

The Board of Directors and the President & CEO of

Nordic Entertainment Group AB

Org nr 559124-6847

hereby submits the

Annual accounts

for the financial year 8 September 2017 to 31 December 2018

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Nordic Entertainment Group AB

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Business review

General company information

Nordic Entertainment Group AB (org. No. 559124-6847) is a public limited company which was established in Sweden on 31 August 2017 and was registered with the Swedish Companies Registration Office on 8 September 2017. The company's current company name (also trade name), Nordic Entertainment Group AB, was registered on 23 April 2018. The company is based in Stockholm, Sweden. As of 31 December 2018, the company was a wholly owned subsidiary of Modern Times Group MTG AB, corporate identity number 556309-9158, with its registered office in Stockholm. This parent company also prepared consolidated accounts for the entire group now covered by Nordic Entertainment Group AB. The company has extended the financial year since it was registered on 8 September 2017 and did not prepare any annual report for 2017. Nordic Entertainment Group AB was distributed to the shareholders of MTG in relation to each shareholder's holding of MTG shares on the record date for the dividend (ie 26 March 2019). The dividend and listing of Nordic Entertainment Group AB's shares on NASDAQ Stockholm was carried out on 28 March 2019.

About the business

Nordic Entertainment Group AB was formed with the aim of being the parent company of Nordic Entertainment Group. The company will develop and sell goods and services in the media, information and communication areas and related activities. The company shall also be entitled to own and manage real estate as well as shares and other movables, and carry on other activities compatible therewith.

Development of the business, results and the financial position

Financial overview 2017-09-08 to 2018-12-31

Net income, SEKk -351

Total balance, SEKk 13 326 691

Equity ratio, % 15,07%

Definitions: see note 12

Material events during the year

On 23 March, Modern Times Group AB's (MTG) board decided to initiate a process to split MTG in two groups, Modern Times Group AB and Nordic Entertainment Group AB. The separation and spin-off took place by the transfer of a number of companies to Nordic Entertainment group AB and the subsequent distribution of all shares in Nordic Entertainment Group AB to MTG's shareholders.

Prospectus regarding distribution and admission to trading of the shares in Nordic Entertainment Group AB

On 8 March, a prospectus regarding the Listing of trading in the shares of Nordic Entertainment Group AB (publ) was published on NASDAQ Stockholm, which contains a detailed description of the company's and the group's expected development, including a description of significant risks and uncertainties that the company faces.

Non-financial disclosures

The company works within the framework of the MTG Group's policy for responsible business (CSR), for example regarding business ethics and environmental factors. MTG annually publishes a CSR-report on this work on its website where also Nordic Entertainment Group AB is included.

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Proposed guidelines for remuneration to Group Executive Management

NENT's remuneration policy is designed to drive and reward company and individual performance, be market competitive to attract and retain key talent, and to incentivise creation of long-term shareholder value by requiring executives to build and maintain significant shareholding in NENT.

Total remuneration may consist of fixed salary, variable components in the form of short-term (STI) and long-term incentive (LTI) plans, pension and other benefits/allowances.

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

Proposed appropriation of earnings

The Board of Directors proposes that unrestricted equity, SEK 2,007,429,226, be disposed of as follows:

| | |
|-------------------------------|------------------|
| Bonus issue | 134 184 |
| Dividend (SEK 6.50 per share) | 437 725 |
| To be carried forward | 1 435 520 |
| Total SEKk | <u>2 007 429</u> |

Other appropriations

The company has received group contribution amounting to SEK 123,302,000 from the parent company Modern Times Group.

As for the results and financial position, please refer to the following income statements, balance sheets and accompanying notes.

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Income statement

| <i>Amount in SEK 000'</i> | <i>Note</i> | <i>2017-09-08 to 2018-12-31</i> |
|---|-------------|---------------------------------|
| Gross income | | — |
| Administrative expenses | | -145 016 |
| Other income | | 14 883 |
| Operating loss | | -130 133 |
| Financial items | | |
| Interest income and other financial income | Note 3 | 26 427 |
| Interest expense and other financial costs | Note 4 | -19 947 |
| Income before tax and appropriations | | -123 653 |
| Other appropriations | | |
| Group contribution, received | | 123 302 |
| Income before tax | | -351 |
| Tax expenses | Note 5 | — |
| Net income for the year | | -351 |

Statement of other comprehensive income

| <i>Amount in SEK 000'</i> | <i>2017-09-08 to 2018-12-31</i> |
|--|---------------------------------|
| Net income for the year | -351 |
| Other comprehensive income | — |
| Total comprehensive income for the year | -351 |

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Balance sheet

| <i>Amount in SEK 000'</i> | <i>Note</i> | <i>31 December 2018</i> |
|--|-------------|-------------------------|
| ASSETS | | |
| Non-current assets | | |
| <i>Intangible assets</i> | | |
| Capitalised development, trademarks, and other intangible assets | | 522 |
| | | 522 |
| Total tangible assets | | 522 |
| Current assets | | |
| <i>Current receivables</i> | | |
| Receivables from group companies | Note 6 | 13 059 460 |
| Other receivables | | 266 125 |
| Prepaid expense and accrued income | | 584 |
| | | 13 326 169 |
| Total current receivables | | 13 326 169 |
| Total assets | | 13 326 691 |

Balance sheet

| <i>Amount in SEK 000'</i> | | <i>31 December 2018</i> |
|---|--------|-------------------------|
| SHAREHOLDERS' EQUITY AND LIABILITIES | | |
| <i>Shareholders' equity</i> | | |
| <i>Restricted equity</i> | | |
| Total restricted equity | Note 7 | 500 |
| | | 500 |
| <i>Non-restricted equity</i> | | |
| Retained earnings | | 2 007 780 |
| Net income for the year | | -351 |
| | | 2 007 429 |
| | | 2 007 929 |
| <i>Current liabilities</i> | | |
| Liabilities to financial institutions | | 72 678 |
| Accounts payable | | 2 861 |
| Liabilities to group companies | Note 8 | 11 200 561 |
| Other liabilities | | 2 448 |
| Accrued expense and deferred income | | 40 214 |
| | | 11 318 762 |
| Total shareholders' equity and liabilities | | 13 326 691 |

Statement of changes in equity

| <i>Amount in SEK 000'</i> | | | <i>2017-09-08 to 2018-12-31</i> |
|---|------------|------------------|---------------------------------|
| | Restricted | Non-restricted | Total |
| Company establishment 9 September 2017 | 500 | — | 500 |
| Total comprehensive income for the year | — | -351 | -351 |
| Effect of share-based programmes | — | 7 780 | 7 780 |
| Capital contribution from MTG | — | 2 000 000 | 2 000 000 |
| Balance as of 2018-12-31 | 500 | 2 007 429 | 2 007 929 |

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Notes

Amount in SEK 000' if nothing else is stated

Note 1 Accounting and valuation principles

Nordic Entertainment Group AB 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. The financial statements were authorised for issue by the Board of Directors on 26 April 2019. The income statement and the balance sheet of the parent company will be presented for adoption by the Annual General Meeting on 22 May 2019.

Assets, provisions and liabilities have been valued at acquisition value unless otherwise stated below.

Accounting for intangible assets

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

| Asset | Amortisation period |
|--|--|
| Capitalised development expenditure | 3–10 years |
| Trademarks | Trademarks being part of a purchase price allocation are normally judged to have indefinite lives and are tested for 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 |

Financial assets and liabilities

Nordic Entertainment Group AB applies IFRS 9 Financial Instruments to legal entities. Financial assets and liabilities are reported at amortised cost. There were no financial derivative instruments in the company as of 31 December 2018. Receivables have, after individual valuation, been valued at the amounts that are expected to be collected.

Taxes

Tax on profit for the year in the income statement consists of current tax and deferred tax. Current tax is income tax for the current fiscal year that relates to the year's taxable profit and the part of the previous fiscal year's income tax that has not yet been reported. Deferred tax is income tax for taxable income in respect of future financial years as a result of previous transactions or events.

Deferred tax liabilities are reported for all taxable temporary differences, however, deferred tax attributable to untaxed reserves is not reported separately, since untaxed reserves are reported as a separate item in the balance sheet. Deferred tax assets are recognised for deductible temporary differences and for the possibility of using tax loss carryforwards in the future. The valuation is based on how the carrying amount of the corresponding asset or liability is expected to be recovered or adjusted. The amounts are based on the tax rates and tax rules that have been decided or in practice decided before the balance sheet date.

Revenues

Interest and dividend

Interest is reported as revenue according to the effective interest method. Dividends are reported when the competent body has decided that a dividend is to be paid.

Group contributions

Group contributions and share-holders's contribution

Group contributions received and paid are recognised as appropriations in the income statement according to the alternative rule in RFR 2 IAS 27 p.2.

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Note 2 Number of employees, salaries, other remuneration and social expenses

| <i>Average number of employees</i> | <i>2018</i> |
|------------------------------------|-------------|
| Men | 22 |
| Women | 24 |
| Total | 46 |

The company has been dormant until July 2018. The average number of employees refers to the period 1 July 2018 to 31 December 2018.

| <i>Gender distribution senior executives</i> | <i>2018</i> | |
|--|--------------|----------------|
| | <i>Men %</i> | <i>Women %</i> |
| Board of Directors | 67 | 33 |
| CEO | 100 | – |
| Total | 71 | 29 |

| <i>Salaries, other remuneration and social security expenses</i> | <i>2017-09-08 to 2018-12-31</i> |
|--|---------------------------------|
| Wages and salaries | 22 791 |
| Social security expenses | 7 393 |
| Pension costs | 2 493 |
| Share-based payments | 7 780 |
| Social security expenses on share-based payments | 8 570 |
| Total | 49 027 |

A Board of Directors has been elected for Nordic Entertainment Group AB during 2018 and annual fees of SEK 4.7 million have been agreed up until the 2019 AGM. Fees after the 2019 AGM will be decided at the Annual General Meeting in 2019. Those executives who, prior to joining NENT, were part of MTG's executive management were paid in accordance with the guidelines approved by the MTG Annual General Meetings in 2016–2018.

The below table shows the current annual remuneration costs in NENT for information purposes.

| <i>Board of Directors</i> | <i>Board fee</i> |
|---------------------------|------------------|
| David Chance, chairman | 1 503 |
| Anders Borg | 630 |
| Henrik Clausen | 552 |
| Simon Duffy | 735 |
| Kristina Schauman | 630 |
| Natalie Tydeman | 605 |
| Total | 4 655 |

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Executive managers

| | |
|-----------------------|--------------|
| Anders Jensen, CEO | Remuneration |
| Base salary | 7 200 |
| Variable remuneration | 7 200 |
| Other benefits | 55 |
| Pension costs | 720 |
| Total | 15 175 |

| | |
|---------------------------------|--------------|
| Executive managers (14 persons) | Remuneration |
| Base salary | 37 258 |
| Variable remuneration | 28 736 |
| Other benefits | 3 366 |
| Pension costs | 2 850 |
| Total | 72 210 |

Total Board of Directors, CEO and Executive managers 92 040

CEO and Group Management

The CEO is responsible for the day-to-day management and development of NENT Group in accordance with applicable rules and legislation, including the Rule Book, the Code as well as the guidelines, instructions and strategies adopted by the Board of Directors. The CEO shall ensure that the Board of Directors receives objective and relevant information required to enable the Board to make well-founded decisions. Furthermore, the CEO shall ensure that the Company's goals, policies and plans are being followed and, if necessary, advise the Board to update or review the Company's goals, policies or plans. The CEO leads the work of the Group Management, which is responsible for the overall business development. In addition to the CEO, the Group Management comprises 14 other members.

Notice period and severance pay

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

Share-based payments

The MTG group has had equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments including social security costs is based on the Group's estimate of shares that will eventually vest and is expensed on a straight-line basis over the vesting period. The fair value expense excluding social fees is reported in the income statement as personnel costs with the corresponding increase in equity. For the recurring calculation of social security costs, the fair value is re-valued quarterly. Employees in NENT have historically been offered to participate in share-based incentive programmes offered by MTG in 2013–2017. The costs of these programs relating to NENT employees impacts the combined financial statements. The programs related to the NENT employees are now terminated.

Note 3 Interest income and other financial income

| | |
|----------------------------------|---------------------------------|
| | <i>2017-09-08 to 2018-12-31</i> |
| Interest income, Group companies | 4 647 |
| Interest income, Other | 18 904 |
| Exchange differences | 2 876 |
| | 26 427 |

Note 4 Interest expense and other financial costs

| | |
|-----------------------------------|---------------------------------|
| | <i>2017-09-08 to 2018-12-31</i> |
| Interest expense, Group companies | -1 246 |
| Interest expense, Other | -18 701 |
| | -19 947 |

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Note 5 Taxes

2017-09-08 to 2018-12-31

| | |
|--------------|---|
| Tax expenses | — |
| | — |

Reconciliation of tax expense

2017-09-08 to 2018-12-31

| | Percent | Belopp i kkr |
|--------------------------------------|---------|--------------|
| Income before tax and appropriations | | -351 |
| Tax rate /tax | 22,0% | 77 |
| Non-deductible expenses | -21,9% | -77 |
| Non-taxable income | 0,0% | — |
| Effective tax rate/ tax | 0,1% | — |

Note 6 Receivables on Group companies

31 December 2018

| | |
|------------------------------|------------|
| Cash pool | 8 338 209 |
| Interest bearing receivables | 2 597 486 |
| Interest free receivables | 2 123 765 |
| | 13 059 460 |

Note 7 Equity

Share information

According to the Company's articles of Association, the share capital shall amount to not less than SEK 500,000 and not more than SEK 2,000,000, divided among not less than 50,000,000 shares and no more than 200,000,000 shares. As at the date of this Prospectus, the Company's registered share capital amounts to SEK 500,000 divided among 500,000 class B shares. The quota value of each share was SEK 1. The shares in the Company have been issued pursuant to Swedish law and are denominated in SEK. The shares have been fully paid up and are freely transferrable. The shares are not subject to any offer pursuant to a mandatory bid, redemption rights or sell-out obligation. No public takeover offer has been made for the Company's shares during the current or preceding financial year. The shares of the Company are registered in a CSD register in accordance with the Swedish Act on Central Securities Depositories and Accounting of Financial Instruments (Sw. lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument). The register is maintained by Euroclear Sweden AB (Box 191, SE-101 23 Stockholm, Sweden). No share certificates have been issued for the Company's shares. The ISIN-code for the Class A shares is SE0012324226 and SE0012116390 for the Class B shares.

During the year, the company received group contributions of SEK 123,302 and shareholder contributions of SEK 1,876,698,000 from MTG in connection with the separation from MTG.

On 5 March, 2019, NENT Group held an Extraordinary General Meeting that resolved to split the Company's shares so that the number of A shares and B shares in NENT Group on the record date for the dividend amounts to the same number of A shares and B shares as in MTG respectively. After registering the decision with the Swedish Companies Registration Office, the total number of shares in NENT Group amounts to 67,342,244 shares divided into 66,796,582 B shares and 545,662 class A shares.

Share capital

The share capital as per 31 December 2018 amounted to SEK 500,000.

Retained earnings

Retained earning as per 31 December 2018 amounted to SEK 2,007,780 SEK.

Note 8 Liabilities with Group companies

31 December 2018

| | |
|------------------------------|------------|
| Cash pool | 7 433 841 |
| Interest bearing liabilities | 3 750 670 |
| Interest free liabilities | 16 050 |
| | 11 200 561 |

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Note 9 Events after the reporting period

On 7 February 2019, the shareholders of MTG resolved to distribute all of the shares in NENT Group to the MTG shareholders and list NENT Group on Nasdaq Stockholm. All the shares in the wholly-owned NENT Group were distributed on 28 March 2019 to MTG's shareholders on a one for one basis, with one share of class A or B in MTG entitling the holder to one share of the same class in NENT Group. The first day of trading in the NENT Group was 28 March 2019.

Note 10 Audit fees

| | <i>2017-09-08 to 2018-12-31</i> |
|-----------------------------------|---------------------------------|
| KPMG, audit fees | 750 |
| KPMG, audit related fees | — |
| KPMG, tax related fees | — |
| KPMG, fees related to the listing | 5 193 |
| | <u>5 193</u> |

Note 11 Related party transactions**Related party**

The Group have had a number of transactions with other companies within the MTG Group and the parent company MTG AB. The transactions between the different parties are based on market prices at arm's-length basis. Sales and purchases include advertising and content. Other costs comprise management fees from MTG AB. The major transactions relate to the borrowings and cash pool receivables and liabilities. In connection with NENT's acquisition of the subsidiaries, these balances have been settled. In connection with the listing, NENT has taken over the external financing of MTG AB.

Note 12 Definitions

| | |
|---------------|---|
| Total balance | Total assets |
| Equity ratio | Total shareholders' equity / Total assets |

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Stockholm 26 April 2019

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 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 give a true and fair view of the Parent Company's financial position and results of operations. The Board of Directors' Report for the Parent Company gives a true and fair view of the Parent Company's operations, position and results, and describes significant risks and uncertainty factors that the Parent Company face. The annual accounts were approved by the Board of Directors and the Chief Executive Officer on 26 April 2019. The income statement and balance sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on 22 May 2019.

David Chance
Chairman

Simon Duffy

Henrik Clausen

Kristina Schauman

Anders Borg

Natalie Tydeman

Anders Jensen
President and Chief Executive Officer

Our audit report was submitted 26 April 2019
KPMG AB

Joakim Thilstedt
Authorised Public Accountant