to the perfomance component	Relative weighting of the performance criteria	Performance Targets[1]		Measured performance and outcome[1]
			Threshold	Maximum	One-year variable
Anders Jensen, President & CEO	Net Group Sales	20%	12,209	13,566	12,453 MSEK 320 KSEK
	Operating Income before IAC	40%	957	1,063	904 MSEK 0 KSEK
	Viaplay paying subscribers	40%	2,379	2,643	3.02 Million 3,200 KSEK

1) The performance targets and the outcome for Sales & Income were adjusted by the Board in accordance with the pre-approved adjustment framework. Adjustments were done following the deconsolidation of Viasat Consumer Business and for significant exchange rate fluctuations outside budgeted levels. Performance targets and outcome include discontinued operations.

NENT Long-term incentive ("LTI")

There was no long-term incentive award granted or earned during the year.

Derogations and deviations from the remuneration guidelines and from the procedure for implementation of the guidelines

The Remuneration Committee and Board have concluded that there were no derogations or deviations from the 2020 guidelines. However, as a result of the Coronavirus pandemic, the procedure for the implementation of 2020 STI plan was modified in response to the related cost reduction measures and financial uncertainty at the time of launch in Q1. The Remuneration Committee and Board monitored the feasibility and necessity of launching an STI for 2020 during the year and did not make a decision until November 2020 following the results of the Q3 report and a careful review of the economic conditions.

Comparative information on the change of remuneration and company performance

	2020 (vs. 2019)
President & CEO remuneration	12 MSEK (−36%)
Group Operating Income[1]	1,077 MSEK (−25%)
Average remuneration employees of parent company	1.5 MSEK (+9%)

1) Unadjusted outcome. Results not directly comparable year-over-year given the deconsolidation of Viasat Consumer Business.

Administration report

Administration report

The Board of Directors and President and CEO of Nordic Entertainment Group AB (publ), corporate registration number 559124-6847 and registered office in Stockholm Sweden, hereby submit the annual report and consolidated accounts for 2020.

Operations and market

NENT Group is one of the leading entertainment providers in the Nordic region. The Group provides video streaming services in Sweden, Denmark, Norway, Finland and Iceland; pay-TV channels in all countries except Iceland; commercial free-TV channels in Sweden, Denmark and Norway; and commercial radio networks and audio streaming services in Sweden and Norway.

NENT Group deconsolidated its satellite pay-TV and broadband-TV business, Viasat Consumer, on 5 May 2020, after it was merged with Telenor Group's satellite pay-TV business to form a joint venture called Allente, in which NENT Group holds a 50% share.

The majority of NENT Group's broadcasting and streaming licences were held in the UK until the end of 2020. The Group moved all of its UK registrations for its streaming platforms and UK broadcast licences for its TV channels to Sweden from 1 January 2021.

The Group's NENT Studios business creates, produces and distributes television shows, commercials, feature films, branded content and events for broadcasters, streamers, distributors, advertisers and other organisations. Most of NENT Studios' activities are in the Nordic region and it also operates companies in other European countries and sells content to customers around the world. The non-scripted production, branded entertainment and events businesses were put up for sale in 2020, and then accounted for as discontinued operations and historic figures have been restated accordingly. This annual report refers to NENT Group's continuing operations unless otherwise indicated.

The NENT Studios UK production and distribution business in the UK was subsequently also put up for sale.

NENT Group primarily generates its revenues from the sale of subscriptions and advertising. Subscriptions to the Group's streaming services are sold directly to consumers or made available by third-party distributors in return for fees or revenue shares. The Group also generates subscription revenues from the sales of its TV channels through third-party network operators in the form of revenue shares or carriage fees. Advertising revenues are generated by the selling of advertising time on the Group's TV and radio channels and streaming services.

The Group's average number of employees was 1,379 (1,687) in continuing operaitons.

A challenging year in which the Group accelerated its development

2020 was a challenging year for NENT Group due to the impact of the Coronavirus pandemic, but also one in which the Group made considerable progress and accelerated its development.

NENT Group delivered a slightly improved organic sales growth of 0.1%, with Group operating profits before associated company income and items affecting comparability down 32% compared with last year. When excluding the contribution from the Viasat Consumer business prior to deconsolidation, profits were down 13%. The number of Viaplay subscribers, which is the Group's single most important key performance indicator, was up 33%.

Significant events after the reporting period

Significant events after the reporting period are described in note 33.

Events in 2020 by quarter

Q1

- Reorganisation of NENT Studios to further focus on scripted drama and international ambitions. As part of the reorganisation, the non-scripted production, branded entertainment and events businesses were put up for sale.
- Extension of exclusive content partnership with Sony Pictures Television. which will co-develop, co-produce and distribute six Viaplay original scripted series.
- Acquisition of exclusive rights to English Premier League football in Sweden, Norway, Denmark and Finland from 2022 to 2028.
- Extension of exclusive pan-Nordic rights to German Bundesliga football until 2025.
- Extension of multi-year content relationship with The Walt Disney Company Nordic.
- Acquisition of exclusive pan-Nordic rights to Formula 1 from 2022 to 2024.
- Temporary reduction of Viaplay sports package prices in all markets following postponement of various Nordic and international sports events due to the global spread of Covid-19.
- Implementation of a range of measures to protect employees against the impact of Covid-19, and of approximately SEK 700 million cost reduction programme to offset the impact of Covid-19. No dividend or executive remuneration schemes proposed to AGM.

Q2

- Launch of Viaplay in Iceland with a unique combination of Viaplay Originals, films and series, kids' content and live sports.
- Extension of long-term distribution agreement with Swedish telecommunications, TV and broadband operator Com Hem.
- Expansion of distribution agreement with Altibox in Norway so that Altibox viewers can include Viaplay as part of their subscriptions for the first time.
- Securing of exclusive rights to UEFA Champions League in Denmark for a further three years until end of 2023/2024 season. Acquisition of exclusive rights to UEFA Europa League and new UEFA Europa Conference League in Sweden, Norway and Finland from beginning of 2021/2022 season to end of 2023/2024 season.
- Completion of previously announced combination of NENT Group's Viasat Consumer satellite pay-TV and broadband-TV business with Telenor Group's Canal Digital satellite pay-TV business into a new 50/50 joint venture company.
- Announcement of intention to launch Viaplay in Estonia, Latvia and Lithuania in the first quarter of 2021.
- Announcement of agreement to combine Viaplay's 'Films & Series' package in Finland with Elisa Viihde Aitio's content to create standalone streaming service in Q4 2020.
- Announcement of new financial reporting structure.
- Announcement of new 2020 Viaplay subscriber intake target of 600,000.

Q3

- Reversion to regular Viaplay sports package prices in Sweden, Denmark, Norway and Finland as various Nordic and international sports events restart.
- Expansion of Nordic UFC rights to include Iceland until end of 2021.
- Securing of exclusive Swedish rights to UEFA EURO and FIFA World Cup qualifying matches and the UEFA Nations League from 2022 to 2028.
- Viaplay subscriber target raised to 3 million by end of 2020.

Q4

- Announcement of intention to move streaming platform registrations and TV channel broadcast licences to Sweden from the UK from 1 January 2021.
- Extension of exclusive Nordic National Hockey League rights until 2026.
- Setting of new goal to become the European streaming champion and setting of five-year financial targets. Viaplay to be rolled out in 10 international markets by the end of 2023, including Estonia, Latvia, Lithuania, Poland and the US in 2021. Subsequent issuing of notices to EGM in January 2021, in order to seek approval for new share issue to fund expansion and achieve strategic objectives.
- Securing of the exclusive rights to German Bundesliga and Bundesliga 2 football in Poland until end of 2024–2025 season.
- Announcement of long-term agreement with premium global streaming platform Starz to make Viaplay the exclusive Nordic launch partner for Starzplay streaming service.
- Acquisition of exclusive rights to 2023 FIFA Women's World Cup in Sweden, Norway and Denmark.
- Announcement a non-cash impairment charge of approximately SEK 900m, of which SEK 620m relates to the non-scripted production, branded entertainment and events businesses and SEK 275m to the NENT Studios UK distribution business.

Financial performance 2020

Net sales

Organic net sales, when excluding the contribution of the now deconsolidated Viasat Consumer business and changes in exchange rates, were slightly up by 0.1%. Reported sales were down 15% and amounted to SEK 12,003m (14,204).

(SEKm)	2020	2019	Change %
Viaplay	3,625	3,323	9.1%
Other subscription	4,657	6,367	−26.9%
Advertising	3,433	4,006	−14.3%
Studios & other	289	507	−43.0%
Total	**12,003**	**14,204**	**−15.5%**

Viaplay sales accounted for 30% of Group sales and were up 9% on a reported basis and 11% on an organic basis. Viaplay added 748k paying subscribers to end the year at 3,020k. The growth was driven by the healthy subscriber intake through direct-to-consumer and business-to-business channels, and reflected the strong content offering and user experience. Average consumption levels increased during the Coronavirus pandemic, while churn rates have remained at low levels. Viaplay was launched in Iceland during the year and has performed above expectations. Viaplay was launched in the Baltics in March 2021 and preparations are underway for the launch of Viaplay in Poland in Q3 2021 and in the US Q4 2021.

Other subscription sales accounted for 39% of Group sales. The revenues include fees received for the distribution of the Group's linear free and pay-TV channels, and other subscription related revenues. Other subscription delivered a very healthy underlying performance in the year. Sales were up 7% on an underlying organic basis when excluding changes in exchange rates and the sales from the deconsolidated Viasat Consumer business. Viasat Consumer was deconsolidated from the beginning of May 2020, following the completion of the merger with Canal Digital. Sales were down 27% on a reported basis.

Advertising sales, which accounted for 29% of Group sales, include the key brands TV3, TV6, RIX FM, P4 Norway and Viafree. Sales were down 14% on a reported basis and 11% on an organic basis following lower demand levels due to Covid-19. NENT Group's TV audience shares in Sweden and Denmark were down and slightly up in Norway. NENT Group's Swedish radio audience share decreased while the Norwegian share was improved.

Studios and other primarily comprises the sale by the scripted content production and distribution companies that are not being divested. NENT Studios is leading in content creation and production in the Nordic region. It comprises production companies in more than 15 territories and also includes NENT Studios UK, which is also currently for sale. Studios and other sales accounted for 2% of Group sales, and were down 43% on a reported basis and 41% on an organic basis following lower demand levels and postponements of productions as a result of the Coronavirus pandemic.

Financial overview

(SEKm)	2020	2019
Continuing operations		
Net sales	**12,003**	**14,204**
Organic growth	0.1%	6.1%
Operating income before associated company income and IAC	978	1,441
Associated company income	100	5
Operating income before IAC	1,077	1,445
Items affecting comparability (IAC)[1]	2,109	−755
Operating income	**3,186**	**690**
Net income, continuing operations	2,869	538
Net income, discontinued operations[2]	−643	52
Net income, total operations	**2,226**	**590**
Basic earnings per share (SEK)	33.06	8.77
Adjusted net income from continuing operations[3]	957	1,145
Adjusted earnings per share from continuing operations (SEK)[3]	14.21	17.02

1) The combination of Viasat Consumer and Canal Digital resulted in a capital gain of SEK 2,383m, which was reported within items affecting comparability in Q2 2020. Viasat Consumer was consolidated until the beginning of May 2020 and contributed sales of SEK 961m (2,920) and operating income of SEK 129m (469) up until deconsolidation. NENT Group's 50% share in Allente's net income from May is reported as associated company income (see note 16 for further information). In Q4 2020 the Group took a one-off charge of SEK 275m primarily related to Studio assets and non-cash impairment charges. Please see note 8 for details about items affecting comparability.

2) Discontinued operations comprise NENT Group's non-scripted, branded entertainment and events businesses. In Q4 2020 the Group took a one-off charge of SEK 620m primarily related to Studio assets and non-cash impairment charges. Please see note 11 for information about discontinued operations. This annual report refers to NENT Group's continuing operations unless otherwise indicated.

3) Adjusted net income and earnings per share from continuing operations exclude items affecting comparability and the amortisation of acquisition-related intangibles within NENT Group and Allente (please see page 130 for reconciliation of Adjusted net income and earnings per share from Continuing operations).

Operating income

Operating expenditure before items affecting comparability was down 13% to SEK 11,177m (12,855). This reflected the effect of the deconsolidation of the Viasat Consumer business, SEK 900m savings for the full year from the 2019 transformation and cost reduction program and Coronavirus pandemic related cost savings programme, as well as the impact of lower scripted content production volumes.

Total operating income amounted to SEK 3,186m (690). Operating income before associated company income and items affecting comparability decreased 32% to SEK 978m (1,441) and 13% when excluding the contribution from Viasat Consumer business, which was deconsolidated in May 2020.

Allente contributed SEK 99m (0) of associated company income, which included the impact of SEK 289m of amortisation charges for the period 1 May–31 December 2020 after Allente concluded its Purchase Price Allocation related to the merger. Please see note 16 for further details about Allente's financial performance and position.

Items affecting comparability amounted to SEK 2,109m (–755) and comprised the non-cash capital gain of SEK 2,383m arising from the merger of Viasat Consumer and Canal Digital and the difference between the carrying value of Viasat Consumer and the fair value of the business in the transaction. It also includes non-cash impairment charge relating to the NENT Studios UK content distribution business. See note 8 for a comprehensive list of items affecting comparability.

Net interest and other financial items

Net interest and other financial items totaled SEK –100m (–30). Net interest amounted to SEK –70m (–34), of which SEK –13m (–15) related to the interest on net lease liabilities.

Other financial items amounted to SEK –30m (4) and mainly comprised financing arrangement fees and the impact of exchange rate differences on financial items.

Net income

Tax charges for the period amounted to SEK –218m (–122) and net income from continuing operations totaled SEK 2,869m (538). Net income from discontinued operations amounted to SEK –643m (52) and comprised the income from the Studios businesses that are being divested. The result included one-off charges of SEK 620m, which mainly were related to non-cash impairment charges of goodwill. Total net income for the Group therefore amounted to SEK 2,226m (590), with total basic earnings per share of SEK 33.06 (8.77). Adjusted net income and earnings per share from continuing operations amounted to SEK 957m (1,145) and SEK 14.21 (17.02), respectively (please see page 128–130 for details and definitions on Alternative performance measures).

Cash flow

Cash flow from operations

Cash flow from operating activities, including discontinued operations, amounted to SEK 2,200m (1,393) and included the receipt of a SEK 1.2bn extraordinary dividend from Allente received in Q4. Changes in working capital amounted to SEK –674m (–791) and the lower outflow compared with last year mainly reflected the impact from the Coronavirus pandemic. The net operating cash flow for the year amounted to SEK 1,526m (602).

Cash flow from investing activities

Total cash flow related to investing activities amounted to SEK –367m (–290). Capital expenditure on tangible and intangible assets totalled SEK –147m (–176). Investing activities 2020 was impacted by the deconsolidation of Viasat Consumer and SEK –218m of cash and cash equivalents within that operation.

Cash flow from financing activities

Cash flow from financing activities amounted to SEK –301m (475) due to the net change in Group borrowings. The net change in cash and cash equivalents amounted to SEK 858m (787) and included discontinued operations.

Financial position

The Group's total net debt position, including discontinued operations, amounted to SEK 3,026m (4,139) at the end of the period and comprised financial net debt of SEK 2,520m (3,542), including cash and cash equivalents of SEK 2,040m (1,238) net of lease liabilities and sublease receivables of SEK 505m (598). The net debt to trailing twelve month adjusted EBITDA ratio was 2.2x at the end of the period.

Allente

The combination of Viasat Consumer, NENT Group's satellite pay-TV and broadband-TV business, with Canal Digital, Telenor Group's satellite pay-TV business, into a new joint venture company called Allente was completed on 5 May. NENT Group and Telenor Group each own 50% of the shares in the company.

The combination is expected to yield annual cost synergies of approximately SEK 650m, with full effect from 2022, as well as substantial sales synergies from the upselling of Viaplay to the Canal Digital subscriber base. Integration and other related costs are expected to total approximately SEK 900m and to be reported as items affecting comparability by Allente in 2020 and 2021.

Allente's revenues for the period May–Dec amounted to SEK 4,595m. EBITDA before items affecting comparability amounted to SEK 808m, and operating income of SEK 256m included SEK –202m of integration costs reported as items affecting comparability and –289m amortisation charge related to intangibles assets arising from the merger transaction.

NENT Group's 50% share of Allente's net income of SEK 198m amounted to SEK 99m. Allente secured loans of SEK 2.5bn during the second half of the year and paid out an extraordinary dividend of SEK 2.4bn to shareholders in Q4. Allente plans to pay out quarterly dividends moving forward. Allente's net debt amounted to SEK 1,301m at the end of the period.

Parent company

Nordic Entertainment Group AB (publ.) is the Group's parent company and is responsible for Group-wide management, administration and financing. The Parent company reported net sales of SEK 55m (43) in 2020. Net interest and other financial items totalled SEK 77m (47). Income before tax and appropriations amounted to SEK –64m (–210). Income after tax and appropriations amounted to SEK 255m (312). The parent company had cash and cash equivalents of SEK 1,939m (974) at the end of the period.

Share and share capital

At year end, NENT Group's share capital totalled SEK 136 million (135). The total number of issued NENT Group shares was 67,842,244 shares and comprised 532,572 class A shares, 66,839,153 class B shares and 470,519 class C shares. The total number of shares outstanding at the end of the period was 67,347,526 (67,342,244) when excluding the 24,199 Class B and 470,519 Class C shares that were held as treasury shares.

For more information, see "The share" on page 42–44 and note 19 regarding Shareholders' equity.

Corporate governance and sustainability report

In accordance with the Swedish Annual Accounts Act Ch. 6 § 8 and 11, NENT Group has chosen to present the statutory corporate governance report and sustainability report separately. The corporate governance report is provided on page 46–59, and the sustainability report (including statutory sustainability report) is provided on page 18–40, 49, 59 and 132–153.

Dividend and proposed appropriation of earnings

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

SEK	2020
Profit brought forward	1,777,354,893
Net income for the year 2020	254,856,476
Total	**2,032,211,369**

In light of the AGMs authorisation of the issuing of shares to raise funding for the Group's planned expansion, the Board of Directors of NENT Group proposes to the Annual General Meeting of shareholders that the Group's retained earnings for the year ended 31 December 2020 be carried forward into the 2021 accounts, and that no ordinary cash dividend be paid for 2020.

The Board of Directors proposes that the un-appropriated earnings be allocated as follows:

SEK	2020
Carried forward	2,032,211,369
Total	**2,032,211,369**

Outlook and financial targets

NENT Group's vision is to be the European streaming champion. The Group's purpose is to tell stories, touch lives and expand worlds by offering its customers high quality and diverse storytelling experiences that are relevant, engaging, simple to use, broadly available, and great value for money.

While NENT Group does not provide formal regular financial performance targets or guidance, it did provide a series of five year targets at its Capital Markets Day on 10 November 2020:

1. Group compound organic sales growth of approximately 18–20% between 2020 and 2025 (based on 2020 Group revenues excluding the contribution from the now deconsolidated Viasat Consumer business)
2. Compound organic sales growth for the Group's Nordic operations of approximately 13–15% between 2020 and 2025 (based on 2020 Group revenues excluding the contribution from the now deconsolidated Viasat Consumer business)
3. An operating income (EBIT) margin before associated company income and IAC for the Group's Nordic operations of approximately 15% for the full year 2025
4. A positive operating income (EBIT) result for the Group's Viaplay International operations for the full year 2025
5. A balance sheet leverage ratio of less than 2.5x net debt to trailing twelve month adjusted EBITDA, although NENT Group's leverage may exceed these levels temporarily from time to time

Orca

The above financial targets and objectives are based on delivering sustainable profitable growth for its Nordic operations, and on the launch of Viaplay in 10 new markets in the period from the beginning of 2021 to the end of 2023. NENT Group has suspended its previous dividend policy while it focuses on expansion in the coming years. The Board will continue to consider various means of distributing surplus funds to shareholders from time to time and as circumstances allow.

Significant risks and uncertainties

The management of risks and uncertainties is a key determinant of NENT Group's success. The risks that could have the greatest impact on the Group include the ability to adapt to new technologies and product innovations, to achieve widespread distribution of its products, to acquire and develop quality content, to enhance the user experience, and to expand successfully into new markets. Other risks with a medium to high potential impact include economic, political and regulatory risks. NENT Group's strategic, operational and financial risks are described in more detail in "Risk and risk management" on pages 57–59, together with the risk management process. NENT Group's financial risks are also described in note 23 on Financial risk and financial risk management.

The Coronavirus pandemic continues to constitute a substantial risk for NENT Group's people, operations, financial performance and position. The risks related to the Covid-19 virus for the Group are also described in the "Risk and risk management" section. During the year the Group has received governmental support, for furloughing of staff and lower social expense, amounting to SEK 49m. Government initiatives have also enabled the Group to defer tax payments during the year, all of which were paid in Q4.

Remuneration

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

NENT's Remuneration Guidelines for executive remuneration was adopted by the 2020 Annual General Meeting and has been implemented 2020. The Board of Directors intention is that these guidelines will remain in place four years from the date of approval. No changes will be proposed to the guidelines this year.

Happily married

Financial statements

Consolidated income statement

(SEK million)	Note	2020	2019
Continuing operations			
Net sales	3, 4	12,003	14,204
Cost of sales		−8,815	−9,890
Gross income		**3,188**	**4,313**
Selling and marketing expenses		−821	−984
General and administrative expenses		−1,541	−2,008
Other operating income and expenses	6	151	121
Share of earnings in associated companies and joint ventures	16	100	5
Items affecting comparability	8	2,109	−755
Operating income	3, 4, 5, 6, 7, 8	**3,186**	**690**
Interest income	9	3	11
Interest expenses	9	−60	−30
Net leasing interest		−13	−15
Other financial items		−30	4
Income before tax		**3,087**	**660**
Tax expenses	10	−218	−122
Net income for the period, continuing operations		**2,869**	**538**
Net income for the period, discontinued operations	11	−643	52
Net income for the period		**2,226**	**590**
Items that are or may be reclassified to profit or loss net of tax			
Currency translation differences		−161	52
Cash flow hedge		−311	13
Other comprehensve income for the period		**−472**	**65**
Total comprehensive income for the period		**1,754**	**655**

(SEK million)	Note	2020	2019
Net income for the period attributable to:			
Equity holders of the parent company		2,236	589
Non-controlling interest		−9	1
Total comprehensive income for the period attributable to:			
Equity holders of the parent company		1,763	654
Non-controlling interest		−9	1
Earnings per share	12		
Basic earnings per share (SEK), continuing operations		42.60	7.99
Diluted earnings per share (SEK), continuing operations		42.40	7.97
Basic earnings per share (SEK)		33.06	8.77
Diluted earnings per share (SEK)		32.90	8.74
Number of shares	12, 19		
Shares outstanding at the end of the period		67,347,526	67,342,244
Basic average number of shares outstanding		67,345,231	67,279,875
Diluted average number of shares outstanding		67,664,386	67,484,565

Consolidated balance sheet

(SEK million)	Note	31 Dec 2020	31 Dec 2019
Non-current assets			
Goodwill	13	1,309	2,311
Other intangible assets	13	689	1,073
Machinery, equipment and installations	14	96	165
Right-of-use assets	24	360	566
Participation in associated companies and joint ventures	16	1,616	34
Other shares		104	108
Sublease receivables	24	150	192
Deferred tax assets	10	111	64
Other long-term receivables		65	107
Total non-current assets		**4,501**	**4,621**
Current assets			
Inventories		2,614	2,551
Accounts receivables	17	789	1,112
Sublease receivables	24	30	34
Prepaid programming expenses		3,496	3,359
Prepaid expense and accrued income	18	502	1,250
Tax receivables	10	86	207
Other current receivables		597	325
Cash, cash equivalents and short term investments		2,036	1,238
Assets held for sale	11	1,299	–
Total current assets		**11,449**	**10,077**
Total assets		**15,949**	**14,697**

(SEK million)	Note	31 Dec 2020	31 Dec 2019
Equity			
Equity	19	3,236	1,434
Non-controlling interest		1	7
Total equity		**3,237**	**1,442**
Non-current liabilities			
Long-term borrowings	23	3,300	1,800
Long-term lease liabilities	24	462	691
Provisions	21	137	275
Deferred tax liabilities	10	211	303
Other non-current liabilities		148	13
Total non-current liabilities		**4,259**	**3,082**
Current liabilities			
Short-term borrowings	23	1,260	2,980
Short-term lease liabilities	24	104	132
Accounts payables	23	2,164	2,199
Accrued programming expenses		1,436	2,015
Accrued expenses and prepaid income	22	1,105	2,080
Provisions	21	185	139
Tax liabilities		250	235
Other current liabilities		1,170	394
Liabilities related to assets held for sale	11	781	–
Total current liabilties		**8,454**	**10,174**
Total liabilities		**12,713**	**13,256**
Total shareholders' equity and liabilities		**15,949**	**14,697**

Consolidated statement of changes in equity

(SEK million)	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as of 1 January 2019	**1**	**–77**	**37**	**621**	**581**	**16**	**597**
Net income for the year	–	–	–	589	589	1	590
Other comprehensive income	–	52	13	–	65	–	65
Total comprehensive income	**–**	**52**	**13**	**589**	**655**	**1**	**655**
Bonus issue	134	–	–	–134	–	–	–
Shareholder contribution	–	–	–	620	620	–	620
Effect of share-based programmes	–	–	–	15	15	–	15
Dividends to shareholders SEK 6.50 per share	–	–	–	–438	–438	–	–438
Changes in non-controlling interests	–	–	–	1	1	–9	–7
Balance as of 31 December 2019	**135**	**–25**	**50**	**1,274**	**1,435**	**7**	**1,442**
Balance as of 1 January 2020	**135**	**–25**	**50**	**1,274**	**1,435**	**7**	**1,442**
Net income for the year	–	–	–	2,236	2,236	–9	2,226
Other comprehensive income	–	–162	–311	–	–472	–	–472
Total comprehensive income	**–**	**–162**	**–311**	**2,236**	**1,763**	**–9**	**1,754**
Effect of share-based programmes	–	–	–	20	20	–	20
New share issue, Class C-shares	1	–	–	–	1	–	1
Share-buy-back, Class C-shares	–	–	–	–1	–1	–	–1
Change in non-controlling interests	–	–	–	–	–	3	3
Dividends to non-controlling interests	–	–	–	–	–	–1	–1
Transactions with shareholders in associated companies	–	–	–	18	18	–	18
Balance as of 31 December 2020	**136**	**–187**	**–261**	**3,547**	**3,236**	**–**	**3,236**

Consolidated statement of cash flow

(SEK million)	Note	2020	2019
Cash flow from operations	28		
Net income, continuing operations		2,869	538
Net income, discontinued operations		−643	52
Dividends from associated companies		1,200	–
Depreciations, amortisations and write-downs		1,202	875
Other adjustments for non-cash items		−2,428	−72
Cash flow from operations		**2,200**	**1,393**
Changes in working capital		−674	−791
Net cash flow from/to operations		**1,526**	**602**
Investing activities			
Acquisitions of operations		–	−15
Divestments of operations		−222	–
Capital expenditures in tangible and intangible assets		−147	−176
Other investing activities		2	−99
Cash flow from/used in investing activities		**−367**	**−290**
Financing activities			
New long-term borrowings	28	1,500	2,300
Change in short-term borrowings		−1,720	2,480
Amortisation of lease receivables		32	33
Amortisation of lease liabilities		−135	−121
Change in financing to/from MTG		–	−4,474
Shareholders' contribution		–	620
Dividends to shareholders		–	−438
Other financing activities		22	75
Cash flow from/used in financing activities		**−301**	**475**
Total change in cash and cash equivalents for the period		**858**	**787**
Cash and cash equivalents at beginning of period		**1,238**	**428**
Translation differences in cash and cash equivalents		−60	23
Cash and cash equivalents at end of period		**2,036**	**1,238**
Cash and cash equivalents included in assets held for sale		4	–
Cash and cash equivalents at end of the period, total		**2,040**	**1,238**

Parent company income statement

(SEK million)	Note	2020	2019
Net sales		55	43
Gross income		**55**	**43**
Administrative expenses		−190	−252
Other operating income		3	–
Other operating expenses		–	−2
Items affecting comparability	8	−10	−48
Operating income	7, 8	**−141**	**−258**
Interest income and other financial income	9	167	103
Interest expense and other financial expenses	9	−90	−56
Income before tax and appropriations		**−64**	**−210**
Group contribution		364	597
Income before tax		**301**	**387**
Tax expenses	10	−46	−75
Net income for the period		**255**	**312**
Other comprehensive income		−2	–
Total comprehensive income for the period		**253**	**312**

Parent company balance sheet

(SEK million)	Note	31 Dec 2020	31 Dec 2019
Non-current assets			
Shares and participations in Group companies	15	123	110
Other long-term receivables		–	3
Total non-current assets		**123**	**113**
Current assets			
Receivables from Group companies		8,429	10,831
Other receivables		466	73
Prepaid expense and accrued income	18	15	15
Cash and cash equivalents		1,939	974
Total current assets		**10,849**	**11,893**
Total assets		**10,972**	**12,006**

(SEK million)	Note	31 Dec 2020	31 Dec 2019
Equity	19		
Share capital (67,842,244 shares)		136	135
Retained earnings		1,777	1,447
Net income for the year		255	312
Total equity		**2,168**	**1,894**
Non-current liabilities			
Long-term borrowings		3,300	1,800
Total non-current liabilities		**3,300**	**1,800**
Current liabilities			
Short-term borrowings		1,260	2,980
Provisions		7	5
Accounts payable		4	20
Liabilities to Group companies		3,561	5,083
Tax liabilities		121	77
Accrued expense and prepaid income	22	71	62
Other current liabilities		481	85
Total current liabilities		**5,504**	**8,312**
Total liabilities		**8,804**	**10,112**
Total equity and liabilities		**10,972**	**12,006**

For information about pledged assets and contingent liabilities, see note 26.

Parent company statement of changes in equity

(SEK million)	Restricted equity Share capital	Non-restricted equity Retained earnings	Total
Balance as of 1 January 2019	**1**	**2,008**	**2,008**
Net income for the period	–	312	312
Other comprehensive income	–	–	–
Total comprehensive income	**–**	**312**	**312**
Bonus issue	134	−134	–
Dividends to shareholders	–	−438	−438
Effect of share-based programmes	–	11	11
Balance as of 31 December 2019	**135**	**1,759**	**1,894**
Balance as of 1 January 2020	**135**	**1,759**	**1,894**
Net income for the period	–	255	255
Other comprehensive income	–	−2	−2
Total comprehensive income	**–**	**253**	**253**
New share issue, Class C-shares	1	−1	–
Effect of share-based programmes	–	20	20
Balance as of 31 December 2020	**136**	**2,032**	**2,168**

For information about changes in equity for the Parent company, see note 19.

Parent company cash flow statement

(SEK million)	Note	2020	2019
Cash flow from operations	28		
Net income		255	312
Adjustments for non-cash items		18	17
Cash flow from operations		**273**	**328**
Changes in working capital		215	−264
Net cash flow from/to operations		**488**	**64**
Investing activities			
Other investing activities		2	3
Cash flow from/used in investing activities		**2**	**3**
Financing activities	28		
New long-term borrowings		1,500	2,300
Change in short-term borrowings		−1,720	2,480
Receivables/liabilities from Group companies		703	−6,405
Change in financing to/from MTG		–	855
Shareholders' contribution received from MTG		–	2,000
Group contribution received		–	124
Dividend to shareholders		–	−438
Other financing activities		−6	−9
Cash flow from/used in financing activities		**477**	**907**
Change in cash & cash equivalents for the period		**966**	**974**
Cash and cash equivalents at beginning of period		**974**	**–**
Cash and cash equivalents at end of period		**1,939**	**974**

Notes

Content

Notes

1 Accounting and valuation principles

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

The consolidated financial statements of the Company for the year ended 31 December 2020, presented in this Annual report, comprise the Parent company and its subsidiaries and the share of participation in associated companies and joint ventures.

The annual report including the financial statements were authorised for issue by the Board of Directors on 29 March 2021. The consolidated income statement and balance sheet, and the income statement and the balance sheet of the parent company, will be presented for adoption by the Annual General Meeting on 19 May 2021.

Basis of preparation

The financial statements for 2019 was presented as combined financial statements. The formation of the Nordic Entertainment Group (NENT Group) comprised transactions between entities that were under common control. All entities in these combined financial statements were under common control via Modern Times Group MTG AB's (MTG) ownership prior to the listing. Since these types of transactions were 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 NENT Group used. The assets and liabilities was aggregated and recognised based on the carrying amounts they represented in MTG's consolidated financial statements as from the date they became part of the MTG Group.

As from the date of the listing NENT Group present consolidated financial statements. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards, as approved within the EU.

New and amended standards adopted by NENT

The Group has not adopted any new or changed Accounting standards or interpretations during 2020, and currently there are no new endorsed IFRS standards or IFRIC interpretations that are expected to have a significant impact on the Groups financial statements.

Consolidated accounts

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

Subsidiaries

Subsidiaries are companies in which the Group exercises control, meaning that the Group has power over the subsidiary and has exposure or rights to its variable returns. The Group must also have the ability to use the power to affect the return from the subsidiary. For all companies in which the Group holds more than 50% of the votes, the control criteria are fulfilled and the companies are consolidated as subsidiaries. When controlling interest has been achieved the change in ownership is recognised as a transfer in equity between the equity holders of the parent company and the non-controlling interest, without remeasuring the subsidiary's net assets.

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.

If the cost of the acquisition is below the fair values of identifiable net assets acquired is recognised in the profit and loss in the acquisition period. Acquisition related costs are expensed as incurred. Results for companies acquired during the year are included in the consolidated income statement 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; the other is to recognise the non-controlling interests at its share of the fair value of the acquired net assets. The former method (the full goodwill methods) leads to a higher value of non-controlling interest and goodwill than the later method (the partial goodwill method). The choice of method is made for each acquisition separately. If partial disposal of a subsidiary results in the loss of controlling interest, any residual holding is revalued to fair value and the amount of the change is recognised in profit/loss.

Associated companies and joint ventures

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

Joint ventures 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.

1 cont.

Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

At the beginning of May, NENT Group's Viasat Consumer business was merged with Telenor Group's Canal Digital business to form a joint venture called Allente. As an effect of the merger, NENT Group lost control of the business and deconsolidated Viasat Consumer and its subsidiaries. NENT Group owns 50% of Allente and this interest is recorded at fair value at the transaction date. This resulted in a capital gain, which is the difference between the fair value of the consideration received (50% of Allente) and the carrying value of the former subsidiaries' net assets.

Assets held for sale and discontinued operations

Assets held for sale and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than continuing use. This also applies for situations where the Group still continues its operations, but loses control over the operation.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and presented separately as assets held for sale and liabilities held for sale in the balance sheet. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. Comparative information in statements and disclosures are restated.

Functional currency and reporting currency

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

Financial statements of foreign operations

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

Inventories

A significant portion of the amount reported as inventory by the Group refers to the TV channels' catalogue of programme rights. Programme rights are reported as inventory when the license period has begun, the programme itself is available for its first broadcast, the cost of the programme is known, and the programme content has been approved by the TV channel. Programme rights invoiced, but where the license period has not started and the programme cannot be reported as inventory, is reported as prepaid expenses. Future payment commitments in respect of contractual programme rights that have not yet been reported as inventory or prepaid expenses are reported as other commitments, see note 25. 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 begins 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.

Government grants

Grants and support from Governments and public authorities are recognised when there is reasonable assurance that the company will comply with the conditions attached to the grant and that the grant will be received.

Parent company

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

Group contributions

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

2 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS 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 ongoing 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 13, Intangible assets, contain information of the assumptions and the risk factors relating to goodwill impairment. Litigations and provisions made are reported in note 21 Provisions.

Goodwill and other intangible assets

Intangible assets, except goodwill and intangible assets with indefinite useful lives, are amortised and depreciated over their useful lives. These 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 13 Intangible assets.

Beneficial rights and programme rights inventory

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.

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 21 Provisions.

3 Revenue by category and geographical area

Under 2020 NENT Group announced the initiation of a process to divest its non-scripted production, branded entertainment and events companies. The remaining NENT Studios operations, focused on scripted content production and distribution, have been integrated with the previous Broadcasting and streaming segment. As a consequence NENT Group reports only one segment with four net sales categories in line with how performance is monitored internally.

Group (SEK million)	2020	2019
Viaplay	3,625	3,323
Other subscription	4,657	6,367
Advertising	3,433	4,006
Studios & other	289	507
Total	**12,003**	**14,204**

Viaplay: Revenues generated by the Viaplay streaming service including subscription payments and customers purchasing content on a pay-per-view basis. Viaplay revenues are generated directly from end-customers and from distributor or partner organisations.
Other subscription: Revenues generated from the Group's traditional TV channels and channel packages when sold through wholesalers, fees received from distributors for carriage of the Group's TV channels, and other subscription related revenues.
Advertising: Advertising and sponsorship revenues generated by the Group's TV channels, radio stations and streaming services.
Studios & Other: External revenues primarily generated by the Group's scripted content production and distribution businesses.

NENT Group discloses revenues for Viaplay separately. Viaplay revenues are generated as subscription or transaction fees, either directly from end-customers or indirectly from partner organisations. Viaplay may be purchased as a standalone product or as part of bundled offers by partner organisations. When Viaplay is sold as a part of a bundled offer, and no standalone selling price is explicitly referenced in the partner contract, NENT Group allocates a part of the total revenue to Viaplay based on Viaplay's relative standalone selling price in relation to the bundle offering. NENT Group uses the recommended retail price as the reference point for the standalone selling price.

Geographical area

The Group operates mainly in Europe. Net sales and non-current assets are shown below by geographical area. Sales are shown per country from which the revenues are derived.

	Net sales		Intangible and tangible assets	
Group (SEK million)	2020	2019	2020[1]	2019
Sweden	5,871	5,753	1,312	1,922
Norway	1,841	2,683	603	878
Denmark	3,278	4,573	141	170
Finland	541	614	1	288
United Kingdom	185	109	34	288
Other	288	470	3	3
Total	**12,003**	**14,204**	**2,094**	**3,550**

1) Intangible & tangible assets within the Studio business to be divested has been reclassified to assets held for sale.

4 Revenues

Revenue recognition

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

Advertising revenue

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

For yearly contracts, which typically contain several performance obligations (such as different campaigns or spots), the transaction price is allocated to each performance obligation based on their standalone 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 standalone selling price of the service promised to the customer. Revenue is recognised over time in a way that depicts the transfer of control of the good or service as provided to the customer.

4 cont.

Subscription revenue

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

Subscriptions for pay-TV

Viasat Consumer contributed to revenue until being deconsolidated in May. Its revenue came mainly from subscriptions usually consisting of a main subscription fee, hardware (a box) and card fee. Since the customer cannot benefit from the subscription fee, hardware and card fee on its own, these products and services were 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 was therefore recognised over time over the binding period of the contract.

Streaming services

For streaming services, the customer pays a fee to access content which the customer has subscribed for. Each 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 recognised at a point in time.

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

Revenue can be generated directly from end-customers, and from distributors and partner organisations.

Production revenue

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

Event revenue

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

Licenses and royalty

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

Significant judgement in revenue recognition

Agent or principal

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

Revenue from performance obligations satisfied in previous periods

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

Disaggregation of revenue

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

Group (SEK million)	2020	2019
Revenue streams		
Advertising	3,433	4,006
Subscription	7,575	8,771
Production	153	328
Licenses, royalities and other	843	1,099
Total	**12,003**	**14,204**
Timing of revenue recognition		
At a point in time	843	1,099
Over time	11,160	13,105
Total	**12,003**	**14,204**

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Cost to obtain or fulfill a contract

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

Group (SEK million)	2020	2019
Opening balance 1 January	351	271
Increase of contract assets due to new contracts during the year	–	458
Amortisation expense of costs to obtain contracts	–	−378
Divestment of operations	−351	–
Closing balance 31 December	**–**	**351**

Contract asset

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

Group (SEK million)	2020	2019
Opening balance 1 January	709	575
A change in the timeframe for a right to consideration to become unconditional	−94	134
Divestment of operations	−94	–
Reclassification to assets held for sale	−210	–
Closing balance 31 December	**311**	**709**

Contract liability

Contract liabilities consist of the following prepaid income:

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

Group (SEK million)	2020	2019
Opening balance 1 January	1,040	654
Net change in contract liability during the year	−341	386
Divestment of operations	–	–
Reclassification to liabilities related to assets held for sale	−84	–
Closing balance 31 December	**615**	**1,040**

Contract liabilities reported at the beginning of 2020 and 2019 has been recognised as revenue during each year.

5 Nature of expenses

Nature of expenses

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

Group (SEK million)	2020	2019
Net sales	12,003	14,204
Other operating income[1)]	2,620	152
Cost of goods and services	−8,563	−9,311
Personnel cost	−1,381	−2,351
Depreciation and amortisation	−267	−281
Impairment charges	−189	−6
Other external expenses	−1,137	−1,722
Share of earnings in associated companies and joint ventures	100	5
Operating income	**3,186**	**690**

1) Of which SEK 2,383m relates to capital gain from Viasat Consumer / Allente.

6 Other operating income and expenses

Accounting principle

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

Group (SEK million)	2020	2019
Other operating income		
Gain from exchange rate differences	129	41
Government grants / tax incentives	33	56
Loss of revenue compensation due to Covid-19	9	–
Other	66	55
Total	**237**	**152**
Other operating expenses		
Loss from exchange rate differences	−82	−28
Other	−4	−3
Total	**−86**	**−31**

7 Salaries, other remuneration and social security expenses

Group (SEK million)	2020	2019
Wages and salaries	1,019	1,343
Social security expenses	193	247
Pension costs	112	133
Share-based payments	20	11
Social security expenses on share-based payments	11	3
Total	**1,354**	**1,736**

Group (SEK million)	2020	2019
Board of Directors, CEO and Group Excecutive Management	71	115
of which variable salary	*25*	*58*
Other employees	1,283	1,621
Total	**1,354**	**1,736**

Parent company (SEK million)	2020	2019
Board of Directors, CEO and Group Excecutive Management	51	54
of which variable salary	*17*	*27*
Other employees	86	80
Total	**137**	**134**

Remuneration to the Board of Directors and the Group Executive Management

Remuneration to the Board of Directors

The remuneration to the Board of Directors has been paid in accordance with the resolution approved at the 2020 Annual General Meeting (AGM). The remuneration includes fees for ordinary Board work and fees for work within the committees of the Board. For 2020, and the period leading up to the 2021 AGM, the Board fees amounted to SEK 4.5m.

Remuneration to Group Executive Management

The Remuneration Committee's evaluation has resulted in the conclusion that there has been compliance with the guidelines for remuneration to the senior executives resolved by the 2020 Annual General Meeting.

The Remuneration Guidelines for the Group Executive Management

The Remuneration Guidelines (the "guidelines") will apply to the President & CEO and other members of the Group Executive Management ("GEM"), currently comprising eight members. The guidelines are forward looking, i.e. they are applicable to remuneration agreed and amendments to remuneration already agreed, after the adoption of the guidelines by the 2020 Annual General Meeting. The intention of the Board of Directors ("the Board") and its Remuneration Committee ("the Committee") is that

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the guidelines will remain in place for four years from the date of approval. These guidelines do not apply to any remuneration decided or approved by the general meeting, for example share-related long-term incentive plans.

Our approach to remuneration

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

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

Remuneration guidelines by element

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

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

7 cont.

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

Service contracts and payments upon termination of employment

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

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

Remuneration governance and decision-making

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

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

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

Deviation from the guidelines

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

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Remuneration and terms of employment for the President and CEO in 2020

The remuneration to the President & CEO includes fixed salary, variable components in the form of STI and LTI plans, pension in the form of defined contribution and other benefits/allowances. For 2020, the base salary was set at SEK 8m. In 2020 the President & CEO participated in the NENT STI plan. The maximum STI pay out amounts to 100% of the annual base salary. NENT did not launch a LTI plan in 2020. The President & CEO is part of the LTIP 2019 which is described in detail below. A notice of termination period of one year applies for the President & CEO if such notice is given by the Company or the President & CEO respectively. The agreement does not provide for any severance pay.

Remuneration and terms of employment for other members of Group Executive Management in 2020

The remuneration to the Group Executive Management members included fixed salary, variable components in the form of STI and LTI plans, pension in the form of defined contribution and other benefits/allowances. In addition to participating in the 2020 NENT STI plan, Group Executive Management members participate in the LTIP 2019. A notice of termination period of six to twelve months applies to the Group Executive Management members if such notice is given by the Company or the Group Executive Management member respectively. Any severance pay is limited to six months' base salary.

Group Executive Management

At year end 2020 the Group Executive Management included the President & CEO, the EVP & CFO and Head of Strategy and M&A, and seven other Executive Vice Presidents. The Group Executive Management is described on pages 54–56.

Remuneration to the Board of Directors

(SEK thousand)	Board fee 2020[1)]	Board fee 2019[1)]
David Chance, Chairman of the Board	1,503	1,503
Anders Borg	582	630
Henrik Clausen[2)]	52	553
Simon Duffy	735	735
Pernille Erenbjerg	394	–
Kristina Schauman	630	630
Natalie Tydeman	640	620
Total	**4,536**	**4,670**

1) Board fees consist of remuneration for ordinary Board work SEK 3,810,000 (3,950,000) and remuneration for work in the committees SEK 726,000 (720,000).
2) Henrik Clausen stepped down from the Board of Directors on 4 February 2020.

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Remuneration and other benefits to the Group Executive Management 2020

(SEK thousand)	Base salary	Variable remuneration paid in 2020[1]	Variable remuneration due in 2021[2]	LTIP cost[3]	Other benefits	Pension	Total
Anders Jensen, President & CEO	8,000	9,616	3,520	2,899	55	487	24,576
Group Executive Management (8 members)[4]	23,124	21,830	9,474	4,481	183	2,590	61,683
Total	**31,124**	**31,446**	**12,994**	**7,380**	**238**	**3,077**	**86,260**

1) Variable remuneration paid in 2020 refers to the STI payments earned during 2019.
2) Variable remuneration due in 2021 refers to the STI payments for 2020.
3) Non-cash share-based incentive programme costs for LTIP 2019 in accordance with IFRS 2.
4) The 2020 amounts disclosed for Group Executive Management relate to the full year for: Anders Jensen, Gabriel Catrina, Matthew Hooper, Kaj af Kleen, Sahar Kupersmidt, Kim Poder, Mia Suazo Eriksson and Filippa Wallestam. Part-year for Peter Norrelund (Aug–Dec).

Remuneration and other benefits to the Group Executive Management 2019

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

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

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

Decision process

The remuneration to the President & CEO is decided by the Board of Directors on recommendation by the Remuneration Committee. The remuneration policy for the Group Executive Management is determined by the Remuneration Committee and the Board.

Share-based compensation

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date 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 expense is reported in the income statement with the corresponding increase in equity. The social security costs is revalued on a quarterly basis. The current plan has a three-year vesting period and payment depends on the fulfillment of certain stipulated performance conditions.

Long-term incentive plan

No long-term incentive plan was launched during 2020. The Annual General Meeting 2019 approved a share-based long-term incentive plan, LTIP 2019. The plan is performance-based and directed to around 100 participants across NENT including the Group Executive Management, other senior executives and key employees. The plan is designed to attract, motivate and retain key talent within NENT, and to align participants' interests with shareholders. The number of shares that vest in 2022 is

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dependent on the achievement of two equally weighted NENT targets; (i) organic sales growth (organic sales growth refers to growth excluding the effects of acquisitions/divestments and adjusted for currency effects), and (ii) operating income (operating income before Items Affecting Comparability (IAC) may be adjusted for extraordinary or non-budgeted items or events not related to the ordinary course of business including acquisitions/divestments) for the 2019 financial year. The performance outcome for LTIP 2019 was 100% of the maximum number of shares that may vest and be allocated to participants in 2022. Vesting is conditional upon that the participant, with certain customary exceptions, at the time of the publication of NENT's interim report for the first quarter of 2022, is still employed by the NENT Group.

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

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

Cost effects of the incentive programme

LTIP 2019 is equity-settled. The initial fair value at grant date of the share programme, is expensed during the vesting period. The cost for the programme is recorded as an operating expense with the corresponding increase in equity. The cost is based on the fair value of the NENT Class B share at grant date and the number of shares expected to vest. The cost recognised for the programme in 2020 amounts to SEK 20m excluding social charges. Social charges amounted to SEK 10m and included in accrued expenses in the balance sheet. There were no share rights exercisable at the end of 2020.

Dilution

If all the share rights awarded to senior executives and key employees as at 31 December 2020 were exercised, the outstanding shares of the Company would increase by 300,094 Class B shares, and be equivalent to a dilution of 0.44% of the issued Class B Shares and 0.43% of the related voting rights at the end of 2020.

Category	Maximum number of B shares[1]	Maximum value (SEK)[2]
President & CEO (Tier 1)	42,654	20
Other members of Group Executive Management (Tier 2 and 3)	92,419	42
Senior executives and key employees (Tier 4 and 5)	165,021	76
Total outstanding 31 December 2020	**300,094**	**138**

1) Representing 100% of the number of shares granted in May 2019.
2) Calculated based on a share price of SEK 458.6 on 30 December 2020.

No of share awards outstanding	LTIP 2019
Share awards outstanding at beginning of year	332,902
Share awards allotted during the year	−5,282
Share awards forfeit during the year	−27,526
Total outstanding 31 December 2020	**300,094**

8 Items affecting comparability

Accounting principle

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

Separate reporting of items affecting comparability provides a better understanding of the Group's underlying result and offers more comparable figures between periods.

Group (SEK million)	2020	2019
Costs related to the separation and listing of NENT Group	–	−56
Write-down of assets	−268	−540
Restructuring NENT Group	–	−159
Capital gain related to Viasat Consumer / Allente	2,383	–
Transaction and advisory costs	−8	–
Total	**2,109**	**−755**

Items affecting comparability classified by function

Group (SEK million)	2020	2019
Cost of sales	−268	−416
General and administrative expenses	−8	−336
Other operating income	2,383	–
Other operating expenses	–	−3
Total	**2,109**	**−755**

9 Financial items

Group (SEK million)	2020	2019
Interest income	3	11
Total interest income	**3**	**11**
Interest expense on borrowings	−55	−29
Interest expense, other	−5	−2
Total interest expenses	**−60**	**−30**
Leasing interest income	7	8
Leasing interest expense	−20	−23
Net leasing interest	**−13**	**−15**
Net exchange rate differences	−13	1
Effect from discounting	1	2
Other borrowing expense	−18	2
Other financial items	**−30**	**4**
Net financial items	**−99**	**−30**

Parent company (SEK million)	2020	2019
Interest income from external parties	1	10
Interest income from Group companies	164	97
Exchange rate differences	2	−4
Total interest income and other financial income	**167**	**103**
Interest expense to external parties	−65	−29
Interest expense to Group companies	−4	−16
Other borrowing expense	−18	−12
Exchange rate differences	−4	0
Total interest expense and other financial costs	**−90**	**−56**
Net financial items	**77**	**47**

10 Taxes

Accounting principle

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

Deferred tax refers to temporary differences between an asset's or a liability's carrying amount and its tax base. A deferred tax asset is recognised corresponding to the tax value for loss carry-forwards if it is judged likely that the loss carry-forward will be used for taxable income in the foreseeable future.

Distribution of tax expense

Group (SEK million)	2020	2019
Current tax expense	−228	−183
Adjustment for prior years	10	4
Total current tax	**−218**	**−179**
Deferred tax	–	57
Total	**−218**	**−122**

Parent company (SEK million)	2020	2019
Current tax expense	−43	−77
Adjustment for prior years	−1	–
Deferred tax	−2	1
Total	**−46**	**−75**

Reconciliation of tax expense

	2020				2019			
Group (SEK million)	Tax base	Current tax	Deferred tax	Total tax	Tax base	Current tax	Deferred tax	Total tax
Income before tax – Nominal tax rate, 21.4%	3,091	−661	–	−661	712	−152	–	−152
Share of earnings in associated companies and JVs	−100	21	–	21	–	–	–	–
Capital gain, Viasat Consumer / Allente	−2,383	510	–	510	–	–	–	–
Other non-taxable income	−54	12	–	12	−71	14	–	14
Non-deductable expenses	308	−64	–	−64	105	−21	–	−21
Temporary differences	86	−18	18	–	162	− 34	34	–
Tax-losses, capitalised	65	−13	13	–	146	−31	31	–
Tax losses, not capitalised	73	−14	–	−14	30	−6	–	−6
Tax losses carry-forward, previously capitalised	–	–	–	–	−2	1	−1	–
Tax losses carry-forward, not previously capitalised	–	–	–	–	−113	24	–	24
Revaluation of deferred tax	–	–	−31	−31	–	–	−8	−8
Effects from foreign tax rates	–	−2	–	−2	–	23	–	23
Under/over provided in prior years	–	10	–	10	–	4	–	4
Total	**–**	**−218**	**–**	**−218**	**–**	**−179**	**57**	**−122**

	2020				2019			
Parent company (SEK million)	Tax base	Current tax	Deferred tax	Total tax	Tax base	Current tax	Deferred tax	Total tax
Income before tax – Tax at nominal tax rate, 21.4%	−64	14	–	14	−210	45	–	45
Non-taxable income	−97	21	–	21	−63	13	–	13
Non-deductible expenses	6	−1	–	−1	28	−6	–	−6
Temporary differences	−11	2	−2	2	6	−1	1	−1
Group contribution	364	−78	–	−78	597	−128	–	−128
Under/over provided in prior years	–	−1	–	−1	–	–	–	–
Total	**–**	**−43**	**−2**	**−46**	**–**	**−77**	**1**	**−75**

10 cont.

Unrecognised tax losses carry-forward by expiry date

Group (SEK million)	2020	2019
2020	–	1
2021	3	2
2022	2	2
2023	1	1
2024	1	1
2025 or later	1	–
No expiry date	30	–
Total	**38**	**6**

Tax losses carry-forward does not include NENT Studios UK which is reported as continuing operations, but assets held for sale.

There were no tax losses carried forward in 2020 and 2019 in the parent company.

Deferred tax is attributable to

Group (SEK million)	Opening balance 1 January 2019	Deferred tax recognised in the P&L, continuing operations	Deferred tax recognised in the P&L, discontinuing operations	Deferred tax recognised in OCI	Translation differences / reclass	31 Dec 2019 / 1 Jan 2020	Deferred tax recognised in the P&L	Deferred tax recognised in OCI	Translation differences	Reclassified as assets held for sale	Closing balance 31 Dec 2020
Tax losses carried forward	–	28	–	–	–	29	−14	–	−2	–	13
Intangible assets	−291	17	3	–	–	−272	1	–	2	60	−209
Tangible assets	11	−5	–	–	–	7	−1	–	–	–	6
Right-to-use assets	–	1	–	–	–	1	1	–	–	–	2
Financial assets	−22	9	−2	−2	−3	−21	7	78	–	–	64
Inventory	3	–	–	–	–	3	2	–	–	–	5
Current receivables	1	1	–	–	–	2	–	–	–	–	2
Provisions	10	4	–	–	–	14	6	–	–	–	19
Current liabilities	–	2	–	–	–	2	−2	–	–	–	–
Untaxed reserves	–	−2	–	–	–	−2	2	–	–	–	–
Total	**−287**	**55**	**2**	**−2**	**−3**	**−239**	**–**	**78**	**–**	**60**	**−101**
of which Deferred tax asset	24					64					111
of which Deferred tax liability	−311					−303					−211

Parent company (SEK million)	Opening balance 1 January 2019	Deferred tax recognised in the P&L, continuing operations	Deferred tax recognised in the P&L	Deferred tax recognised in OCI	Translation differences	31 Dec 2019 / 1 jan 2020	Deferred tax recognised in the P&L	Deferred tax recognised in OCI	Translation differences	Reclassified as assets held for sale	Closing balance 31 Dec 2020
Financial assets	1	–	–	–	–	1	−2	–	–	–	−1
Total	**1**	**–**	**–**	**–**	**–**	**1**	**−2**	**–**	**–**	**–**	**−1**
of which Deferred tax asset	1					1					–
of which Deferred tax liability	–					–					−1

11 Discontinued operations and assets held for sale

Accounting principles

Discontinued operations refer to companies that have been disposed of or have been classified as held for sale. The net income from the operations is reported in a separate line in the income statement, and historical figures have been restated accordingly. The assets and liabilities related to the operations are reported on separate lines in the consolidated balance sheet.

Discontinued operations

Non-scripted production, branded entertainment and events businesses are reported as discontinued operations.

Income from discontinued operations

External sales	1,108	1,467
Internal sales	135	184
Net sales	**1,242**	**1,651**
Cost of sale	−1,018	−1,268
Selling and administrative expenses	−244	−293
Items affecting comparatbility[1]	−620	−31
Other income and expenses	7	−9
Financial expenses	−13	−16
Net income before tax	**−645**	**52**
Tax expenses	2	–
Net income from discontinued operations	**−643**	**52**

1) Of which write-down of assets SEK −610m and SEK −10m related to transaction and advisory cost.

Cash flow from discontinued operations

Group (SEK million)	2020	2019
Cash flow from operating activities	24	77
Cash flow from investing activities[1]	−880	−4
Cash flow from financing activities[1]	817	−28
Cash flow from discontinued operations	**−39**	**45**

1) Refers mainly to intra-group transactions.

Assets held for sale

Non-scripted production, branded entertainment and events businesses and NENT Studios UK are reported as assets held for sale.

Group (SEK million)	2020
Net assets held for sale	
Non-current assets	686
Accounts receivables and other receivables	609
Cash and cash equivalents	4
Assets held for sale	**1,299**
Interest-bearing liabilities	120
Accounts payables and other liabilities	661
Liabilities related to assets held for sales	**781**
Net assets	**519**

12 Earnings per share

Group (SEK million)	2020	2019
Earnings per share before dilution		
Shares outstanding on 1 January	67,342,244	66,980,902
Effect from share awards exercised	2,987	298,973
Weighted average number of shares, basic	**67,345,231**	**67,279,875**
Net income attributable to the equity holders of the parent company, continuing operations	2,869	538
Net income attributable to the equity holders of the parent company	2,236	589
Basic earnings per share, SEK, continuing operations	42.60	7.99
Basic earnings per share, SEK	33.06	8.77
Diluted earnings per share		
Weighted average number of shares, basic	67,345,231	67,279,875
Effect from share awards	319,155	204,690
Weighted average number of shares, diluted	**67,664,386**	**67,484,565**
Net income attributable to the equity holders of the parent company, continuing operations	2,869	538
Net income attributable to the equity holders of the parent company	2,236	589
Diluted earnings per share, SEK, continuing operations	42.40	7.97
Diluted earnings per share, SEK	32.90	8.74

Potentially dilutive instruments

Nordic Entertainment Group AB has one outstanding long-term incentive plan. The potential dilution is calculated to determine the number of shares that can be excercised at fair value based on the value of the share awards. Performance share awards are included in the potentially dilutive shares from the start of the programme, and in accordance with the performance targets achieved. The Company has one outstanding programme from 2019 where the vesting has not occurred that will have a diluting effect. As per 31 December 2020 the share awards amounted to 300,094.

13 Intangible assets

Accounting for intangible assets

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

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

Capitalised development expenditure

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

Goodwill

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

13 cont.

Other intangible assets

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

	Group										Parent company	
	2020					2019					Capital expenditure	
(SEK million)	Capitalised expenditure	Trademarks	Other[1]	Goodwill	Total	Capitalised expenditure	Trademarks	Other[1]	Goodwill	Total	2020	2019
Acquisition values												
Opening balance 1 January	560	545	695	4,224	6,023	475	531	681	4,187	5,874	–	1
Investments during the year	101	–	–	–	101	96	–	–	–	96	–	–
Acquisitions through business combinations	–	–	–	–	–	–	–	–	–	–	–	–
Sales and disposals during the year	−90	–	−2	–	−92	−28	–	−4	–	−32	–	−1
Change in Group structure, reclassifications etc	54	–	–	–	54	16	–	12	–	28	–	–
Reclassification to assets held for sale	−7	−271	−164	−954	−1,396	–	–	–	–	–	–	–
Translation differences	−1	−30	−10	−62	−103	–	14	6	37	57	–	–
Closing balance 31 December	**616**	**244**	**518**	**3,208**	**4,587**	**560**	**545**	**695**	**4,224**	**6,023**	**–**	**–**
Accumulated amortisation and impairment losses												
Opening balance 1 January	−398	−18	−310	−1,913	−2,639	−311	−18	−227	−1,914	−2,470	–	–
Sales and disposals during the year	77	–	2	–	79	27	–	4	–	31	–	–
Amortisation during the year	−93	–	−54	–	−147	−103	–	−71	–	−175	–	–
Impairment losses during the year	−2	–	–	−187	−189	−6	–	–	–	−6	–	–
Change in Group structure, reclassifications etc	−16	–	–	–	−16	−6	–	−11	–	−16	–	–
Reclassification to assets held for sale	7	5	99	202	313	–	–	–	–	–	–	–
Translation differences	–	–	10	−1	10	–	–	−4	–	−4	–	–
Closing balance 31 December	**−425**	**−13**	**−252**	**−1,899**	**−2,902**	**−398**	**−18**	**−310**	**−1,913**	**−2,639**	**–**	**–**
On 1 January	161	526	385	2,311	3,384	164	514	454	2,274	3,404	–	–
On 31 December	192	231	266	1,309	1,999	161	526	385	2,311	3,384	–	–

1) Other refers to licenses and beneficial rights.

13 cont.

Amortisation by function

Group (SEK million)	2020	2019
Cost of sales	−131	−148
Administrative expenses	−15	−8
Continuing operations	**−147**	**−156**
Discontinued operations	–	−19
Total	**−147**	**−175**

Impairment losses by function

Group (SEK million)	2020	2019
Cost of sales	−2	−2
Other operating expenses	–	−4
Items affecting comparability	−187	–
Total	**−189**	**−6**

Intangible assets with indefinite useful lives

NENT Group has trademarks and other intangibles assets with indefinite lives amounting to SEK 1,540m (2,838).

Impairment testing

Impairment testing, of goodwill and other intangible assets with indefinite lives, is based on calculations of the recoverable amount (value in use), using a discounted cash flow model. The Group's continued operations is considered as one cash generating unit. If there are signs of impairment within the organisation further tests are made at lower levels. The cash flows of the cash generating unit are discounted at a pre-tax interest of 9.3% considering the cost of capital, territory, the economic environment and risk. The model involves key assumptions such as sales, growth rates, sales prices and cost growth together with working capital requirements. These cash flow projections, calculated over a minimum of a five-year period, are based on actual operating results, forecasts and financial projections, using historical trends, general market conditions, industry trends and other available information. After the five-year period, a growth rate of 2% is applied.

Impairment

The impairment tests are carried out on a regular basis, annually or when triggered by events. During Q4 the Group impaired goodwill and other assets within its discontinued operations, as well as within the NENT Studios UK operations. The impairment charge was based on a calculation of the fair value less costs to sell using indicative offers from potential buyers. There were no other impairment needs within the continuing operations.

Sensitivity

The continuing operations, 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 by their nature more uncertain and may also be influenced by factors outside the control of the company. Such factors could be political risks and general market conditions, which might quickly deteriorate due to a financial crisis caused by instability in the financial sector.

14 Tangible assets

Accounting for tangible assets

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

	Equipment, tools and installations	
Group (SEK million)	2020	2019
Acquistion value		
Opening balance 1 January	655	710
Investments during the year	41	80
Sales and scrapping during the year	−53	−115
Change in group structure, reclassifications etc	−54	−28
Sold to company reported as assets held for sale	−10	–
Reclassification to assets held for sale	−111	–
Translation differences	−12	8
Closing balance 31 December	**457**	**655**
Accumulated depreciation and write-downs		
Opening balance 1 January	−489	−559
Sales and scrapping during the year	47	115
Depreciation during the year	−45	−54
Write-downs	–	−1
Change in group structure, reclassifications etc	16	16
Sold to company reported as asset held for sale	7	–
Reclassification to assets held for sale	93	–
Translation differences	10	−7
Closing balance 31 December	**−361**	**−489**
Carrying amount		
On 1 January	165	152
On 31 December	96	165

Depreciation by function

Group (SEK million)	2020	2019
Cost of sales	−25	−18
Selling expenses	–	–
Administrative expenses	−20	−30
Continuing operations	**−45**	**−48**
Discontinued operations	–	−6
Total	**−45**	**−54**

Write-downs by function

Group (SEK million)	2020	2019
Other operating expenses	–	–
Discontinued operations	–	−1
Total	**–**	**−1**

15 Long-term financial assets

Group companies

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

Shares and participations in Group companies

Company name	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
Nordic Entertainment Group Radio AB	556365-3335	Sweden	100	100
Nordic Entertainment Group Sweden AB	556304-7041	Sweden	100	100
Splay One AB	556909-3882	Sweden	100	100
Strix Television AB	556345-5624	Sweden	100	100
Nordic Entertainment Group Denmark A/S		Denmark	100	100
TV3 Sport1 A/S		Denmark	100	100
Nordic Entertainment Group A/S		Denmark	100	100
Nordic Entertainment Group Norway A/S		Norway	100	100
Nordic Entertainment Group AS		Norway	100	100
P4 Radio Hele Norge AS		Norway	100	100
NICE Entertainment Group Oy		Finland	100	100
Nordic Entertainment Group Finland OY		Finland	100	100
Nordic Entertainment Group Ltd		United Kingdom	100	100
NENT Studio UK		United Kingdom	100	100

Parent company (SEK million)	Co. Reg.no.	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value 31 Dec 2020	Book value 31 Dec 2019
Nordic Entertainment Group Sweden Holding AB	556057-9558	Stockholm	5,000	100	100	123	110
Total						**123**	**110**

Share capital (%) and Voting rights (%) represent 31 Dec 2020.

Shares and participations in Group companies

Parent company (SEK million)	2020	2019
Opening balance 1 January	110	–
Acquisition, internally	–	110
Shareholder contribution	14	–
Closing balance 31 December	**123**	**110**

16 Associated companies and joint ventures

Accounting principle

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

Participation in associated companies

Group (SEK million)	2020	2019
Opening balance 1 January	34	17
Acquisitions	2,680	15
Share of earnings in associated companies	100	5
Dividend from associated compaines	–1,200	–3
Translation differences	2	0
Closing balance 31 December	**1,616**	**34**

Share of equity

Group (%)		2020	2019
Allente Group AB	Stockholm	50%	–
FilmNation	United Kingdom	40%	40%
Other		20–50%	20–50%

Carrying amount

Group (SEK million)	2020	2019
Allente	1,563	–
FilmNation	30	15
Other	23	19
Total	**1,616**	**34**

Allente

The combination of Viasat Consumer, NENT Group's satellite pay-TV and broadband-TV business, with Canal Digital, Telenor Group's satellite pay-TV business, into a new joint venture company called Allente was completed on 5 May.

NENT Group and Telenor Group each own 50% of the shares in the company. Viasat Consumer and its subsidiaries were deconsolidated from NENT Group after the closing of the merger. NENT Group reports its 50% share of Allente's net income as income from associated companies within its operating income. The transaction gave rise to a non-cash capital gain for NENT Group, which has been reported within items affecting comparability.

Allente, condensed income statement

100% of operations (SEK million)	2020
Net sales	4,595
EBITDA before IAC	808
Depreciation and amortisation	–351
Operating income before IAC	**458**
Items affecting comparability	–202
Operating income	**256**
Financial items	–4
Tax expense	–54
Net income for the year	**198**
Other comprehensive income for the period	12
Comprehensive income for the period	**210**
NENT Group 50% share of net income	99

Allente, condensed balance sheet

100% of operations (SEK million)	31 Dec 2020
Non-current assets	5,488
Cash and cash equivalents	1,242
Other current assets	1,592
Total assets	**8,322**
Equity	**3,126**
Borrowings	2,500
Other non-current liabilities	586
Current liabilities	2,110
Total liabilities	**5,196**
Total equity and liabilities	**8,322**
Net debt	**1,301**

17 Accounts receivables

Group (SEK million)	31 Dec 2020	31 Dec 2019
Accounts receivables		
Gross accounts receivables	858	1,187
Less allowances for doubtful accounts	−69	−75
Total	**789**	**1,112**
Allowance for doubtful accounts		
Opening balance 1 January	75	20
Provision for potential losses	19	70
Actual losses	−1	−10
Reversed write-offs	−4	−5
Divested operations	−12	–
Reclassification to assets held for sale	−6	–
Translation differences	−2	1
Closing balance 31 December	**69**	**75**
Analysis of accounts receivables		
Not due	665	869
30–90 days	95	204
> 90 days	98	114
Total	**858**	**1,187**

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 reasonable approximations of the fair values.

18 Prepaid expense and accrued income

Group (SEK million)	31 Dec 2020	31 Dec 2019
Prepaid expenses		
Personnel	–	2
Production	8	29
Capitalised subscriber acquisition costs	–	351
Other	111	117
Total	**119**	**499**
Accrued income		
Advertising	54	92
Subscription	145	199
Production	111	254
License and royalty	1	91
Other	72	115
Total	**383**	**751**
Total prepaid expense and accrued income	**502**	**1,250**

Parent company (SEK million)	31 Dec 2020	31 Dec 2019
Other prepaid external expenses	14	14
Other accrued revenue	1	1
Total	**15**	**15**

19 Shareholders' equity

Share capital

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

Group (SEK million)	2020	2019
Opening balance 1 January	135	1
Bonus Issue	–	134
New share issue, Class C-shares	1	–
Closing balance 31 December	**136**	**135**

Shares issued	2020		2019	
Parent company	Number of shares	Quota value (SEK million)	Number of shares	Quota value (SEK million)
NENT Class A	532,572	1	545,662	1
NENT Class B	66,839,153	134	66,796,582	134
NENT Class C	470,519	1	–	–
Total number of shares issued/ total quota value on 31 December	**67,842,244**	**136**	**67,342,244**	**135**
Treasury shares	−494,718	–	–	–
Total number of shares outstanding on 31 December	**67,347,526**	**136**	**67,342,244**	**135**

Out of the totally issued shares, 24.199 (–) Class B shares and 470,519 (–) Class C shares are held as treasury shares.

Paid-in capital/Premium reserve

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

Translation reserve in equity

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

Group (SEK million)	2020	2019
Opening balance 1 January	−25	−77
Currecny translation differences, net of tax	−162	52
Closing balance 31 December	**−187**	**−25**

Non-controlling interest

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

Hedging reserve

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

Group (SEK million)	2020	2019
Opening balance 1 January	50	37
Cash flow hedge, net of tax	−311	13
Closing balance 31 December	**−261**	**50**

Retained earnings

Retained earnings comprise previously earned income.

20 Proposed treatment of unappropriated earnings

The Board of Directors proposes that the unappropriated earnings be allocated as follows:

The following sum in the parent company is available for disposal by the Annual General Meeting:		
Non-restricted equity excluding net profit for the year	SEK	1,777,354,893
Net profit for the year	SEK	254,856,476
Total	**SEK**	**2,032,211,369**

The Board of Directors proposes that the unappropriated earnings be allocated as follows:		
Carried forward	SEK	2,032,211,369
Total	**SEK**	**2,032,211,369**

Read more about the Board's statement on proposed treatment of unappropriated earnings on page 121.

21 Provisions

Accounting principle

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 the moment the payment takes place is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the anticipated liability.

Royalties

The Group pays compensation for the music used in the Group's productions to the holders of the music rights. As the final compensation is unknown at the end of the period, the best estimate of the cost is reported.

Pensions

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

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

Group (SEK million)	Restructuring provisions	Royalties and other provisions	Total
Opening balance 2019	**33**	**276**	**309**
Provisions during the year	170	144	314
Used during the year	−49	−129	−178
Reversed during the year	−3	−33	−36
Translation differences	–	5	5
Closing balance 2019	**151**	**263**	**414**
Opening balance 2020	**151**	**263**	**414**
Provisions during the year	7	275	282
Used during the year	−83	−181	−264
Reversed during the year	−21	−22	−43
Reclassification to assets held for sale	−11	−42	−53
Translation differences	−5	−9	−14
Closing balance 2020	**38**	**284**	**322**

22 Accrued expense and prepaid income

Group (SEK million)	31 Dec 2020	31 Dec 2019
Accrued expenses		
Personnel	239	326
Production	27	124
Distribution	6	73
Royalty	15	18
Marketing	57	51
Other	121	399
Total	**465**	**991**
Prepaid income		
Advertising	79	132
Subscription	385	592
Production	6	108
License and royalty	146	208
Other	24	49
Total	**639**	**1,089**
Total accrued expenses and prepaid income	**1,105**	**2,080**

Parent company (SEK million)	31 Dec 2020	31 Dec 2019
Accrued personnel expenses	40	39
Other accrued expenses	32	23
Total accrued expenses and prepaid income	**71**	**62**

23 Financial instruments and financial risk management

Capital management

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

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

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

Financial risk management

In addition to business operational risks, the Group is exposed to various financial risks in its operations. The most important financial risks are refinancing-, currency-, credit-, and interest rate risk. The risks during 2019–2020 were regulated by the financial policy adopted by NENT's Board of Directors in 2019.

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

Liquidity in the Group is concentrated with the Group's treasury function and in local cash pools. Surplus liquidity may be invested during a period of a maximum twelve 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. To reduce the refinancing risk the Group strives to diversify the funding sources and maturity tenors, and normally initiates refinancing of all loans 12 months before maturity. The Group shall at all times strive for relevant key ratios equal to investment grade rating.

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

The Group has a corporate bond of SEK 800m maturing May 2022, a corporate bond of SEK 150m maturing June 2023, a corporate bond of SEK 700m maturing May 2024 and a corporate bond of SEK 650m maturing June 2025, all with variable three-month Stibor interest plus a margin. The bonds have been issued under the Group's medium term note program (with a total frame of SEK 4,000m). Additionally the Group has a SEK 700m corporate bond with variable three-month Stibor interest plus a margin maturing January 2025 and a SEK 300m corporate bond with fixed interest rate maturing July 2026. In the short-term capital market, the Group has an uncommitted commercial paper program with a frame of SEK 3,500m under which certificates for SEK 1,260m was issued at the balance sheet date.

The Group also has a five-year committed SEK 4,000m syndicated bank facility arranged in August 2018, and a five-year committed SEK 4,000m syndicated bank facility arranged in December 2020. The facilities were not utilised at the balance sheet date. The revolving credit facilities are unsecured with no required amortisations and can be paid out in optional currencies. The interest varies with IBOR (not lower than 0%) depending on the currency utilised. Covenants for the facilities are based on the ratios total consolidated net debt in relation to consolidated EBITDA, and consolidated EBITDA to net financial expenses. There are no regulatory external capital requirements to be met by the parent company or any of the subsidiaries other than the covenants. The covenants have been fulfilled.

The Group has opened a supplier financing program during the year where content production companies can use factoring of invoices to Group companies. The program was introduced to support and facilitate the flow of productions among the external suppliers. Invoices received under this program are treated as accounts payable in the financial statements.

Overdraft facilities within the Group's cash-pool banks consist of one overdraft facility of SEK 150m, one of DKK 50m, and one of NOK 55m. The total is SEK 270m of which nil was drawn at the balance sheet date.

On 31 December 2020, total short- and long-term borrowings amounted to SEK 4,560m (4,780) including SEK 4,560m (4,780) borrowed from the capital market.

23 cont.

Net debt

Group (SEK million)	31 Dec 2020	31 Dec 2019
Short-term loans	1,260	2,980
Long-term borrowings	3,300	1,800
Total financial borrowings	**4,560**	**4,780**
Cash and cash equivalents	2,036	1,238
Cash and cash equivalents included in assets held for sale	4	–
Financial net debt	**2,520**	**3,542**
Total lease liability	566	823
Total lease liability included in Liabilities related to assets held for sale	120	
Total lease receivable	181	225
Lease liabilities net of sublease receivables	**505**	**598**
Net debt	**3,026**	**4,139**
Cash-pool overdraft facilities	270	278
of which utilised	–	–
Revolving credit facilities	8,000	4,000
of which utilised	–	–

Group (SEK million)	31 Dec 2020	31 Dec 2019
Amount due for settlement within 12 months	1,260	2,980
Amount due for settlement within 13 to 59 months	3,000	1,500
Amount due for settlement after 60 months	300	300
Total	**4,560**	**4,780**

Terms and payback period, gross values

Group (SEK million)	Interest rate	Fixed interest rate	Effective interest rate	2020 Total	Maturity 2021	Maturity 2022	Maturity 2023 or later
Bond loan (floating rates)	1.57%	3 months	1.60%	2,700	–	500	2,200
Bond loan (fixed rate including interest rate swaps)	1.44%	2–6 years	1.44%	600	–	300	300
Commercial papers	0.32%	3–9 months	0.37%	1,260	1,260	–	–
Accounts payable				2,164	2,164	–	–
Total				**6,724**	**3,424**	**800**	**2,500**

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

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

Market risks

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect cash flow, financial assets and liabilities. The Group is exposed to interest rate risk through loans, derivatives, other financial assets and utilised interest-bearing credit facilities. The Group's financial policy aims to gain financial flexibility through a balanced mix between variable and fixed interest rates and spreading maturities to match funding needs. During 2019–2020, the weighted average interest rate period was less than one year.

The Group has one interest rate swap with a nominal amount of SEK 300m, fixing part of the interest of the corporate bond maturing 2022.

Short-term investments and cash and cash equivalents amounted to SEK 2,040m (1,238) as on 31 December, and the average interest rate period on these assets was around 0 month. An increase of 1% would increase the interest cost by around SEK 34 million. A 1% decrease would reduce the interest expense by around SEK 24m. The difference is due to the terms of the loans and assuming it would be more difficult to benefit fully from a decrease using committed facilities and potential new commercial papers.

23 cont.

Credit risk

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

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

The credit risk with respect to the Group's accounts receivables is diversified among a large number of customers, both private individuals and companies. The Group's assessment based on historical data is that there are no write-down requirements for accounts receivables not due. Most of the current outstanding accounts receivables comprise previously known customers, who are judged to have good credit worthiness. See also note 17 Accounts receivables.

The Group's exposure to credit risk amounts to SEK 3,171m (2,641) on 31 December including assets held for sale. The exposure is based on the carrying amount for the financial assets, the major part comprising cash and cash equivalents and accounts receivables.

Insurable risks

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

Currency risk

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

Derivative instruments

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

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

Transaction exposure

Transaction exposure arises when inflow and outflow in foreign currencies are not matched. According to the Group's financial policy, the Group shall hedge the major contractual future currency flows on the basis of a maximum 36 months forward. The corporate treasury department strives to match inflows and outflows in the same currency 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. Around 85–100% of the contracted currency flows related to programme acquisitions for the next 12 months are hedged. The hedging reserve at year-end amounted to a total of SEK –261m (50). Hedges with a maturity later than 12 months have a market value of SEK –128m (9) at year-end.

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

Currency stated in SEK (SEK million)	USD	EUR	DKK	NOK	GBP
Transaction flows	–2,767	–2,865	2,750	1,204	–319
Hedges due in 12 months	2,431	–	–	–	164
Net transaction flows	**–336**	**–2,865**	**2,750**	**1,204**	**–155**
Effect if SEK falls 5%	–17	–143	138	60	–8

23 cont.

The nominal value of the major hedge contracts amounted to:

Currency (million)	2020	2019
EUR	–	–
USD	452	314

The effect of a change in the rate by 5% on all of the outstanding positions including currency swaps as on 31 December would have been around SEK 196m (126) before tax.

Translation exposure

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

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

	2020		2019	
Currency	SEK million	%	SEK million	%
NOK	546	64%	554	57%
EUR	−109	−13%	147	15%
DKK	405	47%	242	25%
Other currencies	11	1%	26	3%
Total equivalent SEK value	**853**	**100%**	**969**	**100%**

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

Accounting for financial instruments

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

Financial assets at fair value through profit and loss

Shares

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

Derivatives

Derivates are recognised as a financial asset at fair value and changes in the value is recognised in profit and loss, or other comprehensive income when the hedged cash-flow is not yet recognised.

Financial assets at amortised costs

Loans and receivables

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

Financial liabilities at fair value through profit or loss

Derivatives

Derivatives at fair value are recognised as financial liabilities and the changes in the value is recognised in profit and loss, or other comprehensive income when the hedged cash-flow is not yet recognised.

Contingent considerations and options to acquire remaining shares in subsidiaries

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

Financial liabilities at amortised costs

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

23 cont.

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

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

Group 2020 (SEK million)	Fair value hedging instruments	Fair value through profit and loss	Financial assets/ liabilities at amortised cost	Total 31 Dec 2020	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Shares and participations in other companies	–	104	–	104	–	–	104	104
Total	**–**	**104**	**–**	**104**	**–**	**–**	**104**	**104**
Financial assets measured at amortised cost								
Accounts receivables and other receivables	–	–	819	819	–	–	–	–
Cash and cash equivalents	–	–	2,036	2,036	–	–	–	–
Total	**–**	**–**	**2,855**	**2,855**	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value								
Forward exchange contracts used for hedging	445	1	–	446	–	446	–	446
Total	**445**	**1**	**–**	**446**	**–**	**446**	**–**	**446**
Financial liabilities measured at amortised cost								
Long-term borrowings	–	–	3,300	3,300	–	–	–	–
Short-term borrowings	–	–	1,260	1,260	–	–	–	–
Accounts payable and other payables	–	–	2,184	2,184	–	–	–	–
Total	**–**	**–**	**6,744**	**6,744**	**–**	**–**	**–**	**–**

Book value equals fair value except for financial liabilities where the fair value is SEK 53m higher than the book value.

23 cont.

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

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

23 cont.

Parent company (SEK million)	Fair value hedging instruments	Fair value through profit and loss	Financial assets/ liabilitites at amortised cost	Total 31 Dec 2020	Fair value hedging instruments	Fair value through profit and loss	Financial assets/ liabilitites at amortised cost	Total 31 Dec 2019
Financial assets measured at fair value								
Forward exchange contracts used for hedging	445	–	–	445	77	–	–	77
Interest rate swaps used for hedging	–	–	–	–	2	–	–	2
Total	**445**	**–**	**–**	**445**	**79**	**–**	**–**	**79**
Financial assets measured at amortised cost								
Receivables from Group companies	–	–	8,429	8,429	–	–	10,831	10,831
Accounts receivables and other receivables	–	–	173	173	–	–	73	73
Cash and cash equivalents	–	–	1,939	1,939	–	–	974	974
Total	**–**	**–**	**10,541**	**10,541**	**–**	**–**	**11,878**	**11,878**
Financial liabilities measured at fair value								
Forward exchange contracts used for hedging	445	1	–	446	77	6	–	83
Total	**445**	**1**	**–**	**446**	**77**	**6**	**–**	**83**
Financial liabilities measured at amortised cost								
Long-term borrowings	–	–	3,300	3,300	–	–	1,800	1,800
Short-term borrowings	–	–	1,260	1,260	–	–	2,980	2,980
Liabilities to Group companies	–	–	3,561	3,561	–	–	5,083	5,083
Accounts payable and other liabilities	–	–	38	38	–	–	105	105
Total	**–**	**–**	**8,159**	**8,159**	**–**	**–**	**9,968**	**9,968**

Book value equals fair value except for financial liabilities where the fair value is SEK 53m (16) higher than the book value.

Valuation techniques level 1, 2 and 3

Contingent consideration

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

Forward exchange contracts and interest rate swaps

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

Shares and participations in other companies

Shares and participation in other companies relates to holdings in other companies which cannot be valuated by using observable inputs or measures, such as market prices or models.

Financial assets, level 3

Group (SEK million)	2020	2019
Opening balance 1 January	**108**	**3**
Acqusition	–	105
Changes in fair value	−4	–
Closing balance 31 December	**104**	**108**

Financial liabilities, level 3

Group (SEK million)	2020	2019
Opening balance 1 January	**17**	**20**
Reclassified as assets held for sale	−11	–
Changes in fair value	−6	−3
Closing balance 31 December	–	**17**

24 Leases

Accounting principle

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

Lease commitments

The Group has identified the following categories of leases: offices, cars and car parks. The recognition exemption for short-term leases (less than 12 months) and leases for low value items has been applied. An interest rate of 0,8%–4,28% (local IBOR rate including risk premium) has been applied.

Right of use assets

	2020			2019		
Group (SEK million)	Real estate	Other leases	Total	Real estate	Other leases	Total
Acquisition values						
Opening balance 1 January	655	10	665	–	–	–
Change in accounting principle	–	–	–	606	1	607
New leasing contracts	21	–	21	53	9	61
End of leasing contracts	−4	−1	−5	−14	–	−14
Reclassification to assets held for sale	−166	−4	−170	–	–	–
Translation differences	−17	–	−17	10	–	10
Closing balance 31 December	**489**	**5**	**494**	**655**	**10**	**665**
Accumulated depreciation and impairment losses						
Opening balance 1 January	−96	−3	−99	–	–	–
Amortisation during the year	−73	−2	−75	−98	−3	−101
End of leasing contracts	4	1	5	2	–	2
Reclassification to assets held for sale	30	2	32	–	–	–
Translation differences	3	–	3	1	–	1
Closing balance 31 December	**−132**	**−2**	**−134**	**−96**	**−3**	**−99**
Carrying amount						
On 1 of January	559	7	566	606	1	607
On 31 December	357	3	360	559	7	566

Change in lease liability

Group (SEK million)	2020	2019
Opening balance	823	–
Change in accounting principle	–	859
New leasing contract	21	61
End of leasing contract	–	−13
Interest on lease liability	19	26
Payment lease	−115	−146
Reclassification to assets held for sale	−141	–
Translation difference	−41	35
Closing balance 31 December	**566**	**823**
of which long-term	462	691
of which short-term	104	132

Age analysis lease liability

Group (SEK million)	2020	2019
Within 1 year	96	122
1–2 years	92	115
2–5 years	232	314
Over 5 years	146	271
Total	**566**	**823**

24 cont.

Cash flows during period

Group (SEK million)	2020	2019
Amortisation of lease receivables	32	33
Amortisation of lease liabilities	−135	−121
Total	**−103**	**−88**

Contractual cash flows

Group (SEK million)	2020	2019
Within 1 year	109	140
1–2 years	104	131
2–5 years	259	355
Over 5 years	157	297
Total	**629**	**922**

Subleases

A substantial part of the London offices are subleased. As at 31 December 2020, the sublease receivable amounted to SEK 180m (226) and sublease income during 2020 amounted to SEK 32m (33).

Short-term leases and leases of low value items

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

Group (SEK million)	2020	2019
Short-term leases		
Studio equipment	13	21
Leases for low value items		
IT and office equipment	22	22
Total expense for leases for which the recognition exemption is applied	**35**	**43**

25 Future payment commitments

Future payments for non-cancellable programme rights commitments as at 31 December amounts to SEK 49,294m (18,816).

There are no future payment commitments related to transponders as it was related to the business transferred to Allente Group AB. In 2019 a payment commitment of SEK 174m to be paid during 2020 was reported.

26 Pledged assets and contingent liabilities

Pledged assets

There are no pledged assets in the Group in 2020 and 2019.

Contingent liabilities

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

Parent company (SEK million)	31 Dec 2020	31 Dec 2019
Guarantees subsidiaries	290	358

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

27 Divested operations

Accounting principles

Capital gain from divested operations arise from the difference between the fair value of the consideration received and the carrying value of the former subsidiaries' net assets. The gain is recorded when NENT Group loses control over the subsidiaries. The gain is recorded in the income statement within items affecting comparability.

Viasat Consumer Business

At the beginning of May 2020, NENT Group's Viasat Consumer business was merged with Telenor Group's Canal Digital business to form a joint venture called Allente. As an effect of the merger, NENT Group no longer had control of the business and deconsolidated Viasat Consumer and its subsidiaries. NENT Group owns 50% of Allente and this interest is recorded at fair value at the transaction date. This resulted in a capital gain, which is the difference between the fair value of the consideration received (50% of Allente) and the carrying value of the former subsidiaries' net assets. The capital gain is recorded in the income statement within items affecting comparability. NENT Group's 50% share of Allente's net income is reported as income from associated companies within NENT Group's operating income.

(SEK million)	2020
Deconsolidated net assets	
Non-current assets	20
Current assets	731
Cash and cash equivalent	218
Financial debt	–
Other current and non-current liabilities	–712
Carrying amount deconsolidated net assets	257
Allente fair value, 50%	2,640
Less carrying amount deconsolidated net assets	–257
Capital gain	**2,383**

28 Supplementary information to the statement of cash flows

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

Group (SEK million)	2020	2019
Total operations		
Depreciation and amortisation	314	327
Write-down of assets	888	548
Total	**1,202**	**875**
of which Discontinued operations	647	–
Provisions	–26	101
Share of earnings in associated companies and joint ventures	–100	–2
Capital gain, Viasat Consumer/ Allente	–2,383	–
Other items	81	–171
Total	**–2,428**	**–72**
of which Discontinued operations	–10	–

Cash paid for interest and corporate tax

Group (SEK million)	2020	2019
Total operations		
Interest paid	–62	–24
Interest received	2	5
Net interest	**–60**	**–19**
Corporate income tax	–157	–310

Parent company (SEK million)	2020	2019
Interest paid	–62	–24
Interest received	1	5
Net interest	**–61**	**–20**
Corporate income tax	–1	–2

Reconciliation of debts arising from financing activities

Group (SEK million)	Opening balance 2020	Cash flows	Reclassifications	Closing balance 2020
Total operations				
Short-term borrowings	2,980	–1,720	–	1,260
Long-term borrowings	1,800	1,500	–	3,300
Total	**4,780**	**–220**	**–**	**4,560**

Group (SEK million)	Opening balance 2019	Cash flows	Reclassifications	Closing balance 2019
Total operations				
Short-term borrowings	–	2,480	500	2,980
Long-term borrowings	–	2,300	–500	1,800
Change in financing to/from MTG	4,372	–4,474	102	–
Total	**4,372**	**306**	**102**	**4,780**

Parent company

All external borrowings are attributable to the parent company. In addition the parent company has interest-bearing receivables from, and liabilities to, other group companies. At year-end interest-bearing receivables from group companies amounted to SEK 8,613m (10,831). Total interest-bearing liabilities at year-end amounted to SEK 8,120m (9,863). The changes during the year are explained by a positive cash flow of SEK 476m (–890).

29 Average number of employees

	2020			2019		
Group	Men	Women	Total	Men	Women	Total
Sweden	478	365	843	624	409	1,033
Norway	103	81	184	99	118	217
Denmark	124	79	203	149	104	253
Finland	15	8	23	16	8	24
United Kingdom	49	62	111	61	78	139
Other	5	11	16	5	16	21
Total	**774**	**606**	**1,379**	**954**	**733**	**1,687**

Number of employees for discountinued operations amounted to 268 men (268) and 343 women (306).

Parent company	2020	2019
Men	20	23
Women	37	35
Total	**57**	**58**

Gender distribution senior executives

	2020		2019	
Group	Men	Women	Men	Women
Board of Directors	50%	50%	67%	33%
CEO	100%	–	100%	–
Other senior executives	50%	50%	57%	43%
Total	**53%**	**47%**	**62%**	**38%**

	2020		2019	
Parent company	Men	Women	Men	Women
Board of Directors	50%	50%	67%	33%
CEO	100%	–	100%	–
Other senior executives	29%	71%	40%	60%
Total	**43%**	**57%**	**58%**	**42%**

30 Audit fees

	Group		Parent	
Group (SEK million)	2020	2019	2020	2019
KPMG, audit fees	15	10	3	1
KPMG, audit related fees	3	–	3	–
KPMG, tax related fees	–	–	–	–
KPMG, other services	1	3	–	3
Total	**19**	**13**	**7**	**4**

31 Related party transactions

The Group has related party relationships with its subsidiaries, associated companies and joint ventures (see notes 15 and 16). Allente Group is a related party since May 2020.

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

Group (SEK million)	2020	2019
Sales		
Associated companies and joint ventures	72	78
Allente Group AB	917	–
Total	**990**	**78**
Cost from		
Associated companies and joint ventures	35	37
Allente Group AB	23	–
Total	**59**	**37**

31 cont.

Group (SEK million)	2020	2019
Accounts receivables and other receivables		
Associated companies and joint ventures	15	17
Allente Group AB	2	–
Total	**17**	**17**
Payables and other liabilities		
Associated companies and joint ventures	11	2
Allente Group AB	3	–
Total	**14**	**2**
Dividend from Allente	**1,200**	**–**
Shareholders' contribution, MTG	**–**	**620**

Remuneration of senior executives

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

32 Restatement of income statement

The Group has reviewed the Income statement and classifications and definitions of operating expenses in order to better reflect the group's current and future operations with increased focus on streaming. Certain costs earlier reported within Selling and admin expenses, have been reclassified and included in Cost of sales.

Cost of sales include costs for acquired and produced content, sports rights, distribution costs, including our streaming distribution, and all costs directly related to sale of a product or service including customer service and sales commissions. Administrative and other expenses include all opex related expenses and costs related to central functions, as well as technology and development costs for our streaming platform. Historical figures have been restated.

The changed definitions have resulted in restatement of historic information which is presented below:

Group (SEK million)	Reported 2019	Restatement	Restated 2019
Net sales	14,204	–	14,204
Cost of sales	−9,539	−351	−9,891
Gross income	**4,664**	**– 351**	**4,313**
Selling and marketing expenses	−1,041	56	– 985
General and administrative expenses	−2,304	295	−2,009
Other operating income/ expense	121	−1	120
Share of earnings in associated companies and joint ventures	5	–	5
Items affecting comparability	−755	–	−755
Operating income	**690**	**–**	**690**
Gross margin %	32.8	−2,4	30.4

33 Significant events after the reporting period

12 January – The Nomination Committee's proposal for Chair of the Board

In advance of the Nordic Entertainment Group AB (publ) Annual General Meeting of shareholders to be held on Wednesday 19 May 2021, NENT Group Chair David Chance has decided not to stand for re-election. The NENT Group Nomination Committee proposes the election of Pernille Erenbjerg as the new Chair of the Board.

19 January – NENT Group makes Group Executive Management team appointments

Nordic Entertainment Group appointed Roberta Alenius, SVP and Head of Corporate Communications, and My Perrone, SVP, Group General Counsel and Company Secretary, to its Group Executive Management (GEM) team. Both appointments are effective immediately and Roberta and My will report to Anders Jensen, NENT Group President and CEO.

25 January – NENT Group Extraordinary General Meeting approves proposed resolution

Nordic Entertainment Group AB (publ) (NENT Group) announced that the Extraordinary General Meeting (EGM) of its shareholders voted in support of the resolution proposed by the Board of Directors. The EGM resolved, with the required majority, in accordance with the Board of Directors' proposal to authorise the Board of Directors to resolve on new issues of Class B shares representing up to 20% of the total number of shares at the time of the authorisation. Any such share issue resolution shall be carried out in deviation from shareholders' preferential rights. The authorisation is valid until the time of the next annual general meeting of shareholders, which will take place on 19 May 2021.

10 February – NENT Group announces intention to carry out directed new share issue

Nordic Entertainment Group mandated Carnegie and Citigroup as Joint Global Coordinators, together with Morgan Stanley and Swedbank as Joint Bookrunners (together, the "Banks"), to evaluate the market conditions for carrying out a directed issue of new Class B shares, in order to raise approximately SEK 4 billion by means of an accelerated book building process (the "Share Issue"). The Share Issue is intended to be directed to Swedish and international institutional investors.

11 February – NENT Group directed share issue of 10,600,000 Class B shares raises approximately SEK 4.35 billion

Nordic Entertainment Group resolved on a directed issue of 10,600,000 new Class B shares at a subscription price of SEK 410 per Class B share by means of an accelerated book building process. The proceeds from the Share Issue, before costs, amount to approximately SEK 4.35 billion. The Share Issue was significantly oversubscribed and directed to Swedish and international institutional investors, including certain existing shareholders. The subscription price corresponds to a discount of approximately 2.89 percent compared to the NENT B share closing price on Nasdaq Stockholm on 10 February 2021.

The Share Issue will entail a dilutive effect of approximately 13.5 percent of the number of shares, and approximately 12.7 percent of the number of votes, in the Company following an 15.6 percent increase in the total number of shares from 67,842,244 to 78,442,244 (whereof 532,572 Class A shares, 77,439,153 Class B shares and 470,519 Class C shares), and an 14.6 percent increase in the total number of votes from 72,635,392 to 83,235,392.The share capital will increase by SEK 21,200,000 from SEK 135,684,488 to SEK 156,884,448.

Proposed appropriations of earnings

The following funds are at the disposal of the shareholders as at 31 December 2020 (SEK):

Parent company (SEK)

The Board of Directors proposes that income for the period and retained earnings be distributed as follows	
To be carried forward	2,032,211,369
Total	**2,032,211,369**

The Board of Directors does not propose any dividend for 2020 to the upcoming Annual General Meeting of shareholders.

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

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

Signatures

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

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

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

The annual accounts and the consolidated statements were approved by the Board of Directors and the Chief Executive Officer on 29 March 2021. The consolidated income statement and balance sheet, and the income statement and balance sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on 19 May 2021.

Stockholm 29 March 2021

David Chance
Chairman of the Board

Simon Duffy
Non-Executive Director

Natalie Tydeman
Non-Executive Director

Anders Borg
Non-Executive Director

Kristina Schauman
Non-Executive Director

Pernille Erenbjerg
Non-Executive Director

Anders Jensen
President and CEO

Our Audit report was submitted 30 March 2021
KPMG AB

Joakim Thilstedt
Authorised Public Accountant and Auditor in Charge

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Nordic Entertainment Group AB for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 65–122 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Key Audit Matters

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

Recoverability of and impairment to goodwill and intangible assets

See note 2 and 13 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of goodwill and other intangible assets such as trademarks and capitalized expenditure as at 31 December 2020 amounts to SEK 2.0 billion within continuing operations.

Goodwill and intangible assets with indefinite lives are required to be tested annually for impairment. Other intangible assets are tested where there is an impairment trigger. The impairment tests are complex and include significant judgements.

The recoverable value of these assets relating to continuing operations is based on forecasting and discounting future cash flows using assumptions, such as discount rates, revenue forecasts and long-term growth, which are inherently judgmental, and which could be influenced by management bias.

An impairment charge to the value of goodwill and other intangible assets classified as held for sale, relating to the Studios discontinued operations, amounted to SEK 0.8 billion. This was based on a calculation of the fair value less costs to sell using indicative offers from potential buyers.

Response in the audit

We obtained and considered the groups impairment tests to ensure compliance with the methodology prescribed by IFRS.

We have reviewed management's documentation of the calculation of fair value less costs to sell and resulting impairment charge regarding the discontinued operations. We evaluated the methods, assumptions and data applied in the calculation.

We have further evaluated the future cash flow forecasts and their underlying assumptions including long-time growth rates as well as the discount rates used for the amounts related to continuing operations.

We considered management's sensitivity analysis showing the impact of a reasonable change in assumptions to determine whether impairment charged was required. We have further evaluated the disclosures on goodwill and other intangible assets that have been included in the annual accounts and the consolidated accounts.

We have also assessed the financial effects from the discontinued operations and that they have been appropriately separated from continuing operations.

Deconsolidation of business and formation of joint venture

See note 2 and 16 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter
Deconsolidation of the Viasat Consumer business and subsequent creation of the JV Allente with a 50% Nordic Entertainment Group ownership occurred during the second quarter of 2020, resulting in a non-cash capital gain of SEK 2.4 billion representing the difference between the fair value of the consideration received and the carrying value of Viasat Consumer's net assets at the time of divestment.Allente is accounted for in accordance with the equity method.

Valuations of the new joint venture business rely upon forecasting, being based on discounted future cash flow calculations. These involve assumptions such as discount rates, revenue forecasts and long-term growth and expected synergies, which are inherently judgmental, and which could be influenced by management bias.

Response in the audit
We obtained and considered management's calculation of the gain from the deconsolidation of the Viasat Consumer business and subsequent formation of the Allente joint venture to ensure compliance with the methodology prescribed by IFRS.

Regarding the fair value of the new joint venture, we have inspected the external valuation documents and assessed the models and assumptions applied and the data used for appropriateness and compliance with IFRS.

We have also vouched financial information regarding the creation of the Allente joint venture to the signed merger agreement.

We have evaluated the presentation of the gain from the deconsolidation of the Viasat Consumer business and subsequent formation of the Allente joint venture and its compliance with IFRS.

Program rights amortisation

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

Description of key audit matter
Payments for program rights are reported either as inventory or as prepaid expenses mainly depending on the start of the license period. Program rights inventory, where the license period has started, amount to SEK 2.6 billion as per 31 December 2020. Determining the timing and amount of program right expense recognized in the period requires judgement in selection the appropriate recognition profile and ensuring that this profile achieves the objective of recognizing inventory expense in line with the way that it is consumed by the group. There is a risk that the recognition profile selected by management does not correctly recognize the expense in line with consumption.

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

In addition, sample testing on contract were performed to evaluate acqusition cost and amortization periods. We assessed whether the carrying value of the balances are considered recoverable by analyzing the assets on a portfolio basis and comparing the carrying value at 31 December 2020 against current year revenue and forecasts to determine if any indicators of impairment exist.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–44, 61–64, 127–153 and 155–156. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

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

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nordic Entertainment Group AB for the year 2020 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

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

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

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

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

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

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Nordic Entertainment Group AB by the general meeting of the shareholders on the 19 May 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2018.

Stockholm, 30 March 2021
KPMG AB

Joakim Thilstedt
Authorised Public Accountant

Historical overview

(SEK million if not otherwise stated)	2020	2019	2018	2017
Income statement[1]				
Net sales	12,003	14,204	14,568	13,688
Sales growth, %	−15.5	7.6	6.5	6.1
– of which organic growth, %	*0.1*	*6.1*[2]	*3.8*	*5.4*
Operating income before associated companies and IAC	978	1,441	1,546	1,494
Operating income before IAC	1,077	1,445	1,544	1,495
Operating margin before IAC, %	9.0	10.2	10.6	10.9
Items affecting comparability	2,109	−755	−40	75
Operating income	3,186	690	1,504	1,570
Operating margin, %	26.5	4.9	10.3	11.5
Net income for the year, continuing operations	2,869	538	1,292	1,294
Net income for the year, total operations	2,226	590	1,292	1,294
Cash flow				
Cash flow from operations	2,200	1,393	1,496	1,417
Change in working capital	−674	−791	−380	−695
Net cash flow from operations	1,526	602	1,116	722
Capital expenditures in tangible and intangible assets	−147	−176	−550	−154
Acquisitions and divestments of operations	−222	−15	−19	−62
Net debt				
Total financial borrowings	4,560	4,780	4,373	1,110
Cash and cash equivalents	2,040	1,238	428	89
Financial net debt	2,520	3,542	3,944	1,021
Net debt	3,026	4,139	3,944	1,021
Key ratios				
ROCE, %	15.5	27.1	36.5	47.5
Net debt to EBITDA ratio	2.2	2.2	2.3	0.6
Per share data				
Shares outstanding at the end of the period	67,347,526	67,342,244	66,980,902	66,725,249
Basic average number of shares outstanding	67,345,231	67,279,875	66,854,133	66,706,398
Weighted average number of shares after dilution	67,664,386	67,484,565	67,362,405	67,142,319
Basic earnings per share (SEK)	33.06	8.77	19.24	19.29
Proposed ordinary dividend/Cash dividend per share (SEK)	0[4]	0[3]	6.50	–
Market price of Class B shares at close of last trading day (SEK)	458.6	302.80	–	–

1) As from Q2 2020 NENT Group's non-scripted, branded entertainment and events businesses is reported as discontinued operations. Periods 2019–2020 has been restated. Periods 2017–2018 has not been restated.
2) Sales growth year 2019 has been restated.
3) The Board proposed a dividend of SEK 7 per share for 2019. The dividend was later cancelled due to Covid-19.
4) The Board proposed no dividend to be paid for the year 2020. Subject to AGM approval.

Alternative Performance Measures

The purpose of Alternative Performance Measures (APM) 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 before associated companies and IAC
- Net debt and Net debt / EBITDA
- Capital Employed and Return on Capital Employed (ROCE)
- Adjusted net income and earnings per share

Reconciliation of sales growth

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

Group (SEKmillion)	Reported net sales	Acquisitions/ divestments	Net sales adjusted for acquisitions/ divestments	Changes in FX rates	Net sales adjusted for acquisitions/ divestments and changes in FX rates
2020	12,003		12,003	259	12,262
2019	14,204	−1,958	12,246		12,246
Growth	**−2,201**		**−243**		**16**
Growth %	−15.5%		−2.0%		0.1%

Reconciliation of operating income before associated companies and IAC

Operating income before associated companies and items affecting comparability (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.

Operating income before associated companies and IAC

Group (SEK million)	2020	2019
Operating income	3,186	690
Items affecting comparability	2,109	−755
Operating income before items affecting comparability	**1,077**	**1,445**
Associated companies income	100	5
Operating income before associated companies and IAC	**978**	**1,441**

Items affecting comparability

Group (SEK million)	2020	2019
Costs related to the separation and listing of NENT Group	–	−56
Write-down of assets	−268	−540
Restructuring NENT Group	–	−159
Capital gain, Viasat Consumer / Allente	2,383	–
Transaction and advisory costs	−8	–
Total	**2,109**	**−755**

Items affecting comparability classified by function

Group (SEKm)	2020	2019
Cost of sales	−268	−416
Administrative expenses	−8	−336
Other operating income	2,383	–
Other operating expenses	–	−3
Total	**2,109**	**−755**

Reconciliation of net debt / EBITDA ratio

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

Net debt

Group (SEK million)	2020	2019
Short-term borrowings	1,260	2,980
Long-term borrowings	3,300	1,800
Total financial borrowings	**4,560**	**4,780**
Cash and cash equivalents	2,036	1,238
Cash and cash equivalents included in assets held for sale	4	–
Financial net debt	**2,520**	**3,542**
Lease liabilities	566	823
Lease liabilities included in liabilities related to assets held for sale	120	–
Sublease receivables	181	225
Total lease liabilities net	**505**	**598**
Net debt	**3,026**	**4,139**

Net debt / EBITDA before IAC

Group (SEK million)	2020	2019
Operating income before IAC, continuing operations	1,077	1,445
Operating income before IAC, discontinued operations	−12	100
Depreciation, amortisation and write-downs, continuing operations[1]	267	286
Depreciation, amortisation and write-downs, discontinued operations[1]	48	50
EBITDA	**1,379**	**1,881**
Net debt	3,026	4,139
Total net debt / EBITDA	**2.2**	**2.2**

1) Refers to non-current assets only

Reconciliation of Return on Capital Employed (ROCE)

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

Group (SEK million)	2020	2019
Inventory	2,614	2,551
Accounts receivables	789	1,112
Prepaid expense and accrued income	3,998	4,609
Other current assets	682	532
Other current liabilities	−6,124	−6,923
Total working capital	**1,959**	**1,882**
Intangibles assets	1,998	3,384
Machinery, equipment and installations	96	165
Right-of-use assets	360	566
Shares and participations	1,720	142
Other long-term receivables	176	171
Capital employed held for sale	635	–
Provisions	−322	−414
Other non-current liabilities	−360	−316
Other items included in the capital employed	**4,304**	**3,699**
Capital employed	**6,263**	**5,581**
Operating income before IAC, continuing operations	1,077	1,445
Operating income before IAC, discontinued operations	−12	100
Operating income before IAC, total	**1,065**	**1,545**
Average Capital Employed (5 quarters)	6,864	5,700
ROCE %	**15.5%**	**27.1%**
Assets held for sale	1,299	–
Cash and cash equivalents included in assets held for sale	−4	–
Liabilities related to assets held for sale	−781	–
Lease liability, included in liabilities related to assets held for sale	120	–
Capital employed held for sale	**635**	**–**

Adjusted net income from continuing operations

Adjusted net income are the Group's net income from continuing operations when excluding items affecting comparability and the amortisation of acquisition-related intangible assets, net of tax, for both NENT Group and its 50% share in the earnings of Allente. These performance measures provide a relevant metric to better understand the Group's underlying results and development.

(SEKm)	Full year 2020	Full year 2019
Net income, continuing operations	2,869	538
Adjustment items	–1,912	607
Adjusted net income from continuing operations	**957**	**1,145**
Basic average number of shares outstanding	67,345,231	67,279,875
Adjusted earnings per share from continuing operations (SEK)	**14.21**	**17.02**
Adjustment items		
NENT Group		
IAC	2,109	–755
Tax effect on IAC	1	154
Amortisations of surplus value (PPA)	–8	–8
Tax effect on amortisations of surplus value (PPA)	2	2
Allente		
IAC	–101	–
Tax effect on IAC	22	–
Amortisations of surplus value (PPA)	–145	–
Tax effect on amortisations of surplus value (PPA)	32	–
Total adjustments	**1,912**	**–607**

Sustainability reporting

Stakeholder engagement and materiality determination

In order to provide a strong foundation for our sustainability strategy, we conducted an extensive materiality assessment in 2018 to help us set our priorities and focus our efforts. We created a list of material topics by looking at global sustainability trends in general, and trends within the streaming sector in particular. We also made interviews with different stakeholder groups. After deciding on 18 topics mostly relevant for our 1) people and culture, 2) business, and 3) society, we launched a sustainability survey targeting all our stakeholder groups internally and externally. We engaged 3,225 people in total, and successfully prioritised the material topics by importance to our stakeholders, as well as by the impact that they believe NENT Group can have in those areas. Together with management a final analysis was made where our key focus areas are Diversity & Equality off & on-screen; Promoting local content & the creative industry; Raising awareness & engaging in social issues. For more information on all topics, see model to the right.

We review our materiality assessment on a regular basis through continued dialogue with our stakeholders. In 2020 we noticed a substantial increase in the interest for environmental issues among our stakeholders. Therefore we have moved 'Reducing waste, energy use & carbon emissions' from 'Assess and communicate' to 'Respond and report'.

Materiality assessment

High

Importance to stakeholders

Respond and report

- Safe, fair & inclusive work environment
- Talent attraction, development & retention
- Respecting human rights & freedom of expression
- Reducing waste, energy use & carbon emissions

Key focus, engage and report

- Diversity & equality off & on-screen[1)]
- Promoting local content & creative industry
- Raising awareness & engaging in societal issues

Monitor and address

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

Assess and communicate

- Data protection & privacy
- Responsible advertising
- Protecting minors & vulnerable groups
- Healthy digital viewing habits
- Empowering media understanding & critical thinking

Low Significant impact High

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

Identifying and engaging with our stakeholders

In the initial phase of our materiality assessment, we conducted stakeholder mapping. We identified our stakeholders as entities or individuals that can reasonably be expected to be affected by us and our activities, products, or services; and/or entities or individuals whose actions can reasonably be expected to affect us. We mapped our stakeholders by dividing them into three categories: primary internal, primary external, and secondary external stakeholders. We then mapped our stakeholder groups based on their impact and interest, ranging from low to high, and produced a stakeholder group matrix. This allowed us to target all stakeholder groups in our materiality assessment and guided our assessment of the most material sustainability topics for NENT Group. A list of our stakeholder groups, together with the engagement methods and key topics raised by each stakeholder group during the materiality assessment in 2018 can be found below.

Dialogue channels	Key topics
Customers (B2B and B2C)	
Direct dialogue, focus groups, surveys, social media, viewing figures, audience appreciation index.	Data protection and privacy; respecting human rights; safe, fair and inclusive work environment.
Shareholder	
Annual General Meeting, Annual report, quarterly reports, Capital Markets Day.	Responsible sourcing and content production; respecting human rights, diversity and equality in the workplace.
BoD	
Board of Directors meetings and interviews.	Talent attraction, development and retention; providing channels for raising concerns.
Employees	
Annual Employee Engagement Survey, intranet, newsletters, policies and guidelines, meetings, daily dialogues in person and through dialogue tools.	Safe, fair and inclusive work environment; respecting human rights; protecting children, minors and vulnerable groups.

Dialogue channels	Key topics
Industry peers	
Continuous dialogue with colleagues and other professionals and quarterly peer meetings through the Responsible Media Forum.	Respecting human rights; protecting children, minors and vulnerable groups; anti-corruption.
Regulators	
Continuous dialogue via mail, telephone and working groups. Also information through bulletins.	Open dialogue and transparent decision making; respecting human rights and freedom of expression; data protection and privacy.
NGOs and trade associations	
Face-to-face meetings, association events with key stakeholders including political institutions and regulators, conferences.	Respecting human rights; protecting children, minors and vulnerable groups; empowering media understanding.
Business partners	
Face-to-face meetings, Supplier Due diligence process.	Respecting human rights; anti-corruption; responsible sourcing and content production.

Membership of associations

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

Organisation	RMF	UNGC	AAPA	NCP
	Responsible Media Forum	United Nations Global Compact	The Audio-visual Anti-Piracy Alliance	Nordic Content Protection
Description	Member. Partnership between leading global media companies, collaborating on both social and environmental challenges facing the sector.	Member. A global initiative based on CEOs' commitments to implement universal sustainability principles and to support UN goals.	Member. European organisation addressing media piracy issues.	Board Member. Cross-industry Nordic body addressing piracy through intelligence sharing with enforcement agencies.

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

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

Goals & achievements

Setting and following up on realistic and measurable goals that are aligned with our strategy is vital in making sure that we focus on the right things and review our goal setting, especially in the context of a fast moving and changing industry. Below we present our long-term goals 2019–2021, progress on the targets from 2020 together with new targets for 2021. We also align each focus area with the Sustainable Development Goal that it has an impact on.

Goals 2019–2021	Targets and progress 2020	Targets 2021	SDGs
DEVELOPING NORDIC STORYTELLING & THE CREATIVE INDUSTRY			
1. Invest in Nordic storytelling promoted globally	**Target:** Increase number of Viaplay original premieres from 21 to 30. **Progress:** Reached 28 (38 when including documentaries)	- Premiere at least 40 Viaplay originals including documentaries.	**8.3** Promote policies to support job creation and growing enterprises
2. Promote Nordic storytelling by using our platforms and reach	**Target:** Launch recognition concept to promote talents in the creative industry. **Progress:** Postponed to 2021 due to the Coronavirus pandemic.	- Launch recognition concept to promote grassroots talents in the creative industry. - Initiate at least one project created by a debutant (director or writer).	
PROMOTING AN EQUAL, DIVERSE & INCLUSIVE SOCIETY			
3. For our Nordic scripted productions, strive to reach and maintain 50/50 gender balance in the creative value chain by 2021 (baseline 44% women in 2019)	**Target:** For our Nordic scripted productions, strive to reach at least 47% women in the creative value chain. **Progress:** This was achieved with 48%.	- For our Nordic scripted productions, strive to reach at least 50% women in the creative value chain by 2021.	**3.4** Reduce mortality from non-communicable diseases and promote mental health **5.1** End discrimination against women and girls **5.5** Ensure full participation in leadership and decision-making **10.2** Promote universal, social, economic and political inclusion **10.3** Ensure equal opportunities and end discrimination **17.16** Enhance the global partnership for sustainable development
4. Improve our EDI work and increase number of employees answering "works well" or "works excellently" from 88% in 2019 to 90% in 2021 in the engagement survey on the question: "Do you feel that all employees have the same opportunities and duties regardless of gender, gender identity or expression, ethnicity, religion or other belief, disability, sexual orientation, or age?"	**Target:** Establish two-way mentorship pilot programme to empower talents, diversity & enhance knowledge sharing. - Include unconscious bias in the value training. Engage all managers and 80% of all employees in the training. **Progress:** 87% in the EES. Programme established. We reached 72% of all employees in the training.	- Expand mentorship programme from 10 participants in 2020 to 30 in 2021. - Carry out continued Equality and Bias training with at least 75% of all teams. - Develop toolkit to increase equality in the compensation and recruitment processes.	
5. Raise awareness and form partnerships for increased equality, diversity & inclusion	**Target:** Establish Diabetes foundation as independent entity together with at least four partners. **Progress:** All done.	- Review current and possible new partnerships to promote EDI (with focus on the creative business).	

Goals 2019–2021	Targets and progress 2020	Targets 2021	SDGs
NURTURING OUR CULTURE			
6. Improve values awareness and increase rating on questions regarding values in engagement survey (BEAT index) from 80% in 2019 to 82% in 2021	**Target:** Continue values training with a minimum of 80% of employees. **Progress:** 83% in the EES. Reached 70% of employees (roll out delayed because of Coronavirus pandemic).	- Launch new leadership strategy with consecutive training to increase engagement on all levels supporting both values and expansion strategy.	**5.5** Ensure full participation in leadership and decision-making **8.8** Protect labour rights and promote safe working environments **10.3** Ensure equal opportunities and end discrimination
7. Develop career opportunities and increase rating on the question "Are you satisfied with the career opportunities within NENT" from 48% in 2019 to 60% in 2021 in engagement survey	**Target:** Review the process for talent acquisition and succession planning from an EDI perspective. Initiate activities. **Progress:** 58% in the EES. Process for succession planning postponed because of Coronavirus pandemic. Process for talent acquisition according to plan.	- Review and implement process for succession planning and implement a job architecture framework covering all employees.	
8. Increase the perception of wellbeing among employees and increase rating on questions regarding wellbeing in the engagement survey (PAI index) from 76% in 2019 to 78% in 2021	**Target:** Review and identify challenges and enablers for healthier and safer workplaces, including safe travelling. **Progress:** Focus has been on health and safety from mainly a Coronavirus pandemic perspective. The broader review will be postponed to 2021.	- Review and identify challenges and enablers for healthier and safer work-places, including safe travelling.	
COMMITTING TO OUR CONDUCT & TO CLIMATE ACTION			
9. Ensure that awareness of our Code of Conduct, principles & values (including data privacy) are embedded in daily activities and business for all employees	**Target:** Launch CoC training and reach 85% in awareness about our CoC amongst the employees and perform targeted training for employees in high risk areas. Finalise recruitment of network. **Progress:** All done. Reached 85% awareness.	- Secure the integration of CoC and group policies & directives into on-boarding process. Ensure all new employees fullfill training.	**13.3** Build knowledge and capacity to meet climate change **16.5** Substainally reduce corruption and bribery
10. Address and engage with all identified high-risk suppliers, to ensure committment to our ethical standards by 2021	**Target:** Map existing supply chain to identify suppliers with critical sustainability risks, and initiate a process for engaging with all such high-risks entities. **Progress:** Initiated in Q4 2020.	- Continue mapping existing supply chain to identify suppliers with critical sustainability risks and data processors with GDPR risks, and initiate a process for engaging with all such high-risks entities.	
11. Reduce total CO_2 emissions from business travel, facilities and energy use by 10% by 2021 (base year 2019)	**Target:** Continue activities from 2019 and reduce total CO_2 emissions from business travel, facilities and energy use by 5% in 2020 (base year 2019). **Progress:** Reached a reduction of 59% because of less travelling during the Coronavirus pandemic.	- Continue actions to reduce total CO_2 emissions by no less than 10% compared to 2019. - Prepare and submit Science Based Targets for validation.	

Goals 2019–2021	Targets and progress 2020		Targets 2021	SDGs
PRODUCING QUALITY CONTENT				
12. Improve the family experience of our Viaplay platform for safe & trusted digital experience	**Target:** Establish kids' & parents' focus groups for all our kids' original productions to ensure that our content and platform is responsible, educational and entertaining. **Progress:** Focus groups have been cancelled because of the coronavirus pandemic. Instead additional research has been done to ensure safe and trusted experiences.	●	- Increase scope of kids user research to include more countries and markets to ensure a continued safe and trusted digital experience for kids and parents.	**10.2** Promote universal, social, economic and political inclusion **12.6** Encourage companies to adopt sustainable practices and sustainability reporting **12.8.** Promote universal understanding of sustainable lifestyles
13. Improve accessibility across all our platforms by exceeding regulations and increasing on accessible content (subtitling, audio description and sign language)	**Target:** Introduce audio descriptions and signed language content onto our on demand platforms. **Progress:** All done	●	- Make our most popular own production titles fully accessible (incl. subtitles, sign interpretations and audio descriptions in all Nordic languages). Start with five titles in 2021.	

Data tables

PEOPLE DATA

GRI 102-8 Information on employees & other workers

Headcount employees	2020 Men	2020 Women	2020 Total	2019 Men	2019 Women	2019 Total
Permanent	**797**	**694**	**1,491**	**944**	**798**	**1,742**
Nordics	733	613	1,346	873	698	1,571
CEE & UK	64	81	145	71	100	171
Temporary	**127**	**90**	**217**	**121**	**113**	**234**
Nordics	126	86	212	119	109	228
CEE & UK	1	4	5	2	4	6
Total	**924**	**784**	**1,708**	**1,065**	**911**	**1,976**
Permanent full-time	793	676	1,469	938	774	1,712
Permanent part-time	4	18	22	6	24	30
Total	**797**	**694**	**1,491**	**944**	**798**	**1,742**

Employees and workers

All people data in the sustainability reporting relates to employees only (an exception is the injury rate, which covers both employees and workers). Employees are defined as people with a permanent or temporary contract at NENT Group. Workers are people who work for NENT Group without being employees, such as consultants, contractors, freelancers and self-employed people. The decrease in employee numbers in 2020 compared with 2019 is due to the major ONE NENT reorganisation in 2019, which had the effect that many employees ended their employment in 2020. The decrease is also due to the joint venture; Allente, to which some of our employees migrated during 2020. Former NENT Group employees who migrated to Allente during 2020 are excluded from the HR data KPIs altogether.

Headcount

The number of employees in the tables is expressed as headcount as of 31 December for each year, and includes both permanent and temporary employees. There is only one exception:

– Data relating to full-time and part-time employees is based on permanent employees only.

Data collection

The majority of data was extracted from internal HR systems, payroll systems, and manually populated files. The remaining data was derived from employee surveys, accounting programs, and employment contracts.

Regions

'Nordics' includes Sweden, Denmark, Norway and Finland. 'CEE & UK' includes Bulgaria, Czech Republic, Hungary, Latvia, Lithuania, Romania, Slovakia, Slovenia and the United Kingdom. In 2019, this category also included a company in the US. Viaplay was launched in Iceland in 2020 but NENT Group has no employees working from there.

Workers' contribution

In 2020, a significant part of NENT Group's work in all regions was performed by workers who are not employees. This work included production and post-production, casting and talent services, photography, voice-overs, logistical assistance, office coordination, production management and coordination, showrunning, project management, telemarketing, payroll support, sales, scriptwriting, editing, legal consultancy, technical assistance, market research, graphic design, finance, administration, and business development services. In this context, a 'significant part' means that:

i) workers performed activities that are core for NENT Group's business

ii) or: the work performed was sufficiently crucial to the business and NENT Group could not operate without it

iii) or: more than 50% of the total workforce contained workers who are not employees.

In 2020, the first two criteria were met at NENT Group. It can therefore be concluded that a significant part of the work at NENT Group in 2020 was carried out by workers who are not employees.

GRI 401-1 New employee hires & employee turnover

	2020						2019					
	Nordics		CEE & UK		Total		Nordics		CEE & UK		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Total new hires	**254**	**16%**	**22**	**15%**	**276**	**16%**	**352**	**20%**	**24**	**14%**	**376**	**19%**
Split by gender												
Men	141	16%	7	11%	148	16%	175	18%	5	7%	180	17%
Women	113	16%	15	18%	128	16%	177	22%	19	18%	196	22%
Split by age group												
<30	104	35%	10	37%	114	35%	132	31%	8	27%	140	31%
30–50	144	13%	11	10%	155	13%	211	17%	16	12%	227	17%
>50	6	4%	1	8%	7	4%	9	6%	–	–	9	5%
Total turnover	**318**	**20%**	**43**	**29%**	**361**	**21%**	**299**	**17%**	**30**	**17%**	**329**	**17%**
Split by gender												
Men	160	19%	14	22%	174	19%	163	16%	9	12%	172	16%
Women	158	23%	29	34%	187	24%	136	17%	21	20%	157	17%
Split by age group												
<30	78	26%	7	26%	85	26%	61	14%	6	20%	67	15%
30–50	214	19%	31	28%	245	20%	217	18%	20	15%	237	17%
>50	26	18%	5	42%	31	20%	21	12%	4	36%	25	15%

New hires is defined as all employees joining the company for the first time. This excludes transfers of existing employees within NENT Group, as well as job promotions which are reported separately as internal recruitment.

The total new hires rate is calculated against the total number of employees at NENT Group. The total new hires rates per region are calculated against the total number of employees for each region.

The splits by gender and age group are calculated against the total number of employees in each category.

Total turnover covers all employees who left their employment at NENT Group for any reason, including resignation, redundancy, leaving during probation period, end of temporary employment or retirement.

The total turnover rate is calculated against the total number of employees at NENT Group. The total turnover rates per region are calculated against the total number of employees for each region. The splits by gender and age group are calculated against the total number of employees in each category.

The reduction of new hires in 2020 is mainly due to the substantial cost-savings programme that was launched as a response to the consequences of the Coronavirus pandemic. The higher turnover is mainly due to the reorganisation in 2019 with effects in 2020.

Internal recruitment

	2020						2019					
	Men		Women		Total		Men		Women		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Internally recruited	64	7%	53	7%	117	7%	48	5%	51	6%	99	5%

The internal recruitment rates refer to the number of employees recruited to their current position from another position within NENT Group, and are shown in relation to the total number of employees in each category. The figures include job promotions, and internal transfers into a new role, regardless of whether the position has been externally advertised.

GRI 102-41 Employees covered by collective bargaining agreements

	2020		2019	
	Number	%	Number	%
Proportion of employees covered	73	4%	90	5%

The total number of employees was used as a basis for calculating the percentage of employees covered by collective bargaining agreements. The decrease from 5% to 4% is due to workforce reduction in one company covered by a collective agreement.

GRI 401-3 Parental leave (PL)

	2020			2019		
	Men	Women	Total	Men	Women	Total
Number of employees with right to PL	910	770	1,680	993	838	1,831
Number of employees who took PL	55	52	107	64	77	141
Proportion of employees who took PL	6%	7%	6%	7%	9%	8%

Employees entitled to PL

At NENT Group, employees' entitlement to PL is recognised and followed as prescribed by law. In some companies, all employees (both permanent and temporary) are entitled to PL. In other companies, only permanent employees are entitled.

Employees who took PL

This covers employees who have taken PL during the year reported. The proportion of employees who took PL is calculated against the number of employees who are entitled to PL.

GRI 403-2 Work-related injuries, diseases, fatalities, lost days and absence

	2020			2019		
	Men	Women	Total	Men	Women	Total
Work-related fatalities (number)	–	–	–	–	–	–
Work-related injuries (number)	4	3	7	2	5	7
Occupational diseases (number)	2	–	2	4	2	6
Lost days from work (number)	70	36	106	181	273	454
Days absent from work (number)	1,583	2,201	3,783	605	868	1,473
Work-related injury rate[1]	**2.1**	**1.9**	**2.0**	**0.9**	**2.7**	**1.8**
Nordics	2.3	1.4	1.9	–	2.4	1.1
CEE & UK	–	5.8	3.3	13.5	4.8	8.3
Occupational disease rate[1]	**1.1**	**–**	**0.6**	**1.9**	**1.1**	**1.5**
Nordics	1.2	–	0.6	2.0	1.2	1.7
CEE & UK	–	–	–	–	–	–
Lost days rate[1]	**37.4**	**22.7**	**30.7**	**84.0**	**148.1**	**113.5**
Nordics	40.3	25.5	33.6	90.2	167.1	124.7
CEE & UK	–	–	–	–	–	–
Absent days rate[2]	**0.7**	**1.1**	**0.9**	**N/A**	**N/A**	**N/A**
Nordics	0.7	1.2	0.9	1.9	3.9	2.7
CEE & UK	0.3	0.6	0.5	N/A	N/A	N/A

1) Per 1 million working hours.
2) Per 100 working days.

Work-related injury rate

This covers both employees and workers and is defined as a non-fatal injury arising from, or in the course of work duties. It includes minor (first-aid) injuries. Due to the low number of injuries, this report does not give a regional breakdown of the types of injuries.

An injury can be reported by an employee, internal safety representative, manager or other. Reporting and recording of injuries is carried out in various ways, such as through internal HR, payroll or service desk systems; directly to an office, HR department, executive or event manager via email or word of mouth; externally by insurance funds and companies; or manually in spreadsheet files, online documents or physical files.

Reporting method has been updated in 2020, i.e. injuries numbers for 2019 have been updated from 6 work-related injuries to 7.

Occupational disease rate

This relates to employees only and covers diseases arising from a work situation or activity, or from a work-related injury in each category in relation to the total number of employees in that category and 8 hours per day and 253 working days per year.

Lost days rate

This relates to employees only and is defined as working days where an employee is unable to perform their usual duties because of an occupational disease or accident, in relation to the total number of employees in that category and 8 hours per day and 253 working days per year. Lost days are reported as scheduled working days, beginning to count the day after the accident.

Absent days rate

This relates to employees only and is defined as days of absenteeism (including sickness) in each category in relation to the total number of employees in that category and 253 working days per year.

N/A means that data was not available for CEE & UK in 2019. In 2020, data for NENT Studios was included which was not the case in 2019. This explains the increase in numbers of days absent from work.

GRI 404-1 Average yearly employee training

	2020			2019		
Hours	Men	Women	Total	Men	Women	Total
CEO, EVPs, CxOs, Sub.CEOs, SVPs	0.9	2.0	1.4	1.8	3.1	2.4
VPs, Heads of	0.8	1.5	1.1	6.9	3.0	5.0
Managers	1.8	1.3	1.5	3.6	4.9	4.3
Non-managers	0.5	0.6	0.6	2.4	2.5	2.4
Total (excluding. training in the BEAT values)	**0.7**	**0.8**	**0.8**	**2.9**	**2.9**	**2.9**
Total (including. training in the BEAT values)			**7.3**			**4.2**

Training hours are calculated against the total number of employees for each category. Training hours excluding training in the BEAT values at NENT Group in Sweden (in total 783 employees) are excluded as it is not possible to report gender or employee category for this entity.

Subsidiary CEOs are responsible for the operations of the subsidiaries, always with direct reports. VPs, Heads of do not always have direct reports. Managers always represent employees with personnel responsibility. This employee category also includes team leaders. Non-managers are defined as employees without personnel responsibility.

Data on training on BEAT-values was not disclosed in 2019. Training Data divided into different genders is not available for training hours on the BEAT values. Therefore this data is presented separately.

Training hours (excl. BEAT values) decreased in 2020 due to the cancellation of trainings after the Coronavirus outbreak.

GRI 404-3 Performance and Development Appraisals (PDA)

	2020			2019		
Proportion of employees who received PDA	Men	Women	Total	Men	Women	Total
Managers	80%	76%	78%	84%	82%	83%
Non-managers	77%	71%	74%	80%	74%	77%
Total	**77%**	**72%**	**75%**	**80%**	**75%**	**78%**

The PDA rate is defined as the percentage of employees in each category who participated in a PDA.

For quality assurance, data for 2020 has been collected by using information from both the Employee Engagement Survey (EES) and a system for saving data from the PDA process.

In the EES it is not possible to follow up other categories than Managers and Non-Managers. Therefore, EVPs, VPs, SVPs, CxOs, and Heads of are reported as Managers if they have supervisor responsibilty; or if not, reported as Non-managers.

In 2020, a new process for PDA has been implemented with more regular meetings between Manager and Non-manager. The percentage for 2021 is therefore expected to increase.

GRI 405-1 Diversity of governance bodies and employees

Part of total workforce	2020	2019
CEO, EVPs, CxOs, Sub. CEOs, SVPs	2%	3%
VPs, Heads of	11%	10%
Managers	9%	10%
Non-managers	78%	77%

By gender	2020	2019
Board of directors		
Women	50%	33%
Men	50%	67%
CEO, EVPs, CxOs, Sub. CEOs, SVPs		
Women	47%	45%
Men	53%	55%
VPs, Heads of		
Women	44%	43%
Men	56%	57%
Managers		
Women	52%	47%
Men	48%	53%
Non-managers		
Women	46%	46%
Men	54%	54%
Total		
Women	46%	46%
Men	54%	54%

By age	2020	2019
Board of directors		
<30	–	–
30–50	17%	17%
>50	83%	83%
CEO, EVPs, CxOs, Sub. CEOs, SVPs		
<30	–	–
30–50	71%	76%
>50	29%	24%
VPs, Heads of		
<30	3%	6%
30–50	88%	85%
>50	9%	9%
Managers		
<30	5%	4%
30–50	84%	86%
>50	11%	10%
Non-managers		
<30	24%	28%
30–50	68%	64%
>50	8%	8%
Total		
<30	19%	23%
30–50	72%	69%
>50	9%	8%

Subsidiary CEOs are responsible for the operations of the subsidiaries, always with direct reports. Heads of do not always have direct reports. Managers alway represent employees with personnel responsibility. This employee category also includes team leaders. Non-managers are defined as employees without personnel responsibility.

ENVIRONMENTAL DATA

Carbon footprint, tonnes CO_2e	2020	2019
Scope 1 – direct emissions	110	205
Scope 2 – indirect emissions	594	1,293
Total Scope 1 & 2	**704**	**1,498**
Scope 3 – other indirect emissions	2,329	5,986
Total Scope 1, 2 & 3	**3,033**	**7,484**
Emissions per employee	1.78	3.77

Energy consumption, GJ	2020	2019
Direct energy consumption	**–**	**–**
Indirect energy consumption	**20,826**	**20,767**
Cooling	592	5
Electricity	12,490	15,298
Heating	7,744	5,464
Total	**20,826**	**20,767**
Energy consumption per employee	12.21	10.47
Total energy emissions (t CO_2e)	693	1,497
Energy emissions per employee (t CO_2e)	0.41	0.75

Waste Data	2020	2019
Waste, kg	91,167	N/A
Waste per employee, kg	53	N/A
Emission from waste (t CO_2e)	2.1	N/A
Emissions from waste per employee (kg CO_2e)	1.2	N/A

The data covers the main emission sources in NENT Group's operations:

i) **Facilities** – energy use in NENT Group's offices and other facilities, including broadcasting and TV production when performed directly by the company.

ii) **Materials** – consumption of office supplies and other consumables.

iii) **Travel** – business travel (including air, rail and road travel) and hotel stays.

NENT Group applies the market-based method of calculating CO_2e from energy use. This allows the purchase of renewable energy to be accounted for in the total carbon footprint. At NENT Group, no fuel is burnt that falls under the direct energy use category. The calculation methodologies used are based on the GHG Protocol and are supplemented where necessary by additional data and assumptions. At NENT Group, the following emissions fall within the three scopes outlined in the GHG Protocol:

Scope 1 direct emissions – Leased and owned cars, fuel, refrigerants.

Scope 2 indirect emissions – Cooling, electricity and heating.

Scope 3 other indirect emissions – Heating, use of materials, purchased electronic equipment, waste, and travel such as private and rental cars, hotel nights, taxi, bus, boat and air travel.

Emission figures are calculated via quarterly data gathering processes across the company's facilities, as well as from external travel suppliers. The figures are based on all three GHG Protocol scopes and the base year is 2018.

With business travel being the biggest emission factor for NENT Group, Scope 3 emissions decreased in 2020, affected by the coronavirus pandemic, including part of Scope 1 emissions.

In 2020, the reporting on cooling and heating improved, therefore the increase in the figures. In 2020, 29% of total energy consumed came from renewable origins, compared to 13% in 2019.

This year for the first time, we tracked and reported available data on waste. Hence no data for 2019. For further information on NENT Group's green actions, please refer to pages 35-37 of this report.

CORPORATE GIVING DATA

KSEK	2020	2019
Donated media time	43,783	45,301
Products & services	1,421	–
Cash donations	2,755	39
Total donations	**47,959**	**45,340**
Funds raised for charity	65	8,080
Total corporate giving	**48,024**	**53,420**

Hours	2020	2019
Volunteering hours	130	58

The value of donated media time is based on the estimated market value of the commercial media time that NENT Group has donated to charity organisations. Funds raised for charity include NENT Group's own fundraising campaigns and funds raised together with NGOs.

In 2020, NENT Group created the BEAT Diabetes Foundation as its own and independent entity. Diabetes fundraising is therefore no longer reported as NENT Group's donation in the Annual Report. This explains the substantial decrease of funds raised for charity in 2020 compared with 2019.

In 2020, NENT Group donated MSEK 2.5 to the BEAT Diabetes foundation. while KSEK 65 were raised through the #Lyssnarhjälpen – Live Music Sessions.

Products & services refer to any products or services that have been donated to a charity or a cause free of charge, such as subscriptions. In 2020, we donated 12,600 3-month Viaplay subscriptions to hospitals, elderly care homes, kindergartens and the like as a response to the coronavirus pandemic.

In 2019, the majority of volunteering hours related to NENT Group's Diabetes Gala; while in 2020, they stemmed from volunteering of our SplayOne talents in Finland, who supported a fundraising organisation for children's medical care in hospitals in Finland, through various digital activities.

COMPLIANCE DATA

Content compliance breakdown – TV & Streaming

Number of complaints	2020	2019
Advertising	**–**	**–**
Not in breach	–	–
Out of which relating to minors	–	–
Sponsorship	**–**	**–**
Not in breach	–	–
Out of which relating to minors	–	–
Programmes, promos & other	**9**	**7**
Not in breach	8	7
Out of which relating to minors	–	–
Total	**9**	**7**
Still pending at the end of 2020	1	–
Fines/penalties	–	–

The figures refer to the number of broadcast complaints, and are divided into various categories (advertising, sponsorship and programmes and promos). All NENT Group's Ofcom licensed TV channels and streaming services are included in these figures. 'Not in breach' means that the complaint was dismissed by Ofcom and that the content in question was determined to be in compliance with rules and regulations. 'Still pending' means that the complaint has yet to be ruled upon. The number of complaints still pending at the end of 2019 was restated from two to zero, since both complaints were ruled 'not in breach'.

Content compliance breakdown – Radio

Number of complaints	2020	2019
Advertising	**–**	**–**
Not in breach	–	–
Sponsorship	**–**	**–**
Not in breach	–	–
Programmes, promos & other	**–**	**–**
Not in breach	–	–
Total	**–**	**–**
Still pending at the end of 2020	–	–
Fines/penalties	–	–

All of NENT Group's radio stations hold local licencses and are therefore locally regulated. No broadcast complaints relating to NENT Group's radio channels were received in 2019 or 2020.

Content compliance training

Number of people trained	2020	2019
Internally	189	74
Externally	14	14
Total	**203**	**88**

Anti-corruption

Number of cases	2020	2019
Confimed incidents of corruption	–	–
Whisteblower incidents	2	1

NENT Group's central Content Compliance Team provides continuous training for employees whose daily work involves NENT Group's content compliance procedures, such as those working in acquisitions, programming, scheduling, sales, on-air planning and creative services. More people internally have been trained in 2020 compared with 2019.

When necessary, the Content Compliance Team also trains external production teams who produce content for NENT Group's services or channels. The two whistleblower incidents in 2020 where an in-depth investigation was initiated, related to work environment and a potential conflict of interest; and were resolved during the year. For more information on NENT Group's whistleblowing process see pages 33–34.

GRI Index

GRI 101 Foundation 2016 – General Disclosures

	Organisational Profile	Reference	Full/Partial
102-1	Name of the organisation	Administration report (p. 65)	●
102-2	Activities, brands, products, and services	At a glance (p. 1) Our Story (p. 12–13) Financial performance 2020 (p. 67)	●
102-3	Location of headquarters	Administration report (p. 65)	●
102-4	Location of operations	At a glance (p. 1) Our story (p. 12; p. 16)	●
102-5	Ownership and legal form	The NENT Group Share (p. 42–44)	●
102-6	Markets served	Our story (p. 12–17)	●
102-7	Scale of the organisation	At a glance (p. 1) 2020 highlights (p. 2) Consolidated balance sheet (p. 75)	●
102-8	Information on employees and other workers	People data (p. 138)	●
102-9	Supply chain	Our approach to sustainability (p. 26)	●
102-10	Significant changes to the organisation and its supply chain	2020 highlights (p. 2–3) CEO's statement (p. 5–6) Our story (p. 16–17) Administration report (p. 66)	●
102-11	Precautionary Principle or approach	Committing to our conduct & to climate action (p. 35)	●
102-12	External initiatives	CEO's Statement (p. 7)	●
102-13	Membership of associations	Membership of associations (p. 134)	●

	Strategy	Reference	Full/Partial
102-14	Statement from senior decision-maker	CEO's Statement (p. 4–7)	●
102-15	Key impacts, risks, and opportunities	Our people (p. 20–21) Our approach to sustainability (p. 25–27) Risk and risk management (p. 57–59)	●

	Ethics and Intergrity	Reference	Full/Partial
102-16	Values, principles, standards, and norms of behaviour	Committing to our conduct (p. 33–34)	●
102-17	Mechanisms for advice and concerns about ethics	Committing to our conduct (p. 33–34)	●

	Governance	Reference	Full/Partial
102-18	Governance structure	Governance and responsibility (p. 46–49)	●
102-20	Executive-level responsibility for economic, environmental, and social topics	Governance and responsibility (p. 49)	●
102-22	Composition of the highest governance body and its committees	Governance and responsibility (p. 47)	●
102-23	Chair of the highest governance body	Governance and responsibility (p. 52–53)	●
102-24	Nominating and selecting the highest governance body	Governance and responsibility (p. 46–47)	●

GRI 101 Cont.

102-25	Conflicts of interest	Governance and responsibility (p. 46–48; 50–51)	●
102-26	Role of highest governance body in setting purpose, values and strategy	Governance and responsibility (p. 49)	●
102-27	Collective knowledge of highest governance body	Governance and responsibility (p. 49)	●
102-30	Effectiveness of risk management processes	Governance and responsibility (p. 49–51)	●
102-31	Review of economic, environmental, and social topics	Governance and responsibility (p. 49)	●
102-32	Highest governance body's role in sustainability reporting	Governance and responsibility (p. 49)	●
102-33	Communicating critical concerns	Committing to our conduct (p. 34) Governance and responsibility (p. 49)	●
102-35	Remuneration policies	Governance and responsibility (p. 47–49) Administration report (p. 72) Financial statements (p. 89–92)	●
102-36	Process for determining remuneration	Governance and responsibility (p. 47–49) Administration report (p. 72) Financial statements (p. 89–92)	●

	Stakeholder Engagement	Reference	Full/Partial
102-40	List of stakeholder groups	Stakeholder engagement and materiality determination (p. 133)	●
102-41	Collective bargaining agreements	People data (p. 140)	●
102-42	Identifying and selecting stakeholders	Stakeholder engagement and materiality determination (p. 132–133)	●
102-43	Approach to stakeholder engagement	Stakeholder engagement and materiality determination (p. 132–133)	●
102-44	Key topics and concerns raised	Stakeholder engagement and materiality determination (p. 133)	●

	Reporting Practice	Reference	Full/Partial
102-45	Entities included in the consolidated financial statements	Financial statements (p. 83–84) Report scope and boundaries (p. 153)	●
102-46	Defining report content and topic boundaries	Stakeholder engagement and materiality determination (p. 132) Report scope and boundaries (p. 153)	●
102-47	List of material topics	Stakeholder engagement and materiality etermination (p. 132)	●
102-48	Restatements of information	Report scope and boundaries (p. 153)	●
102-49	Changes in reporting	Report scope and boundaries (p. 153)	●
102-50	Reporting period	Report scope and boundaries (p. 153)	●
102-51	Date of most recent report	Report scope and boundaries (p. 153)	●
102-52	Reporting cycle	Report scope and boundaries (p. 153)	●
102-53	Contact point for questions regarding the report	Report scope and boundaries (p. 153)	●
102-54	Claims of reporting in accordance with the GRI Standards	Report boundaries and scope (p. 153)	●
102-55	GRI content index	GRI Index (p. 147–152)	●
102-56	External assurance	Independent assurance statement (p. 154)	●

GRI 200 Economic Standard Series – Material Topics

GRI 201	Economic Performance 2016	Reference	Full/Partial	
103-1 to 103-3	Management approach	Administration report (p. 65–72) Materiality determination (p. 132–133)	●	
201-1	Direct economic value generated and distributed	Consolidated income statement (p. 74) Consolidated balance sheet (p. 75)	◐	Excludes payments to government, community investments; and direct economic value on separate levels since it is not considered material.

GRI 203	Indirect Economic Impacts 2016	Reference	Full/Partial	
103-1 to 103-3	Management approach	Developing Nordic Storytelling (p. 29) Promoting an equal, diverse and inclusive society (p. 30–32) Materiality determination (p. 132–133)	●	
203-1	Infrastructure investments and services supported	Developing Nordic Storytelling (p. 29) Promoting an equal, diverse and inclusive society (p. 30–32) Corporate giving data (p. 145)	●	
203-2	Significant indirect economic impacts	Developing Nordic Storytelling (p. 29) Promoting an equal, diverse and inclusive society (p. 30–32)	●	

GRI 205	Anti-corruption 2016	Reference	Full/Partial	
103-1 to 103-3	Management approach	Committing to our conduct (p. 33–34) Materiality determination (p. 132–133)	●	
205-2	Communication and training about anti-corruption policies and procedures	Committing to our conduct (p. 33–34)	◐	We only disclose the total % of employees at NENT Group that were trained.
205-3	Confirmed incidents of corruption and actions taken	Committing to our conduct (p. 33–34) Compliance data (p. 146)	●	

GRI 300 Environmental Standards Series – Material Topics

GRI 302	Energy 2016	Reference	Full/Partial
103-1 to 103-3	Management approach	Committing to climate action (p. 35–37) Materiality determination (p. 132–133)	●
302-1	Energy consumption within the organisation	Environmental data (p. 144)	●
302-3	Energy intensity	Environmental data (p. 144)	●

GRI 305	Emissions 2016	Reference	Full/Partial
103-1 to 103-3	Management approach	Committing to climate action (p. 35–37) Materiality determination (p. 132–133)	●
305-1	Direct (Scope 1) GHG emissions	Environmental data (p. 144)	●
305-2	Energy indirect (Scope 2) GHG emissions	Environmental data (p. 144)	●
305-3	Other indirect (Scope 3) GHG emissions	Environmental data (p. 144)	●
305-4	GHG emissions intensity	Environmental data (p. 144)	●

GRI 400 Social Standards Series – Material Topics

GRI 401	Employment 2016	Reference	Full/Partial	
103-1 to 103-3	Management approach	Our people (p. 18–23) Promoting an equal, diverse and inclusive society (p. 31) Committing to our conduct (p. 34) Materiality determination (p. 132–133)	●	
401-1	New employee hires and employee turnover	People data (p. 139)	●	
401-3	Parental leave	People data (p. 140)	◐	Return to work and retention rates excluded - their collection method will be reviewed 2021.

GRI 403	Health and Safety 2016	Reference	Full/Partial	
103-1 to 103-3	Management approach	Our people (p. 18–23) Committing to our conduct (p. 34) Materiality determination (p. 132–133)	●	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	People data (p. 141)	◐	Due to the small number of injuries, we do not provide a regional breakdown of the types of injuries to protect the privacy of our employees.

GRI 404	Training and Education 2016	Reference	Full/Partial
103-1 to 103-3	Management approach	Our people (p. 18–23) Committing to our conduct (p. 34) Materiality determination (p. 132–133)	●
404-1	Average hours of training per year per employee	People data (p. 142)	●
404-3	Percentage of employees receiving regular performance and career development reviews	Our people (p. 22) People data (p. 142)	●

GRI 405	Diversity and Equal Opportunity 2016	Reference	Full/Partial
103-1 to 103-3	Management approach	Our people (p. 20–21) Promoting an equal, diverse and inclusive society (p. 30–32) Committing to our conduct (p. 34) Materiality determination (p. 132–133)	●
405-1	Diversity of governance bodies and employees	People data (p. 143)	●

GRI 400 Cont.

GRI 406	Non-discrimination 2016	Reference	Full/Partial	
103-1 to 103-3	Management approach	Our people (p. 20–21) Promoting an equal, diverse and inclusive society (p. 30–32) Committing to our conduct (p. 34) Materiality determination (p. 132–133)	●	
406-1	Incidents of discrimination and corrective actions taken	Our people (p. 21)	●	

GRI 412	Human Rights Assessment 2016	Reference	Full/Partial	
103-1 to 103-3	Management approach	Committing to our conduct (p. 33–34) Materiality determination (p. 132–133)	●	
412-2	Employee training on human rights policies or procedures	Committing to our conduct (p. 33)	◐	Data for total training hours is not available.

GRI 414	Supplier Social Assessment 2016	Reference	Full/Partial
103-1 to 103-2	Management approach	Committing to our conduct (p. 33–34)	●
414-1	New suppliers that were screened using social criteria	Committing to our conduct (p. 33)	●
414-2	Negative social impact in the supply chain and actions taken	Committing to our conduct (p. 33)	●

GRI 417	Marketing and Labelling 2016	Reference	Full/Partial
103-1 to 103-3	Management approach	Committing to our conduct (p. 34) Producing quality content (p. 38–40) Materiality determination (p. 132–133)	●
417-2	Incidents of non-compliance concerning product and service information and labeling	Producing quality content (p. 38) Compliance data (p. 146)	●
417-3	Incidents of non-compliance concerning marketing communications	Producing quality content (p. 38) Compliance data (p. 146)	●

G4 Media Sector Disclosures

	Content creation	Reference	Full/Partial	
103-1 to 103-3	Management approach	Developing Nordic Storytelling (p. 29) Promoting an equal, diverse and inclusive society (p. 30–32) Committing to our conduct (p. 34) Producing quality content (p. 38–40) Materiality determination (p. 132–133)	●	
M2	Methodology for assesing and monitoring adherence to content creation values	Promoting an equal, diverse and inclusive society (p. 30–31) Producing quality content (p. 38–40)	●	
M3	Actions taken to improve adherence to content creation values, and results obtained	Developing Nordic Storytelling (p. 29) Promoting an equal, diverse and inclusive society (p. 30–31) Committing to our conduct (p. 34) Producing quality content (p. 38–40)	●	

	Content dissemination	Reference	Full/Partial	
103-1 to 103-3	Management approach	Committing to our conduct (p. 34) Producing quality content (p. 38–40) Materiality determination (p. 132–133)	●	
M4	Actions taken to improve performance in relation to content dissemination issues (accesibility and protection of vulnerable audiences and informed decision making) and results obtained	Developing Nordic Storytelling (p. 29) Producing quality content (p. 39)	●	
M5	Number and nature of responses (feedback/ complaints) related to content dissemination, including protection of vulnerable groups	Producing quality content (p. 38)	●	

	Audience interaction	Reference	Full/Partial	
103-1 to 103-3	Management approach	Developing Nordic Storytelling (p. 29) Committing to our conduct (p. 34) Producing quality content (p. 38–40) Materiality determination (p. 132–133)	●	
M6	Methods to interact with audiences and results	Producing quality content (p. 39–40) Dialogue channels (p. 133)	◐	We do not disclose number of people engaged, broken down by engagement method due to such group aggregated data inavailability.

	Media Literacy	Reference	Full/Partial	
103-1 to 103-3	Management approach	Producing quality content (p. 38–40) Materiality determination (p. 132–133)	●	
M7	Actions taken to empower audiences through media literacy skills development and results obtained	Producing quality content (p. 39)	●	

Report scope and boundaries

This is NENT Group's second Annual Report with an integrated Sustainability Report since listing independently on Nasdaq Stockholm in 2019. The scope of the Sustainability Report that also is the Statutory Sustainability Report is defined on pages 18–40, 49, 59 and 132–153.

The report was prepared in accordance with the GRI Standards (Core Level), and it fulfills the requirements for sustainability reporting as stipulated by the Annual Accounts Act (ÅRL). We have also applied the GRI G4 Media Sector Supplement for indicators where possible.

The report's content has been defined by the topics which were deemed material in our materiality assessment conducted in 2018, and served as a basis for our first NENT Group's sustainability strategy. To this, our work with minimising our environmental impact has been added as material in 2020 and moving forward.

The report covers NENT Group's performance in a wider sense of sustainability, assessing our impacts in the society through the sustainable development goals, and the areas where we believe we can add wider societal value.

The report boundary has been defined by using the completeness principle to reflect NENT Group's significant economic, environmental and social impacts. The reporting scope includes operations over which we have full control (i.e. subsidiaries where NENT Group AB owns more than 50%). The data covers NENT Group's companies which were active in 2020.

In 2020, we introduced interim testing of our people data for quality assurance. A notable change compared with 2019 is the decrease of number of employees in the Group. The reasons for that are, the major ONE NENT reorganisation in 2019, leading to several employments to end in 2020; and the start of Allente, a joint venture, to which part of our employees migrated during 2020. Former NENT Group employees who migrated to Allente during 2020 are excluded from the people data altogether.

In 2020, we started reporting available data on waste, travel by boat and CO_2e from purchased electronic equipment. Due to Coronavirus pandemic and the selling process of part of NENT Studios, the completion of the integration process of the Nordic Studios companies into our Group Travel system has been postponed.

Strix Benelux based in the Netherlands, Brain Academy Incorporated based in the US and Viasat Consumer Business were excluded from the people data. Strix Benelux and Brain Academy Incorporated however, reported available environmental data for Q1–Q3 2020.

Reporting period
1 January 2020–31 December 2020

Reporting framework:
GRI Standards (Level: Core) & G4 Media Supplement

Changes in reporting:
Minimising our environmental impact has become a topic of strategic importance due to increased stakeholders' interest. Minimum notice period before organisational change is not reported as it was not relevant to 2020.

Date of most recent report:
02 April 2020

Restatements of information:
The 2019 new hires rate, PDA % and total number of injuries were re-calculated due to changes of calculation methodology, to allow for historical comparability. Content compliance complaints that were pending at the end of 2019 were ruled upon in 2020, hence restated this information.

Contact details

For questions regarding NENT Group's operational sustainability work, please contact the Sustainability department (sustainability@nentgroup.com).

Questions regarding NENT Group's Annual Report and Sustainability Report should be directed to the Investor Relations department (investors@nentgroup.com). Both departments are located at NENT Group's head office at Ringvägen 52 in Stockholm, Sweden.

Independent assurance statement

Auditor's Limited Assurance Report on Nordic Entertainment Group AB Sustainability Report and statement regarding the Statutory Sustainability Report. To Nordic Entertainment Group AB, Corp. Id. 559124-6847.

Introduction

We have been engaged by the Board of Directors and the Chief Executive Officer of Nordic Entertainment Group AB to undertake a limited assurance engagement of Nordic Entertainment Group AB Sustainability Report for the financial year 2020. Nordic Entertainment Group AB has defined the scope of the Sustainability Report that also is the Statutory Sustainability Report on pages 18-40, 49, 59 and 132–153.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 153 in the Sustainability Report and are part of the Sustainability Reporting Standards published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Nordic Entertainment Group AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Managing Director as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm 30 March 2021
KPMG AB

Joakim Thilstedt
Authorised Public Accountant

Torbjörn Westman
Expert Member of FAR

Definitions & Glossary

Financial key ratio definitions

Adjusted net income from continuing operations
Net income adjusted for items affecting comparability and amortisation of acquisition-related intangible assets, net of tax, for both NENT Group and its 50% share in the earnings of Allente.

Capital employed
Capital employed is the sum of current and non-current assets less current and non-current liabilities, provisions and liabilities at fair value. All items are non-interest-bearing.

Cash flow from operations
Cash flow from operations comprises operating cash flow before financial items and tax payments, taking into account other financial cash flow.

Earnings per share
Earnings per share is expressed as net income attributable to equity holders of the parent company divided by the average number of shares.

EBITDA
EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation.

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

Net debt
Net debt is the sum of short and long-term interest-bearing liabilities less total cash and interest-bearing assets.

Operating income
Operating income comprises results before interest and tax. A synonym for operating income is EBIT (Earnings Before Interest and Tax).

Operating margin %
Operating profit as a percentage of net sales.

Organic growth
Organic growth is the change in net sales compared to the same period of the previous year excluding acquisitions and divestments and adjusted for currency translation and transaction effects.

Return on capital employed (ROCE) %
Return on capital employed is calculated as operating income as a percentage of average capital employed.

Return on equity (ROE) %
Return on equity is expressed as net income as a percentage of average shareholders' equity.

Financial calendar

Q1 Results Announcement
Thursday 22 April 2021
Silent period 1–22 April

Annual General Meeting 2021
Wednesday 19 May 2021
Stockholm

Documentation and further details of when and how to give notice to attend will be published in advance on www.nentgroup.com

Q2 Results Announcement
Thursday 22 July 2021
Silent period 1–22 July

Q3 Results Announcement
Tuesday 26 October 2021
Silent period 5–26 October

Operational key ratio definitions and glossary

AVOD, Advertising video on-demand
A video on demand service that is free for users and funded through advertising.

Branded content
Editorial content (i.e. not advertising spots) that is funded by and produced for an advertiser.

Carriage fee
A fee paid by a TV distributor to NENT Group in order to show NENT Group's TV channels.

CSOL, Commercial share of listening
A company's share of commercial radio listening in the age group 12+ years (Norway) or 12–79 years (Sweden).

CSOV, Commercial share of viewing
A company's share of commercial TV viewing in the age group 25–59 years.

Non-scripted content
Content such as reality entertainment shows or documentaries that do not follow a set script.

Original
Content created and owned by a media company (as opposed to content acquired from another company) for direct distribution to its own or partners' customers.

Scripted content
Content such as drama series or films that follow a set script.

Sublicensing
The licensing of content by one company from another company currently holding this license.

SVOD, Subscription video on-demand
A video on demand service where a customer pays a regular subscription fee to access the service.

Third party customer
A customer who has access to NENT Group's content through a third party company.

Viaplay subscriber
A Viaplay subscriber is defined as a customer who has access to Viaplay and for whom a method of payment has been provided. NENT Group only reports paid-for subscriptions where a payment has been received directly from the end-customer or from a partner organisation.

VOD, Video-on-demand
A general term for services that enable customers to stream or download video content whenever they want and on a range of devices.

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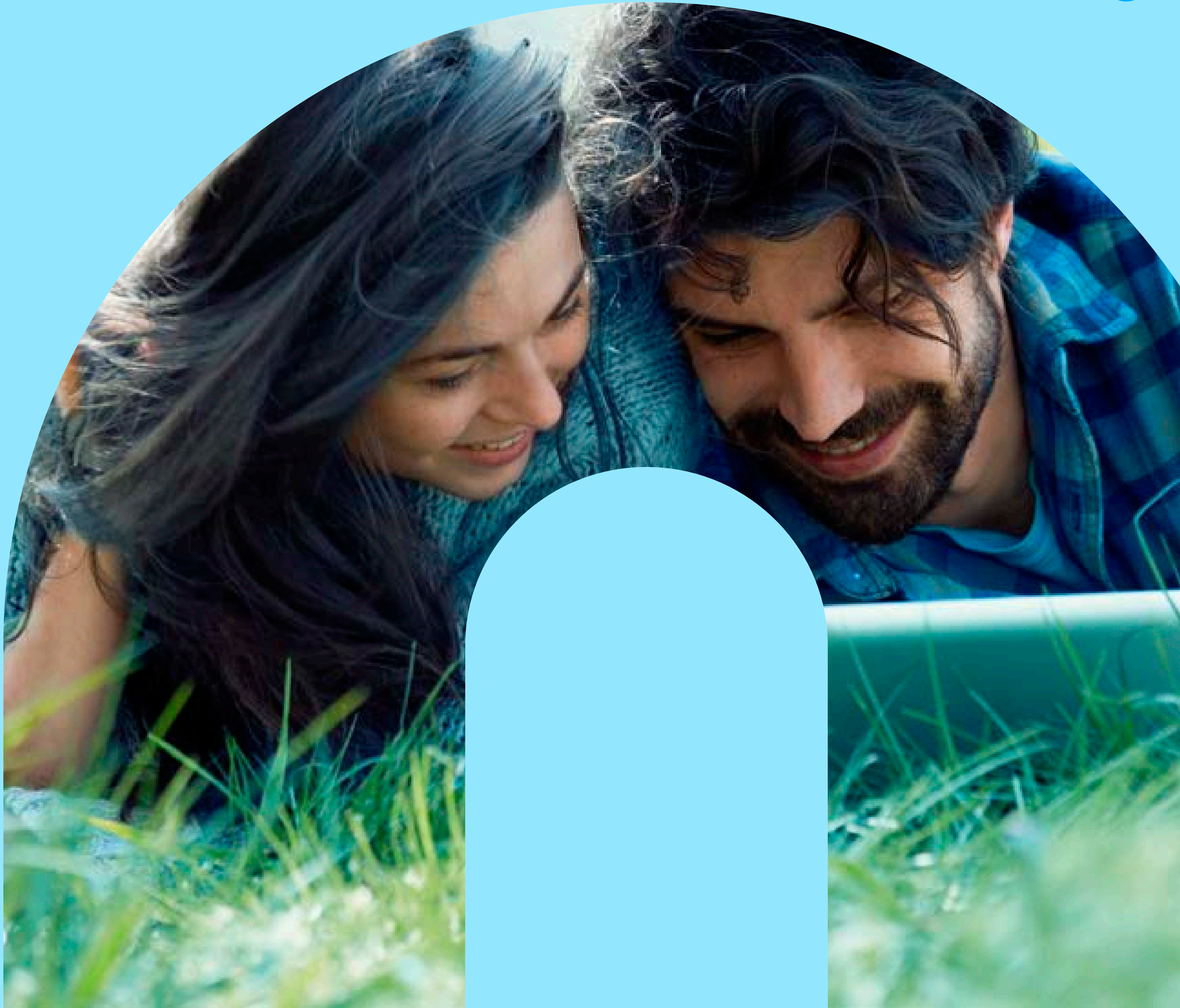

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