BONNIER


# 2018
## BONNIER ANNUAL REPORT

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**Translation from the Swedish original**

# Board of Directors' Report

The Board of Directors and the CEO of Bonnier AB, corporate registration no. 556508-3663, herewith submit the annual report and consolidated financial statements for the 2018 financial year on pages 3-60.

**The Group's business area and business model**

Bonnier AB is a parent company in a media group with companies in TV, daily newspapers, business media, magazines, film production, books, e-commerce and digital media and services. The group conducts operations in 12 countries with its base in the Nordic countries and significant operations in the United States, Germany, United Kingdom and Eastern Europe.

The Group's revenue comes from two main categories: partly user revenue from consumers and B2B costumers in the form of subscriptions, occasional purchases and events, and partly advertising revenues, primarily from all digital media services, linear TV and print advertising.

The largest external supplier categories are within purchases of rights, printing, books and other goods for sale through e-commerce and IT.

**Ownership**

Bonnier AB is a wholly-owned subsidiary of Bonnier Group AB (formerly Bonnier Holding AB), a subsidiary of Albert Bonnier AB, which is owned by more than 90 members of the Bonnier family.

**Significant events during the financial year**

In 2018, Bonnier carried out in particular two changes of great impact to the business.

*Agreement on the sale of Bonnier Broadcasting to Telia Company*

In June, it was announced that Bonnier AB had signed an agreement with Telia Company to divest Bonnier Broadcasting, including the television businesses TV4, C More and Finnish MTV. The deal is being reviewed by the European Competition Commission and is expected to be completed in the second half of 2019. The purchase price for a debt-free company  has been agreed at SEK 9.2 billion.

The deal will strengthen Bonnier financially and will provide increased stability for Bonnier's businesses and room for maneuver going forward. At the same time, the new owner of Bonnier Broadcasting will have very good conditions for its future development of TV4, MTV and C More.

*New governance model and organizational structure*

In September, Bonnier announced a change in corporate governance, in which the present business areas within Bonnier were to become independent companies. As of January 1, 2019, the governance of companies is primarily conducted through the Board of Directors for each company instead of through the Group company Bonnier AB. As a result, on January 1, 2019, the role of Group CEO was ended. Bonnier AB's CEO, Tomas Franzén, will continue his commitment within Bonnier as board chairman for Adlibris, Bonnier News and Bonnier Broadcasting. Operationally, the organization of Bonnier AB is combined with Bonnier Group (formerly Bonnier Holding) into a smaller parent company. The CEO of Bonnier Group is Erik Haegerstrand.

During the fall of 2018, it was also decided that the business area Business to Business and the operations within Magazines & Brands (formerly Bonnier Tidskrifter) would become a part of Bonnier News as of January 1, 2019.

[1] A description of the Group's definitions of key ratios may be found on page 59.

[2] As of 2018, the Group has eight business areas, compared with six previously. E-Commerce, which includes the Adlibris Group, was formerly part of Books. The business area Ventures has changed its name from Growth Media, and Film Studios, which was previously part of Growth Media, is now, as of 2018, a separate business area. Operations have also been transferred from Growth Media to Magazines. As a result, figures presented for comparison.

[3] Figures for 2016 were restated in 2017 due to a reevaluation of the Group's accounting for intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

**Development of the operations, financial position and profit or loss (Group)**

| SEK million (unless stated otherwise) | 2018 | 2017 | 2016 |
|---|---|---|---|
| Net sales | 26,447 | 25,740 | 25,492 |
| EBITA[1] | 824 | 625 | 731 |
| Operating profit/loss | -225 | -1,423 | 630 [3] |
| Net financial items | -157 | -212 | -239 |
| Profit/loss before tax | -382 | -1,635 | 391 [3] |
| Profit/loss for the year | -872 | -2,239 | 276 [3] |
| EBITA margin | 3.1% | 2.4% | 2.9% |
| Return on operating capital | -1.9% | -11.0% | 4.8% [3] |
| Net debt at year end | 7,743 | 8,553 | 7,376 |
| Net debt/equity, multiple | 2.12 | 2.18 | 1.25 [3] |

**Business areas**

**Net sales per business area**

| SEK million | 2018 | 2017 | Change, % |
|---|---|---|---|
| Books [2] | 6,334 | 6,274 | 0.9% |
| E-Commerce [2] | 2,247 | 2,002 | 12.3% |
| Broadcasting | 8,253 | 7,497 | 10.1% |
| Film Studios [2] | 1,256 | 1,389 | -9.6% |
| Ventures [2] | 358 | 402 | -10.9% |
| Magazines | 3,060 | 3,455 | -11.4% |
| Business to Business | 1,202 | 1,130 | 6.4% |
| News | 5,004 | 4,890 | 2.3% |
| Other and eliminations | -1,267 | -1,299 | n/a |
| **Bonnier AB, total** | **26,447** | **25,740** | **2.7%** |

**EBITA[1] per business area**

| SEK million | 2018 | 2017 | Change |
|---|---|---|---|
| Books [2] | 154 | 74 | 80 |
| E-Commerce [2] | -125 | 31 | -157 |
| Broadcasting | 1,027 | 423 | 604 |
| Film Studios [2] | 17 | -14 | 31 |
| Ventures [2] | -18 | -93 | 75 |
| Magazines | 34 | 168 | -134 |
| Business to Business | 104 | 131 | -28 |
| News | 159 | 303 | -144 |
| Other | -528 | -397 | -130 |
| **Bonnier AB, total** | **824** | **625** | **199** |

**Books** includes the Group's book businesses. It includes Bonnierförlagen, Pocket Shop, Bonnier Media Deutschland, Bonnier UK in England, Finnish WSOY, Akateeminen (Academic Bookstore) in Finland, 50% in Cappelen Damm in Norway and BookBeat. Books' EBITA amounted to SEK 154 million (74) with a significant improvement in cash flow. The book publishing operations altogether had positive growth, driven both by physical and digital growth, although the physical book retailers, primarily in Finland and Norway, had a very weak year.

The group's biggest book publishing business, Bonnier Media Deutschland, had an extremely strong year, with powerful growth and record profits. The Swedish publishing group Bonnierförlagen had yet another stable year, with results comparable to the previous year's. In the U.K., Bonnier Books UK led by new CEO Perminder Mann have come quite a ways in turning around the company, after a very weak 2017. In Finland, WSOY performed admirably with market improvement in profitability and after a number of tough years, had profits of SEK 23 million. However Norway's Cappelen Damm, 50-percent owned by Bonnier, had a weak year in the shrinking Norwegian book market, with significant losses in the bookstore chain Tanum.

During the year, a number of smaller publishing and distribution companies were divested, to make Books more profitable and increase focus on the publishers and on audio- and e-book service

BookBeat. During 2018, BookBeat showed a 150 percent increase in paid subscriptions, and at the end of the year was released in the German market.

**E-Commerce** is the business area that brings together Bonnier's Nordic online retail investments. The business area includes Adlibris Group, one of the Nordic region's leading online retailers with operations in Sweden, Norway and Finland. The Adlibris Group also has three physical shops, two in Stockholm and one in Gothenburg, under the concept Adlibris Market. Adlibris Group increased its revenues by 12 percent. The EBITA was SEK -125 (31), weighed down by large investments in warehousing and logistics and weak sales in December. Adlibris expanded its product portfolio during the year, in areas such as toys, games, DIY and cooking supplies.

**Broadcasting** includes TV4 Group, C More, Nyhetsbolaget and MTV Media in Finland. Broadcasting increased profits by more than 140 percent, with EBITA profits of SEK 1.02 billion (423). Revenues grew by 10 percent, to SEK 8.25 billion. Swedish network TV4 had a record year and is now, with operating profits of SEK 1.38 billion (1.02) and an operating margin of 29.2 percent, one of Europe's most profitable commercial TV companies. Through strong growth in the on-demand service TV4 Play, TV4 continues with its broad reach. Advertising revenues increased both for linear and digital TV, despite the downward market trend. Streaming-on-demand subscription service C More, with significant increases in its subscriber base and consumer revenues, had strong improvement in financial results compared to 2017: SEK -99 million (-296). Finland's MTV has, after a number of years with a challenging Finnish TV market, definitely broke the downward trend with financial results of SEK -211 million (-218).

**Film Studios** one of the world's oldest film companies and celebrating its 100th anniversary in 2019, is the leading production and distribution company for film and TV series in the Nordic region. During 2018, it had a marked improvement in profitability with an EBITA of SEK 17 million (-14). The production business had strong growth with productions such as the feature films Britt-Marie Was Here and Lasse-Maja – the First Mystery, as well as the TV productions Alex, The Lawyer and The Hunters. As a step towards further strengthening the production of Nordic content, at the end of 2018 SF Studios bought one of Norway's leading production companies, Paradox. Consumer services SF Anytime and SF Kids Play showed strong growth, with consumer revenues increasing by 154 percent during the year.

**Ventures** focuses on digital companies with global potential. Ventures' portfolio had another strong year and now has an average internal rate of return (IRR) of 30 percent since its start. In particular, shares in podcast platform Acast and VR gaming studio Resolution Games were particularly positive in terms of increase in value, and both closed out additional funding rounds during the year. Fertility app Natural Cycles took an important step in the U.S. market, getting approval as a form of birth control by the U.S. Food and Drug Administration (FDA).

New investments were made during the year in the virtual real estate agency Blok, design marketplace Pamono, digital funeral agency Lavendla and in Heja, a content and communication platform for sports clubs with a focus on the U.S. market. During the year, gaming company Evoke Gaming (wholly owned) and video network United Screens (minority owned) were divested, which contributed to a positive cash flow for the year for Ventures. EBITA was in total SEK 18 million (-93).

**Magazines** , which until the end of 2018 included the Swedish Bonnier Magazines & Brands (previously Bonnier Tidskrifter), the Copenhagen-based Bonnier Publications and Bonnier Corporation in the U.S., had an EBITA of SEK 34 million (168).

Bonnier Corporation started the year with a big reorganization and, despite the U.S. magazine industry's rapidly diminishing print market, achieved a positive operating profit. Bonnier Corporation continued its diversification with businesses adjacent to its magazine titles. One example is Working Mother Media, which grew with its profitable consulting business for companies.

Bonnier Publications has a very strong and profitable cross-border model for titles such as Science Illustrated and History, and had EBITA margin of over 9 percent. A push for digital reader revenues has been launched, with Science Illustrated first out. The Norwegian subsidiary was shut down during the year and the Norwegian titles will be managed via Denmark from here on in.

Bonnier Magazines & Brands' business in Sweden had big challenges, with a faster market downturn than expected and a transition to a new subscriber system that had a negative effect on the subscription business. During the fall, a decision was made to integrate Magazines & Brands with Bonnier News as of January 1, 2019. In conjunction with the integration, both the number of staff and the office space will be reduced, resulting in extra structural costs for 2018. This, together with structural costs for shutting down the Norwegian operations and moving offices in the U.S., affects the profits for the business area with additional costs of SEK 100 million.

**Business to Business** consists of *Børsen*, the leading business newspaper in Denmark, and business newspapers and digital B2B-services and products in the Nordic region, as well as in Central and Eastern Europe. Business to Business grew during the year propelled by increased digital revenues, with an EBITA of SEK 104 million (131), which corresponds to an EBITA margin of 9 percent.

Profits were affected by significant investments, including the continued growth of digital educational materials company Clio in the Swedish market and the rollout of the clinical decisionmaking tool Deximed in the German market. The business area's single biggest business, Denmark's leading business news daily, Børsen, had a stable year financially.

During the fall, a decision was made to integrate Business to Business with Bonnier News as of January 1, 2019. The reasoning behind the integration is that by gathering all B2B businesses under one roof, greater resources can be mobilized for technology and product development, and therefore for growth.

**News** comprises the Group's Swedish newspapers, including *Dagens industri*, *Expressen*, *Dagens Nyheter* and *HD-Sydsvenskan*, as well as Bonnier Business Media and daily press operations in Stockholm and Malmö. News had yet another year of revenue growth. The push for digital subscribers continued to give positive results, and the total number of digital subscribers amounted to 270,000 at the end of 2018. The digital growth resulted in an increase of total reader revenues, while total advertising revenues decreased. In December, Expressen launched the Premium pay service, which is expected to further increase digital reader revenues for 2019.

The EBITA fell to SEK 159 million (303), a decrease due to increased paper costs, falling print advertising revenues as well as impairment in the printer operations, but even due to expensive initiatives within editorial content and channels, as well as in distribution in the form of startup print distributors Nim in Southern Sweden and Premo in Stockholm.

From January 1, 2019, Magazines & Brands and Bonnier Business to Business were integrated with News, which now includes the vast majority of Bonnier's journalism business in Sweden and Eastern Europe.

**Other and eliminations** consists of common Group activities and functions. The effect on EBITA from these activities was SEK -528 million (-397).

## Investments and net debt

**Summary of change in net debt**

| SEK million | 2018 | 2017 |
|---|---|---|
| Internally generated funds | 4,945 | 4,153 |
| Change in working capital | 41 | -767 |
| | 4,986 | 3,387 |
| Net investments in operations | -4,710 | -4,127 |
| **Free cash flow** | **276** | **-740** |
| Net acquisitions and divestments of operations, shareholdings and participations | 70 | -116 |
| **Cash flow after acquisitions and divestments** | **346** | **-856** |
| Group dividends, contributions, etc. | 946 | -380 |
| Revaluation of defined benefit pension plans | -200 | -133 |
| Cash flow hedges | 44 | 24 |
| Translation differences, revaluation derivatives, etc. | -325 | 169 |
| **Change in net debt** | **810** | **-1,177** |

**Net debt** decreased during the year by SEK 810 million. Free cash flow in relation to net sales was 1.0% (-2.9).

## Capital structure

**Operating capital**

| SEK million | 31 Dec. 2018 | 31 Dec. 2017 |
|---|---|---|
| Property, plant and equipment and intangible assets, excl. goodwill | 4,336 | 4,020 |
| Working capital | -1,837 | -1,442 |
| Tax | 964 | 1,326 |
| Other financial assets | 1,083 | 889 |
| Goodwill | 6,847 | 7,680 |
| **Operating capital** | **11,393** | **12,473** |
| | | |
| Net debt | 7,743 | 8,553 |
| Equity[1)] | 3,650 | 3,921 |
| **Financing of operating capital** | **11,393** | **12,473** |
| | | |
| **Net debt/equity, multiple** | **2.12** | **2.18** |

### Risks and uncertainties

The most significant external factors affecting the Group's results are the development of the Swedish economy, consumer spending, advertising investment and consumer confidence in the future. The corresponding factors in the other Nordic countries, Germany, U.S, Eastern Europe and other markets in which the Group operates are also important for the outcome, as well as the competitive situation. The rapid development within digital media results in major changes in the media sector. The development of these external factors constitute the most significant risks and uncertainties facing the Group.

### Financial instruments and risk management

Bonnier AB Group is exposed to different types of financial risks. Risk management is addressed centrally by AB Bonnier Finans and in accordance with the finance policy set by the board. The risks to which the Group is exposed are comprised of liquidity and refinancing risks, interest rate risks, currency risks, credit risks and counterparty risks. For a more detailed description of the risk levels and the manner in which compliance with these levels is ensured, see Note 4.

1) Including non-controlling interests.

## Sustainability Report

The Sustainability Report covers the Parent Company Bonnier AB and subsidiaries as specified in the Parent Company's Note 25, Group Companies.

### Bonnier's work on sustainability

Bonnier has a history of over 200 years as a family-owned media company. Planning for the long-term is a core value and a starting point for how we run our businesses. It's through this thinking over the long-term that we want to have a positive effect on those communities we operate in and contribute to a sustainable society. We want our communities to be more open, more interesting, more entertaining and more well informed.

As a part of society and as a company, Bonnier has a responsibility for the influence, negative and positive, that we have in the world. Our world has distinct challenges related to health, equality, climate change and much more, where the 17 Global Goals offer a way forward in terms of the three dimensions of sustainable development: economic, social and environmental. Bonnier has identified the following five areas that are especially central to our work with sustainability and long-term social benefit:

*Freedom of Speech.* Bonnier shall be Sweden's leading force for wide-ranging freedom of expression and for free media. Freedom of speech and openness should even define our internal corporate culture.

*Governance.* As a family-owned media company, we are aware that our businesses are run in a sustainable fashion, with well-known ethical guidelines and a functioning warning system for when ethical guidelines are broken.

*Our employees.* To attract, develop and retain the right competences is a deciding success factor. Creating environments where people can develop and successfully handle the push for change the media industry is experiencing are central challenges for our businesses.

*Diversity.* Our companies shall offer fair employment conditions regardless of sex or background, and our businesses should contribute to an inclusive society where more can take an active part.

*Environment and Effective Use of Resources.* Global and local challenges connected to the environment and the impact on the climate affect all companies. Even if Bonnier's own environmental impact is limited and varies considerably given the broad portfolio of businesses, we shall work to minimize our direct impact on the climate and where relevant, in our value chain.

*What we are doing*

Bonnier AB historically has been a decentralized group. During 2017, work was begun on creating a common structure for efforts on sustainability. From 2018, the planning and implementation of an agenda for sustainability issues has been an integral part of the regular strategy work conducted by the business areas, with an annual review. Each business area has a contact person responsible for sustainability issues, who also sits in the respective executive management of the business, and in most businesses there is also a cross-functional group that is responsible for coordinating the sustainability efforts conducted in different areas of the respective organizations. Central responsibility for sustainability issues during 2018 were under Bonnier AB's Director of Communications, reporting to the CEO. The direction of Bonnier's work on sustainability, including the five central areas of focus, has been determined by group management.

Sustainability efforts have followed the general governance structure within Bonnier, with the business areas and companies having a strong local mandate to carry out the work. To manage the overall work, Bonnier AB has set up group-wide frameworks and policies. In some cases, these are directly applied, and in other cases, the work must be adapted to the company's own conditions within the given framework.

Work within the identified key areas is conducted within existing and functional contexts to the greatest possible extent; for example, work on HR is run within the HR Council and data protection issues through Bonnier's Data Protection Council, which comprises our companies' personal data representatives.

From 2018 onwards, planning and implementing the sustainability agenda has been an integrated element in Bonnier's recurring strategy work that is carried out in all business areas, with an annual review. Internal control in the form of monitoring risks associated with compliance and sustainability, among other things, is carried out annually and followed up by auditors and an audit committee.

In September 2018, a change in corporate governance was announced in which the business areas within Bonnier AB were to become independent companies. As of January 1, 2019, the governance of the companies is primarily conducted through the Board of Directors for each respective company instead of through the group company Bonnier.

This will also, from 2019, affect the sustainability work. For the fiscal year 2019, the intention is for our businesses to report their own respective work on sustainability issues, as we believe that this will mean both the work and the reporting will lie closer to the business and thus be of the greatest possible value.

*Stakeholders*

Our primary stakeholders include shareholders, customers, employees and suppliers. Given Bonnier's broad customer base and the nature of our products, our social impact extends far beyond this.

During the year, Bonnier conducted informal stakeholder dialogues, in encounters with primary stakeholder groups, which also covered sustainability aspects. These discussions confirmed Bonnier's initial analysis of which sustainability issues are crucial.

Based on, among other things, increased interest from readers and customers, a number of editorial efforts have been made in journalism related to sustainability issues, not least in the environmental and climate area, something which has been very well received by readers (see examples from News below).

*Bonnier News: Editorial efforts on sustainability in 2018*

Within Bonnier News, the major titles have concentrated on sustainability issues in 2018.

Swedish morning news daily Dagens Nyheter has chosen climate and sustainability as one of the editorial side's four priority areas under the heading "The World Is Changing" and has also launched new policies for travel and driving for its journalistic work, with among other things, fewer long journeys by air and a clearer focus on sustainability, climate change and more hybrid/electric vehicles in its car tests. In parallel, the launch of the "DN Train," an initiative to offer DN's readers the opportunity to travel to the Mediterranean by train, was a big success and the two trips planned for 2019 quickly became fully booked.

Swedish business daily Dagens industri launched the vertical "Sustainable Business" in the spring in collaboration with environmental trade title *Aktuell Hållbarhet*. The initiative spans everything from round-table discussions where top managers such as Ericsson's Börje Ekholm and Volvo's Martin Lundstedt discuss opportunities and challenges with sustainability issues in the business sector, to a unique sustainability ranking of listed companies that were presented at a profiled full-day conference.

During the year, Swedish afternoon news daily *Expressen* strengthened its investment in climate journalism with its own site "Climate." The topic has also been placed at the heart of digital investments in TV and audio, where a profiled report on the impact of the climate crisis on the Arctic was Expressen's first product where the reader can switch seamlessly between reading and listening to a reading of the report. Climate journalism has its own section in the newspaper each day, and it will be highlighted in 2019 under an extensive collaboration with Unicef, through a series of reports focusing on how the world's children are affected by climate change.

In August 2018, HD-Sydsvenskan presented a new climate journalism initiative by devoting a whole print paper to basically only climate- and environment-related material and has since continued to focus on the subject and even on broader sustainability issues such as diversity and gender equality.

**Freedom of speech**

*Ambition and relevance*

Our operations are to contribute to strengthening freedom of speech and freedom of the press, and towards a transparent, open and inclusive society in which public debate and culture are accessible to as many people as possible. Our ambition is to continue to be the Nordic company that is associated with free journalism more than any other.

Bonnier's contribution to society in this area naturally lies at the heart of our operations; in the journalism, the storytelling and the knowledge services that our companies develop.

Independence is a key principle for Bonnier's media. The most important safeguard for independent journalism in Bonnier's media is the guarantee derived from the clear line taken by the owners and the strong culture and tradition characterized by respect for editorial independence, the unimpeded power of our editorial executives on publishing decisions, and the value of wide-ranging freedom of speech. Our view of media ownership is described further in the owners' vision for journalism, see page 6. In early 2019, Bonnier's long-term commitment to journalism was manifested by an agreement to acquire MittMedia with its 28 local newspapers. The deal also received a predominantly positive response in the light of the trust that exists for Bonnier as a journalistic player in Sweden, and for Bonnier's respect for editorial independence.

*Risks and challenges*

The crucial challenge in work to produce high-quality journalism that contributes towards an open and extremely transparent society is the market. On the advertising side, competition mainly comes from the global technology platforms that are seizing virtually all growth in digital advertising worldwide, and, on the consumer side, by forceful competition on every front for consumers' time and willingness to pay. We judge that for the vast majority of journalism products, succeeding in creating a willingness to pay for digital journalism products will be critical. Therefore, it is highly gratifying to see that Bonnier's digital subscriptions within News experienced strong growth in 2018, which stood at 270,000 at the end of 2018, a figure which only a few years ago was at just a few tens of thousands.

Based on the central importance of digital subscriptions for both the journalistic products' long-term viability and for our business, Bonnier has worked during 2018 towards changing the digital VAT on publishing products (currently 25%) to instead be the same as VAT on printed products (6%). A change that Bonnier, along with other industry representatives, has pushed publicly for during 2018, and which to all appearances looks to finally become reality in 2019.

Another challenge concerns increased threats against journalists, in the Swedish market described in a survey by Swedish industry organization Utgivarna. Besides being an important health and safety issue, in the long run, this trend threatens freedom of speech, scrutiny and transparency.

*How We Work*
Bonnier's culture is imbued with protecting freedom of speech and respect for editorial independence. These principles are well known in our operations. Editorial independence is also highlighted in the mutual examination of Bonnier-owned media by each other, and also by Bonnier AB as a parent company.

In the Swedish market in particular, Bonnier's media thus reach a very large proportion of the population, not least through media with a broad audience such as TV4 and Expressen. Some measurements that illustrate this reach in 2018 include the following:
• TV4 Play surpassed 4.7 million registered users during 2018.
• Expressen can reach up to 8 million unique users (units) with more than 180 million page views in the space of a week.
• The publishers within Bonnier Books sold more than 117 million books in 2018.

<u>Vision for journalism</u>
"Bonnier protects freedom of speech, freedom of the press and the free flow of information. We stand for journalistic diversity and create opportunities for people to be heard. Readers, viewers and listeners are the clients of our media.

Through journalism, storytelling and knowledge-sharing, we want to make the societies in the countries we work in more open, more interesting, more well-informed and more entertaining.

Our informing public opinion must be free of ties to political parties, financial power spheres and other organised social interests, and the news we provide must be independent. A diversity of voices and perspectives should be heard in our media. We believe in professional journalism with the legal responsibility that entails; this is our cornerstone.

Bonnier's businesses have always been driven by the market. Independence, high quality and longevity are predicated on commercial success and economic viability.

The editorial content must also be independent from us, the owners. In our media, editorial executives own their journalism and editorial decisions. Editorial executives and managers are free to develop their media from their perspective of the traditions and missions of each respective media channel. We respect our businesses' individual identities and guarantee their freedom and independence.

Bonnier has a liberal tradition. But it's liberal with a small "l," without ties to a political party. This is characterised by a belief in the freedom of the individual, in free speech that is broadly and freely practised, and in an open society.

Our media safeguard democracy, equality and fundamental human rights and freedoms."

Carl-Johan Bonnier, *Chairman of the Board* Albert Bonnier AB, owner representative.

*Threats to journalists*
In recent years we have seen a significant rise in the number of threats made to journalists and against journalism.

This has led to increasing investments in security by journalism operations. The investments made by Bonnier since 2015 have been many times higher than in the preceding years.

Investments in our employees' safety are also an investment in the social function of investigative journalism. By ensuring a good level of safety, we make it easier for editorial teams to continue to carry out investigative journalism even in cases where this may lead to violent reactions and to threats. Bonnier's companies are responsible for their own work on safety and find forms of cooperation as appropriate.

Bonnier also has a central coordinator for security issues who primarily works with Bonnier's Swedish operations.

*Highlighting and rewarding outstanding journalism*
Alongside the journalism work carried out in our operations, Bonnier supports a number of awards to highlight and reward outstanding journalism and initiatives for freedom of speech. These include:

*Swedish Grand Prize for Journalism*: Bonnier has run the Grand Prize for Journalism in Sweden since 1967. The prize is Sweden's most important journalism award and the winners are selected by an independent jury comprising 12 prominent journalists from different parts of the media industry.

*The Finnish Grand Prize for Journalism* awarded by Bonnier since 2001.

*The Bonnier Award* in Estonia, given each year for outstanding investigative journalism.

*Prix Voltaire*, an international award to a person or organization that has particularly acted for free speech, backed by Albert Bonniers förlag, Bonnier Media Deutschland and a number of other publishers.

*Lobbying to promote freedom of speech and on behalf of imprisoned journalists.*
The leading media outlets at Bonnier are important voices on freedom of expression in public debate.

For example, Expressen in particular has worked consistently for many years to draw attention to abuse of freedom of speech and freedom of the press. This is particularly true in cases where Swedish citizens have been imprisoned for asserting and exercising freedom of speech. Two people whose cases are still sadly relevant are:

Dawit Isaak, Swedish-Eritrean journalist, and co-founder of Eritrea's first independent magazine Setit, who in 2001 was jailed by the regime in Eritrea for alleged crimes against national security.

*Gui Minhai*, Swedish publisher of Chinese origin who was kidnapped in Thailand in 2016 and taken to a prison in China. In winter 2018-2019 his case has been in the news following investigations in the actions of the Swedish ambassador in Beijing.

Both Dawit Isaak and Gui Minhai are currently imprisoned. Expressen is constantly monitoring the cases of these political prisoners, following and helping to keep up pressure on the political process to secure their release. This touches on Bonnier's core values, partly regarding personal rights, in this case the two imprisoned individuals, partly regarding the principle commitment to freedom of expression and to ensure that the Swedish government does its utmost to preserve the rights of Swedish citizens, since their right to freedom of expression and physical freedom is being deeply violated.

*Contemporary art*
Bonnier AB's parent company Bonnier Group AB (previously Bonnier Holding AB) founded Bonniers Konsthall as a space for Swedish and international contemporary art in central Stockholm. Jeanette Bonnier, one of the most active owners from the Bonnier family, was a driving force behind the creation of this art venue. Every year Bonniers Konsthall showcases winners of the Maria Bonnier Dahlin Foundation grant for young Swedish artists, founded in memory of Jeanette Bonnier's daughter. Stipend recipients for 2018 were Liva Isakson Lundin and Linnéa Sjöberg.

Jeanette Bonnier herself died in 2016, and bequeathed funds that will safeguard Bonniers Konsthall's continuous development, together with continued financing from Bonnier Group.

## Governance

*Ambition and relevance*

Bonnier has an established long-term perspective. As a family-owned company, we are keen for our companies to act in a far-sighted way, and not risk damaging Bonnier's reputation by taking the short view. This is manifested in the following approaches:

- Our companies must have clear ethical guidelines that all employees are familiar with, and also properly functioning channels to raise the alarm, as well as processes for proper handling when these guidelines are breached.
- When acquiring and selling businesses, we need to incorporate sustainability aspects in our analysis and considerations and ensure that businesses we acquire and the business partners we have are in tune with Bonnier's core values.
- We are to put our customers in the center and strive for transparent contractual relationships with our users.

*Risks and challenges*

One challenge for Bonnier as an owner of a decentralized group whose local company leaders have a wide-ranging mandate, is to find the correct balance between overarching principles and applying these locally on the ground.

One particular compliance area with a particularly significant bearing on the media sector in 2018 was issues regarding user data, with the implementation of the EU's General Data Protection Regulation (GDPR) in May 2018. Safe, effective and legally compliant management of user data is of great commercial importance for Bonnier, both to be able to develop attractive products for users and advertisers and to safeguard the privacy and the trust of our users.

Another area to which particular attention has been paid during the year is IT security, a critical area for many Bonnier companies, partly from a general operational security and business perspective, but also from the industry-specific perspective of protecting our sources.

*What we are doing*

Each company within Bonnier is to comply with Bonnier's Code of Conduct and a number of additional guideline policies in areas such as IT security, HR issues, purchasing, data protection and whistleblowing. Policy documents are supplemented by instructions and manuals that provide guidance on implementing the policy documents.

Within the bounds set out by Bonnier's steering documents, the companies as a general rule are free to develop steering documents tailored to the situation in their own operations. This concerns, for example, Bonnier's Code of Conduct, where the companies' respective codes are to reflect the principles of Bonnier's code while modifying the language and emphasis to reflect the nature of their own businesses and particularly relevant risk areas. The business area and company management in each respective case are responsible for safeguarding adequate processes and activities for compliance with Bonnier's policies and standards.

Implementation of policies is mainly followed up through the annual risk survey (see below) and by awareness among employees being measured in annual employee surveys.

*Annual risk survey*

Every year, Bonnier AB (from 2019 the Bonnier Group) conducts a survey of risks linked to compliance and sustainability. This incorporates ensuring that Group-wide policies are being implemented. The survey is then examined by the audit committee and auditors.

*Whistleblow*ing

Bonnier's central whistleblowing system was strengthened during the fall 2017. Reports are made through an external web-based service and received by the CEO of the Bonnier Group AB (previously Bonnier Holding AB) and a lawyer at the law firm Mannheimer & Swartling. The single most important change is that there is now an opportunity for reports to be made anonymously, and that there is also an opportunity to solely have one's report received and dealt with by an external lawyer if the one reporting wishes. In parallel with the improvements to the system, Bonnier's employees and managers were also given additional information about whistle-blowing.

Improving the whistleblowing service has resulted in greater awareness and a larger number of cases coming in during 2018.

*Anti-corruption*

Bonnier's internal regulations on corruption are set out in the Group's anti-bribery policy. This lays down that all operations are to be conducted in compliance with applicable bribery legislation and in line with press ethics and good journalistic practice.

The main principle is that it is forbidden to directly or indirectly offer, promise, grant or authorize the giving of money or anything else of value to anyone in order to inappropriately influence the recipient or anyone else performing their duties at work or in order to obtain or retain an inappropriate commercial advantage. Giving gifts and entertaining must be characterized by moderation and restraint, and this is particularly relevant in relation to representatives of the public sector.

Equivalent principles apply to receiving benefits. It is forbidden for anyone acting on behalf of Bonnier to accept, accept a promise of or demand an inappropriate benefit in return for doing his or her job.

Suspected breaches of Bonnier's policy are to be reported in line with the ordinary reporting procedure within the organization or through the Group's whistleblowing channel. Implementation of and compliance with the anti-bribery policy is followed up in the Group's annual risk survey.

Bonnier also expects suppliers to comply with applicable bribery legislation.

*GDPR*

In the beginning of 2018, extensive work was carried out to prepare Bonnier for the implementation of the EU's General Data Protection Regulation (GDPR), which went into effect in May 2018. Handling customer data effectively in a manner that complies with the law is a central success factor for a media company. The customer's trust depends on it.

Bonnier carefully follows the development of practice in this area, adjusting as necessary to developments from the relevant authorities (in Sweden, the Swedish Data Protection Authority), whose decisions and supervision result in evolving guidelines and practices.

Before the implementation of GDPR 2018, the majority of Bonnier employees in countries covered by the GDPR have completed online training on the requirements of the legislation when handling personal data.

*Sales and acquisitions*

As part of our sales and acquisitions process, an assessment of risks associated with sustainability is to be routinely included, both in terms of product and market risks and internal/organizational risks. If, on an initial examination, there are judged to be significant risks or questions, in-depth due diligence is to be carried out regarding the material risks or questions identified.

When selling journalism operations, particular consideration is to be paid to whether the new owners can be considered to respect the principles of press independence that characterize Bonnier's media. An example from 2018 is the agreement on the divestment of Bonnier Broadcasting to Telia Company, a process in which the importance of Bonnier Broadcasting's journalistic independence was central, and Bonnier believes that Bonnier Broadcasting will have very good conditions for its future development with Telia as owner.

## Our employees

*Ambition and relevance*
Bonnier's development as a company depends on being able to attract skilled employees, offering stimulating work and providing a good working environment in which employees can grow and develop.

It is of vital strategic importance that our companies are able to offer attractive contexts in which to work. This involves having the right skills to successfully drive our transformation at any given time. The rapid changes in the media market create new workplace challenges and opportunities. Competition is tough, especially for expertise linked to digital product development.

Our ambition is that our companies are to be attractive employers and thus able to compete for the foremost talent. On key metrics in the employee survey, we want our companies to be in the top decile when benchmarked against comparable employers. In 2018, the key metrics of our companies generally moved in a positive direction, but work still remains to achieve our high goals for Bonnier's companies as workplaces.

*Risks and challenges*
We operate in industries subject to extreme pressure to change. Great change involves opportunities for development but also makes huge demands of employees at all levels in the company, with a risk of psychosocial ill-health, stress, etc. Bonnier generally has a limited risk of work-related injuries. At Bonnier, responsibility for a good, healthy and safe working environment largely rests with the respective company. Country-specific rules and Bonnier's values are incorporated in HR-related policies in the majority of our companies.

There is a health and safety risk linked to the increase in the number of threats made against journalists and journalism, both in the form of these threats being realized and the stress such threats can cause in their own right. Bonnier carries out ongoing risk assessments that steer this work and has contributed towards commonly adopted standards in the industry. Investments in safety have also increased considerably in recent years.

Employer responsibility in partnerships and complex relationships makes particular demands. In film and TV productions, for example, those involved are often employed by production companies or working on a freelance basis. This can risk creating a lack of clarity regarding responsibility and a lack of checks in contexts in which our companies act as commissioning clients. In 2018, a number of projects were carried out in our companies to improve the working environment in conjunction with film and TV productions.

*What we are doing*
Founded on Bonnier's overarching values, work on recruitment, talent development and other employee issues is mainly conducted at company level.

The Group's Swedish operations especially have long collaborated on these issues. In the day-to-day work, this involves partly monitoring risk indicators and acting on these, and partly creating shared support systems and methods to exchange knowledge.

Bonnier's HR Council, which brings together HR managers from the majority of the different business areas within the Bonnier Group, meets regularly. The group's main focus is discussing and exchanging experiences on HR issues such as recruitment, development, education, health and safety, gender equality, legislation, contracts, mentoring and sustainable work life. Meetings of the HR Council are called by the head of HR for Bonnier AB, from January 1, 2019 the Bonnier Group.

In 2018, joint work in the HR area has to a large extent focused on the implementation of the HR system Workday in Bonnier's Swedish operations. The purpose is to modernize and improve both the HR work and the ability of each individual employee to systematically develop competence and follow up. The system replaces a number of manual and fragmented tools, mail, Excel documents etc., and assists with automated support for development and pay talks and onboarding and offboarding. The new system and working method also facilitate compliance with current data protection legislation (GDPR).

Another focus is on exchanging knowledge and cooperation within HR administration. In order to ensure that decisions are made on the best possible grounds and to facilitate working processes, a number of Group-wide procurement projects have been completed during the year. The Group has also reached a decision on a joint employee survey and a joint pay survey system, drawn up a common approach to the GDPR, etc.

On December 31, 2018 Bonnier had 8,515 (8,599) employees, 3,485 (3,905) of whom worked outside Sweden. The business areas Books, News and Broadcasting have the highest number of employees.

The majority of Bonnier's employees, 5,030 (4,694) people, work in Sweden. Gender distribution among employees in Sweden is evenly divided between women and men. Sick leave within Bonnier Sweden amounted to three percent of total working hours during the year.

*Joint employee survey*
In 2017, a joint employee survey was conducted for the first time, covering all Bonnier's Swedish companies, a survey that was expanded in 2018 to include more companies, including a number outside Sweden. The results of the survey are used as a basis for evaluating the working environment and leadership at every level in our companies. The results have been discussed in Bonnier's executive management group and HR Council, and concrete activities formulated for areas in which action is required.

*Union representation and cooperation*
Bonnier's operations must respect employees' right to work and negotiate collectively, irrespective of geographical location.

In addition to representation on the Board of Directors, Bonnier also has a Group union council. Bonnier's Group union council (BKR) monitors issues such as HR policy, training issues, conditions and rights for employees of Bonnier's companies. The council comprises a group of employee representatives from different occupations and companies in the Nordic countries. They meet a couple of times a year, where they join Group management to exchange information and discuss overarching strategy issues, such as technical initiatives and major investments. In 2018, BKR comprised twelve members selected at an annual conference of representatives of the white-collar union Unionen, the Swedish Union of Journalists (SJF) and the Swedish Union of Forestry, Wood and Graphical Workers (GS), and equivalents from other countries.

The best format under Bonnier's new subsidiary structure that is optimal for ensuring good cooperation is under investigation. Structural change in no way changes our goal, which is to have trustworthy contact with the trade unions, which is particularly important in this time of rapid changes in the industry.

*Example: A new industry standard for employees in the field*
After *Dagens Nyheter's* (*DN*) employee, photographer Paul Hansen, was shot and wounded in Mosul in Iraq in 2016, DN took the initiative to spearhead an industry collaboration on the conditions for employees working in high-risk areas. This work involved seven leading Swedish media companies, including the Bonnier-owned companies DN, Expressen and TV4, and resulted in common guidelines for employees working in the field. Bonnier's companies have implemented the guidelines and work on the basis of these.

1. Each journey to a high-risk area is to be preceded by a thorough risk analysis before the decision to travel is made. It is the duty of the respective company to carry out the risk analysis in the manner it finds best.

2. Each employee sent to a high-risk area must have undergone high-quality safety training in which emergency medical training in the field is an important component. It is the duty of the companies to ensure that all employees active in high-risk areas have the relevant training.

3. Every employee sent to a high-risk area is to have relevant and up-to-date emergency medical equipment in the field and other appropriate safety equipment. It is the duty of the employees to ensure that all travelers have the relevant equipment.

4. It is the duty of every employee sent to a high-risk area to comply with the agreements made with the management. This also covers the use of social media, including private use.

5. Each employee sent to a high-risk area must maintain contact with the home editorial team in the manner that was agreed when deciding on the journey in question. The companies have a duty to ensure that there is a functioning organization with the capacity to communicate with employees in high-risk areas.

6. In the event of a serious and life-threatening security incident, such as kidnapping or personal injury, responsibility may be shifted from the editorial team to a representative of the company management.

7. In cases where the companies send contracted freelance journalists or photographers to high-risk destinations, the companies take the same responsibility for them and make the same demands of them as for employed personnel.

**Diversity**

*Ambition and relevance*
Bonnier strives to offer employees good career and development opportunities, and an interesting and welcoming work environment. Central to this work is creating fair career opportunities, which do not involve advantages or disadvantages based on irrelevant factors such as sex, ethnicity, age, sexual orientation or religion.

On the product side, this also involves our products contributing to an inclusive society in which more people have an opportunity to participate in public debate and engage with culture and making products that are inclusive for as many as possible within the intended target groups.

*Risks and challenges*
The risks in the area are partly related to compliance with laws and regulations, but above all there is a risk of not managing the potential of existing or prospective employees in the best way possible, and the development of the company being damaged by this. As a company, we cannot afford not to make the most of the potential of every individual employee.

We are operating in an increasingly complex and multifaceted world, in which a diversity of perspectives and angles and innovation is needed, and this is aided by greater diversity among employees. Furthermore, Bonnier has diversity in its customer base, which should be reflected by a diversity of experiences and perspectives also among our own employees.

*What we are doing*
Bonnier's executive management decided on a target of reaching equal gender distribution (at least 40 percent of the underrepresented gender) in all management posts at Bonnier by 2020.

Bonnier also adopted a recruitment policy to avoid distortion based on gender, which has or will be implemented by all companies in the year ahead. On an annual basis, all companies at Bonnier are to report gender distribution in management posts, the gap that remains before the target of equal gender distribution is reached, and the measures that the company has taken – and intends to take – to close that gap. The exact structure of the work in moving towards this target is up to each individual business area and company.

At the end of 2018, executive management in Bonnier's management and business areas as well as its largest companies comprised 34 (37) percent women and 66 (63) percent men. Over 40 percent of the management groups at the business area and company level already met Bonnier's target of equal gender distribution at management levels in 2018 (at least 40 percent of the underrepresented gender).

**Distribution of Men and Women, %**

| | Percentage | |
|---|---|---|
| | **Women** | **Men** |
| Bonnier total | 53% | 47% |
| Management business areas and companies | 34% | 66% |
| Board Bonnier AB | 25% | 75% |

Bonnier AB works consistently on awareness of gender distribution among participants and those involved in all the activities, training and conferences we arrange, internally and externally.

Bonnier is also involved as a partner in a number of initiatives during 2018 to highlight work on gender equality issues and career opportunities both internally and externally, such as Women in Tech and VA Kvinna.

*Post #metoo: Efforts against harassment*
In 2017, Bonnier's businesses were affected by the #metoo debate and disclosures, both in covering it as media and in the workplace. Based on these experiences, Bonnier's businesses have worked with both raising the level of knowledge and strengthening warning systems in order to be able to respond to harassment where it occurs and to ensure that rule breaking can be discovered to the greatest possible extent with quick and clear consequences.

During the fall of 2017, Bonnier carried out an in-depth investigation of harassment in our businesses, which was followed up on in 2018. Results show that incidences of harassment have decreased, and that Bonnier's businesses are at a comparatively low level regarding perceived vulnerability to harassment. At the same time, the #metoo debate, also within our businesses, showed that systematic and continuous work is needed to prevent and monitor the occurrence of harassment and discrimination. One example is Bonnier Broadcasting's work on its "Mission Zero" initiative, which has been ongoing during 2018 (see below).

<u>Bonnier Broadcasting: Follow-up of Mission Zero</u>
After having been criticized in fall 2017 for not having acted earlier on information on harassment and discrimination in one production, criticism also confirmed by an independent inquiry ordered by TV4, TV4 launched an overarching action plan, Mission Zero, with ten action points.

Mission Zero primarily seeks to prevent and combat harassment, bullying and discrimination, and secondly to identify and tackle such kinds of behavior should they occur. In 2018, the initiative has continued working in all areas of the Mission Zero, and with positive results. Below are a number of examples of completed activities:
• Recurring industry meetings to exchange experiences and discuss what can be done as a group. We initiated the first meeting, which has been followed up by more meetings at other TV networks, media companies and production companies. There are as well industry meetings specifically for TV drama productions.
• Leadership training for all of Bonnier Broadcasting's managers, covering both our own guidelines on harassment and offences as

well as on the relevant legislation. The managers have disseminated this knowledge to their groups and held workshops. The introduction for new employees was also improved by raising issues about harassment and offences.
• Meetings with advertisers and media agencies for discussions on work environment, offences and harassment in the industry, where Bonnier Broadcasting described how it decided to work with the issues, with its action plan Mission Zero.
• Training for project managers and workshops with our cultural ambassadors to work with the activities.
• TV personalities invited to participate on the intranet and in activities with staff
• Mandatory e-learning on “An Inclusive Workplace” for employees and the introduction of a whistleblower channel for employees and production companies.
• Results from the 2018 employee survey show positive development on all indices, and that the proportion of highly committed employees has increased. Confidence in management has also improved.
• Regarding the issues in an investigation concerning discrimination and abusive behavior, things have improved compared with the previous year. 90 percent of the employees at Bonnier Broadcasting, TV4 and C More consider themselves free from discrimination at work. This is an improvement of 10 percentage points compared with the previous year (2017).

*Diversity survey*
In 2019, Bonnier’s Swedish businesses will carry out a first diversity survey in the Swedish operations based on the anonymized personal identification service from Statistics Sweden, which coordinates official statistics for the country. The purpose is to make the proportion of employees with an international background visible, in order to be able to monitor the extent to which Bonnier’s organization reflects the diversity that exists in Swedish society and the customer base.

Bonnier Books UK: Measures for fair and meritocratic recruitment
Bonnier Books UK - Bonnier’s U.K.-based publishing business - is a publishing house that, compared to Bonnier’s book publishers in Sweden, has a greater focus on mass market literature. It has an explicit ambition to be as broad and inclusive a publishing house for as large a group of readers as possible, and wants that ambition to be reflected in its own organization.

In 2018, a new recruitment model was introduced to minimize the risk of bias due to factors such as gender, age or ethnic background in the recruitment process.

One element of this model is that for all positions under the corporate management level, applications are accepted exclusively through a web-based form where the applicants are anonymized. This ensures that all applicants enter via the same path, and that extraneous factors can be completely eliminated in the initial selection phase. (Recruitment of senior positions are done to ensure a fair and inclusive process, but as these are often done through recruiters, the anonymized web form isn’t used.)

*Inclusion and participation*
Bonnier Social Impact: Filmtegration
In 2017 Bonnier AB launched the Bonnier Social Impact initiative, which together with the companies in the Group, funds investments that *strengthen every individual’s opportunity to be an active citizen of society and participate in public debate.*

One such project that was underway during 2018 is Filmtegration, which makes it easier and more entertaining for newly arrived Swedes to learn the language and also gain an introduction to Swedish culture and society through Swedish film classics. In 2015, 163,000 asylum seekers came to Sweden, but it was not until 2017 and 2018 that many of them started courses in Swedish for Immigrants, SFI. To make learning the language and culture easier and more fun, C More created the Filmtegration project, which enables SFI to use Swedish films in teaching free of charge, for example Sällskapsresan (The Charter Trip) and Så som i himmelen (As It Is in Heaven). New educational material produced by C More with SFI teachers also accompanies the films. In these first few months, the material has been used by up to 2,000 SFI teachers, so reaching tens of thousands of students.

Bonnierförlagen: From Fall Break to Book Break
Bonnierförlagen organizes a number of initiatives to encourage and increase reading, not least among young people. Changing the name of the traditional Swedish fall break (höstlov) to “Book Break” (Läslov) came up as an idea in 2014 to highlight reading and develop new readers. To give reading a week of its own and filled with activities, in the same way winter sport break (sportlov) draws attention to sports and physical activity. By linking arms with the non-profit reading organization Läsrörelsen and shaping a network with about 80 organizations and companies, we managed to draw attention to and have an impact on the issue, which resulted in Prime Minister Stefan Löfven in 2016 introducing Book Break as the government’s initiative on reading. Since then, the initiative has continued with new funds, and the National Agency for Education has now been given the task of communicating the concept of Book Break. With this, Swedish book publisher Bonnierförlagen’s objective with the project has been fulfilled, but we are continuing the work of populating Book Break with reading pleasure and activities, through our own campaigns and through the network’s combined power.

Bonnierförlagen is also, together with Bonnier’s family foundation, partner with Berättarministeriet, which runs writing workshops in disadvantaged areas. The writing workshops offer school programs free of charge to years 2–5, with the vision of a Sweden in which everyone is confident with the written word and is equipped to actively participate in society.

**Environmental and resource efficiency**

*Ambition and relevance*
Global and local challenges linked to environmental and climate impact concern all companies. All Bonnier’s operations must be characterized by intelligent and effective use of physical and financial resources such as employees’ time, as well as complying with relevant international and local environmental legislation and standards. Bonnier’s direct environmental impact is limited and varies considerably, given the broad portfolio of operations. Based on the respective businesses situations, we are to work to reduce our direct impact, and in our value chain where relevant.

*Risks and challenges*
Bonnier’s risks associated with the environment are limited. The printers use certain chemicals where the industry has jointly worked to reduce consumption and a permit is not currently required. Established procedures and controls on handling ensure minimal risks of wastage.

The media industry is undergoing major changes. Newspaper products are increasingly read digitally. The environmental impact of making paper and energy consumption at printers are thus expected to fall in the long term, while the impact from digital content is expected to increase. It is more difficult to measure, monitor and influence the environmental impact of digital products as this requires a value chain perspective.

*What we are doing*
In 2018, Bonnier developed an environmental policy with overall principles for environmental responsibility, which also describes the respective business area’s responsibility to conduct adequate environmental efforts. Responsible use of resources also includes responsible purchasing, where Bonnier through its code of conduct aimed at suppliers sets expectations regarding resource efficiency,

environmental responsibility and responsibility for employees.

With the exception of the printing companies, Bonnier's operations are generally not very resource-intensive or energy-intensive. The printing operations therefore have a greater focus on environmental efforts.

*Office operations*
The majority of Bonnier's operations are office based and have a limited environmental and climate impact in the form of business travel and certain energy use. A new travel policy was adopted in 2018; Bonnier encourages responsible travel and facilitates meetings via phone and video. Travel in Sweden in particular can be done by rail or replaced with video meetings. All Bonnier's offices and editorial teams must have an environmental plan describing how environmental responsibility is taken and how the awareness of employees can be raised.

*Printers*
In the operations that are more resource-intensive, mainly our printers, we work constantly on quality and the environment and strive to minimize material consumption and environmental impact. The same work applies to external print orders and distribution. The majority of the paper raw material Bonnier uses in printers is produced in Scandinavia with very high environmental performance. Intermediate goods, waste, energy, etc. are followed up to ensure efficiency. Read more about our printers' work below, in the section on Bonnier News and Bold.

*Suppliers*
The majority of Bonnier's suppliers are based in Europe. The suppliers Bonnier works with in printing operations, i.e. suppliers of paper, metal plates and ink, have had a high standard for their environmental work for many years.

In 2018, we developed Bonnier's Code of Conduct for suppliers, clarifying the requirements regarding environmental and social sustainability.

<u>Example: Bonnier News - printing and distribution</u>
As of January 1, 2019, Bonnier News comprises Bonnier's Swedish news and business dailies, magazines, B2B media and B2B services as well as the printing companies within Bold Printing.

*Sustainability in the printing operations*
The printing operations today consists of a printing company in Stockholm (Bold Printing Stockholm), two printing companies in Malmö (Bold Printing Malmö) and a partly owned printing company in Borås (Borås Tidning Tryckeri).

All printers are certified in accordance with ISO 14 001 (environmental management system), all of them also carry the Nordic Swan Ecolabel. Bonnier's printing companies produce internal and external newspapers, free newspapers and a small proportion of direct mail advertising. Certain editions of some of Bonnier's daily newspapers (DN, DI and Expressen) are also produced at the externally contracted Daily Print printer in Umeå, with the same requirements for certifications and environmental follow-up as our own printing business.

In our printing operations, as in previous years, we use production resources as efficiently as possible. Paper efficiency is a key figure that is followed up at each printing company, i.e. used/printed paper in relation to shredded paper, waste, trim and shrinkage. The key figure is in line with industry standards and is followed up every year, comparing to similar production at competing printing companies in Sweden and Norway. It also involves cyclical thinking on a fundamental level for employees and management regarding materials such as newsprint, packaging and printing plates. This also includes how much waste is loaded in transport vehicles that collect waste each week. Bold Printing Malmö has managed to reduce the number of transports by half over a five-year period, despite the fact that today it has operations at two printing operations and previously had only one. Bold Printing Malmö has also found a solution for cleaning/filtering water that has been contaminated with detergents and now has permission to release the water directly into the sewage system. Previously, water had to be destroyed. This will further reduce the number of transports in 2019.

We also put great emphasis on following up on the possibility of utilizing materials that end up as waste and are taken care of by our waste supplier and can become new products, including in paper mills (recycled newspapers/magazines) or in the construction industry as insulation (recycled daily newspapers/waste paper), and aluminum components for the automotive industry (used printing plates). Every month we meet with the waste supplier to ensure the sale of recycled material to various markets, including paper, plastic and aluminum. In 2018, about half of our recycled newspapers/shredded paper have ended up as insulation for the construction industry, and half has gone to Swedish paper mills to produce new newsprint.

In addition to the key ratio of paper efficiency, we also continuously monitor energy use and previously introduced an action program for reducing electricity use over time, mainly in production but also in property management systems.

*Distribution operations within Bonnier News*
Distribution operations have undergone major changes during the year; a new wholly owned distribution company was formed in Skåne (Nim Distribution) and a new partly owned distribution company (Premo - Pressens Morgontjänst) was re-established in the Stockholm region after a few years being run by Bring Citymail.

In other regions, distribution is purchased. The evening newspaper Expressen uses Tidsam (partly owned by Bonnier), which has operations in Värnamo, as distributor and manager of returned newspapers. Tidsam also handles most of the magazines that are distributed to retailers and sold in Sweden.

In order to secure the distribution of newspapers through the complex network of newspaper distributors who deliver subscribers' morning newspapers every night, the business has evolved to also include delivery of letters, magazines, government information, direct mail and packages. This places new demands on work tools, such as distribution vehicles, carts and bicycles. During the fall, Nim Distribution received its first deliveries of electric bicycles, which means that new, more efficient distribution loops are formed and that the number of items that can be distributed simultaneously increases. This redevelopment work is also ongoing in 2019. Premo plans for a similar arrangement in parts of the Stockholm region, also including electric cars for future distribution networks.

Other distributors' contracts are being negotiated during 2018 and into 2019 to ensure fulfillment of Bonnier's Code of Conduct and that requirements may be added with the possibility of an independent environmental audit. The goal is to find additional synergies through the co-delivery of Bonnier's products where possible. We expect contracted hauliers/distributors to take an active part in the work to increase efficiency and fill levels in distribution cars/vehicles. Bonnier also works to ensure that hauliers/distributors use vehicles that comply with Euroclass 6.

*Examples: E-commerce (Adlibris Group)*
The Adlibris Group has a sustainability group that has developed guidelines for environmental work in areas such as recycling, transport and energy supply.

*Recycling and packaging:* The Adlibris group is connected to the packaging and newspaper recycling company FTI for handling recycling, and the corrugated board used for mailing to customers is made on recycled material. In order to further reduce the use of disposable materials such as corrugated board and wrapping, Adlibris already produced crates in hard plastic 15 years ago, which are still used today for deliveries of books from the Adlibris Group's largest suppliers.

*Energy supply:* The Adlibris Group's logistics center is located in Morgongåva outside Uppsala and during 2018 has been extensively expanded to include premises of 32,000 square meters. In 2018, solar cells were installed on the roof of the premises; the production from these makes the logistics facility self-sufficient on electricity.

*Transport:* Adlibris is a retailer and buys its products from suppliers in Europe, the U.S. and Asia. From Asia, transport is by boat (following an internal investigation which concluded that by boat is better than by train from a sustainability perspective) while products from Europe and the Nordic countries are usually transported by truck. In order to make fast deliveries to customers, the Adlibris Group sometimes transports products from the U.S. by air. The company works actively to reduce the proportion of products transported by air, among other things by further developing purchasing algorithms to better anticipate needs and plan purchases.

**Human rights**

Through Bonnier's companies, we contribute to the safeguarding of human rights by covering poor conditions and abuses. Bonnier supports international conventions regarding respect for human rights and the principles of the UN Global Compact.

Bonnier's direct business is conducted primarily in the Nordic region and other countries with clear standards and rules regarding human rights. Standards regarding respect for human rights are also required in our supplier policy. We believe that violations of human rights are a very limited risk in our business and thus do not constitute an important area of sustainability for accounting.

By examining how political and economic power is exercised and by describing people's living conditions, bringing attention to and revealing crimes against them, our activities contribute to promoting the safeguarding of human rights.

**Expected future development**

In our plan for the years to 2020 we have determined to develop Bonnier on the basis of a long-term perspective, where the aim is to build a group that is strong and well-positioned for the future. Bonnier's companies are working to convert operations to a greater proportion of new and sustainable income. Investments in technology and business development in our existing operations and in adjoining sectors where we see opportunities for growth continue. In the years ahead, growth in digital services is expected to increase and the group's main income focus lies in increased user income.

The increase in resources from the divestment of Bonnier Broadcasting creates a stronger financial position, for investment in growth, both in and outside existing operations. The change of the organizational structure (see page 3, "Significant events during the financial year") does not have an impact of the strategic direction of the operations.

**The Parent Company**

The Parent Company mainly contains Group-wide functions. Net turnover amounted to SEK 35 (42) million, of which invoicing to other companies in the Group amounted to SEK 33 (40) million. Results before appropriations amounted to SEK -1,070 (-672) million.

In 2018 the corporate governance within Bonnier AB has been changed in which the business areas within the Group, were to become independent companies. As a result, some parts of the common Group functions have been discontinued.

**Proposed appropriation of profits**

*The Parent Company*

The following earnings are at the disposal of the Annual General Meeting:

| (SEK) | |
|---|---|
| Retained earnings | 17,926,234,799 |
| Profit/loss for the year | -531,883,800 |
| | **17,394,350,999** |

The Board of Directors propose the following appropriation of the funds:

| | |
|---|---|
| To be carried forward | 17,394,350,999 |
| | **17,394,350,999** |

For additional information regarding the financial position and performance of the Parent Company and the Group, see the following financial reports. All amounts are expressed in SEK millions unless stated otherwise.

# Consolidated Income Statements

SEK million

| | Note | 2018 | 2017 |
|---|---|---|---|
| Net sales | 5 | 26,447 | 25,740 |
| Other operating revenues | | 167 | 33 |
| **Total revenues** | | **26,614** | **25,773** |
| Raw materials and consumables | | -1,903 | -2,140 |
| Goods for resale | | -5,554 | -5,557 |
| Personnel costs | 6, 7 | -6,725 | -6,490 |
| Other external costs | 7, 8, 9 | -7,127 | -7,045 |
| Depreciation, amortization and impairment losses | 14, 15 | -4,434 | -3,956 |
| Profit or loss from participations in associated companies and joint ventures | 10 | 22 | 71 |
| Other operating expenses | | -69 | -31 |
| **EBITA** | | **824** | **625** |
| Items related to acquisitions, divestments and close-downs together with amortization/impairment losses of group excess values | 11 | -1,049 | -2,049 |
| | | -1,049 | -2,049 |
| **Operating profit/loss** | | **-225** | **-1,423** |
| Interest income | | 13 | 12 |
| Interest expenses | | -186 | -202 |
| Other financial income and expenses | | 21 | -15 |
| Net financial income/expenses from participations in associated companies and joint ventures | 10 | -5 | -7 |
| **Net financial income/expenses** | 12 | **-157** | **-212** |
| **Profit/loss before tax** | | **-382** | **-1,635** |
| Tax | 13 | -490 | -604 |
| **Profit/loss for the year** | | **-872** | **-2,239** |
| Profit/loss for the year attributable to: | | | |
| -Shareholders of the Parent Company | | -875 | -2,268 |
| -Non-controlling interests | | 3 | 29 |

# Consolidated Statements of Comprehensive Income

SEK million

| | 2018 | 2017 |
|---|---|---|
| **Profit/loss for the year** | **-872** | **-2,239** |
| **Other comprehensive income** | | |
| *Items which are not reclassified to profit or loss* | | |
| Revaluation of defined benefit pension plans | -216 | -134 |
| *Items which may subsequently be reclassified to profit or loss* | | |
| Translation differences | -111 | 87 |
| Cash flow hedges | 33 | 19 |
| Translation differences attributable to participations in associated companies and joint ventures | 0 | 0 |
| **Other comprehensive income for the year, net after tax** | **-294** | **-29** |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **-1,166** | **-2,268** |
| Total comprehensive income attributable to: | | |
| -Shareholders of the Parent Company | -1,170 | -2,302 |
| -Non-controlling interests | 4 | 34 |

# Consolidated Statements of Financial Position

SEK million

| | Note | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| **Intangible assets** | 14 | | |
| Goodwill | | 6,847 | 7,680 |
| Film and program rights | | 2,715 | 2,168 |
| Other intangible assets | | 1,282 | 1,329 |
| | | 10,844 | 11,176 |
| **Property, plant and equipment** | 15 | | |
| Buildings and land | | 101 | 106 |
| Plants and machinery | | 7 | 114 |
| Equipment, tools, fixtures and fittings | | 219 | 284 |
| Construction in progress and advances | | 13 | 19 |
| | | 339 | 524 |
| **Financial assets** | | | |
| *Non-interest-bearing* | | | |
| Participations in associated companies and joint ventures | 17 | 490 | 550 |
| Other long-term investments | 18 | 592 | 338 |
| | | 1,082 | 889 |
| *Interest-bearing* | | | |
| Long-term receivables | 20 | 79 | 81 |
| | | 79 | 81 |
| Deferred tax assets | 13 | 1,159 | 1,565 |
| **Total non-current assets** | | **13,504** | **14,235** |
| **Current assets** | | | |
| *Non-interest-bearing* | | | |
| Inventories | 21 | 1,770 | 1,822 |
| Account receivables | 22 | 2,632 | 2,798 |
| Other short-term receivables | 23 | 353 | 308 |
| Prepaid expenses and accrued income | 22 | 1,117 | 1,294 |
| | | 5,871 | 6,222 |
| *Interest-bearing* | | | |
| Derivatives | 19 | 43 | 54 |
| Other short-term receivables | 23 | 301 | 304 |
| Prepaid expenses and accrued income | | 19 | 26 |
| Cash and cash equivalents | 24 | 286 | 472 |
| | | 650 | 856 |
| **Total current assets** | | **6,521** | **7,078** |
| **TOTAL ASSETS** | | **20,025** | **21,312** |

# Consolidated Statements of Financial Position

SEK million

| | Note | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to shareholders of the Parent Company** | | | |
| Share capital | 25 | 300 | 300 |
| Other contributed capital | | 1,232 | 232 |
| Reserves | 25 | -113 | -29 |
| Retained earnings including profit/loss for the year | | 2,130 | 3,281 |
| **Total equity attributable to shareholders of the Parent Company** | | **3,549** | **3,784** |
| Non-controlling interests | 25 | 101 | 137 |
| **Total equity** | | **3,650** | **3,921** |
| **Non-current liabilities** | | | |
| *Interest-bearing* | | | |
| Liabilities to credit institutions | 26 | 1,863 | 1,488 |
| Derivatives | 19 | 0 | 0 |
| Provisions for pensions | 27 | 2,365 | 2,426 |
| Provisions | 28 | 42 | 93 |
| Other non-current liabilities | 29 | 123 | 347 |
| | | 4,393 | 4,353 |
| *Non-interest-bearing* | | | |
| Deferred tax liabilities | 13 | 260 | 312 |
| Provisions | 28 | 59 | 38 |
| Derivatives | 19 | 65 | 108 |
| | | 384 | 459 |
| **Total non-current liabilities** | | **4,777** | **4,812** |
| **Current liabilities** | | | |
| *Interest-bearing* | | | |
| Liabilities to credit institutions | 26 | 2,308 | 2,057 |
| Derivatives | 19 | 7 | 9 |
| Provisions | 28 | 193 | 116 |
| Other current liabilities | 30 | 1,549 | 2,916 |
| Accrued expenses and deferred income | 31 | 22 | 39 |
| | | 4,079 | 5,137 |
| *Non-interest-bearing* | | | |
| Account payables | | 2,247 | 1,942 |
| Subscription liabilities and other advances from customers | 32 | 978 | 990 |
| Current tax liabilities | | 74 | 41 |
| Provisions | 28 | 103 | 411 |
| Other current liabilities | 30 | 705 | 688 |
| Accrued expenses and deferred income | 31, 32 | 3,413 | 3,388 |
| | | 7,519 | 7,443 |
| **Total current liabilities** | | **11,598** | **12,580** |
| **TOTAL EQUITY AND LIABILITIES** | | **20,025** | **21,312** |

For information concerning the Group’s pledged assets and contingent liabilities, see Note 33.

# Consolidated Statements of Changes in Equity

SEK million

| | Share capital | Other contri-buted capital | Reserves | Retained earnings including profit/loss for the year | **Total equity attributable to share-holders of the Parent Company** | Non-control-ling interests | **Total Equity** |
|---|---|---|---|---|---|---|---|
| **Opening balance, Jan. 1, 2017** | **300** | **232** | **-129** | **5,425** | **5,828** | **88** | **5,916** |
| **Comprehensive income** | | | | | | | |
| Profit/loss for the year | | | | -2,268 | **-2,268** | 29 | **-2,239** |
| **Other comprehensive income** | | | | | | | |
| Cash flow hedges | | | 24 | | **24** | - | **24** |
| Translation differences | | | 82 | | **82** | 5 | **87** |
| Revaluation of defined benefit pension plans | | | | -166 | **-166** | - | **-166** |
| Other comprehensive income attributable to participations in associated companies and joint ventures | | | 0 | - | **0** | - | **0** |
| Tax on items in other comprehensive income | | | -5 | 31 | **26** | - | **26** |
| Total Other comprehensive income, after tax | | | 100 | -134 | **-34** | 5 | **-29** |
| **Total comprehensive income** | | | **100** | **-2,402** | **-2,302** | **34** | **-2,268** |
| **Transactions with shareholders** | | | | | | | |
| Dividends to owners of the Parent Company | | | | -280 | **-280** | - | **-280** |
| Dividends to non-controlling interests | | | | | | -43 | **-43** |
| Change in conjunction with acquisitions and divestments of non-controlling interests | | | | 582 | **582** | 58 | **640** |
| Change in value of options attributable to acquisitions of non-controlling interests | | | | -34 | **-34** | - | **-34** |
| Group contributions | | | | -13 | **-13** | - | **-13** |
| Tax on group contributions | | | | 3 | **3** | - | **3** |
| **Total transactions with shareholders** | | | | **258** | **258** | **15** | **273** |
| **Closing balance, Dec. 31, 2017** | **300** | **232** | **-29** | **3,281** | **3,784** | **137** | **3,921** |
| | | | | | | | |
| **Opening balance, Jan. 1, 2018** | **300** | **232** | **-29** | **3,281** | **3,784** | **137** | **3,921** |
| Adjustment for changed accounting policy [1] | | | -5 | -11 | **-17** | -3 | **-20** |
| **Adjusted opening balance, Jan. 1, 2018 [1]** | **300** | **232** | **-34** | **3,270** | **3,767** | **134** | **3,901** |
| **Comprehensive income** | | | | | | | |
| Profit/loss for the year | | | | -875 | **-875** | 3 | **-872** |
| **Other comprehensive income** | | | | | | | |
| Cash flow hedges | | | 44 | | **44** | - | **44** |
| Translation differences | | | -112 | | **-112** | 1 | **-111** |
| Revaluation of defined benefit pension plans | | | | -251 | **-251** | - | **-251** |
| Other comprehensive income attributable to participations in associated companies and joint ventures | | | 0 | - | **0** | - | **0** |
| Tax on items in other comprehensive income | | | -10 | 35 | **24** | - | **24** |
| Total Other comprehensive income, after tax | | | -79 | -216 | **-295** | 1 | **-294** |
| **Total comprehensive income** | | | **-79** | **-1,091** | **-1,170** | **4** | **-1,166** |
| **Transactions with shareholders** | | | | | | | |
| Dividends to non-controlling interests | | | | | | -43 | **-43** |
| Change in conjunction with acquisitions and divestments of non-controlling interests | | | | -16 | **-16** | 5 | **-11** |
| Change in value of options attributable to acquisitions of non-controlling interests | | | | 6 | **6** | - | **6** |
| Shareholder contributions | | 1,000 | | - | **1,000** | - | **1,000** |
| Group contributions | | | | -50 | **-50** | | **-50** |
| Tax on group contributions | | | | 11 | **11** | | **11** |
| **Total transactions with shareholders** | | **1,000** | | **-48** | **952** | **-37** | **914** |
| **Closing balance, Dec. 31, 2018** | **300** | **1,232** | **-113** | **2,130** | **3,549** | **101** | **3,650** |

[1] Adjusted to reflect the impact of changed accounting policy for revenue and financial instruments. For further information, see Note 2.

# Consolidated Statements of Cash Flow

SEK million

| | Note | 2018 | 2017 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit/loss before tax | | -382 | -1,635 |
| Adjustments for items in cash flow | 34 | 4,841 | 6,134 |
| Paid income tax | | -138 | -161 |
| **Cash flow from operating activities before change in working capital** | | **4,322** | **4,338** |
| Change in inventories | | -61 | -317 |
| Change in account receivables | | 75 | -123 |
| Change in other short-term receivables | | -141 | -16 |
| Change in account payables | | 317 | -146 |
| Change in subscription debt and advances from customers | | -24 | -41 |
| Change in other current liabilities | | -145 | -24 |
| **Change in working capital** | | **21** | **-667** |
| **Cash flow from operating activities** | | **4,342** | **3,671** |
| **Investing activities** | | | |
| Acquisition of shares in subsidiaries, net debt effect | 16 | -30 | -641 |
| Reversal of net debt items in the acquisition of shares in subsidiaries that are not cash or cash equivalents | | -246 | 91 |
| Investments in other financial assets | | -143 | -141 |
| Acquisition of property, plant and equipment | | -155 | -166 |
| Acquisition of intangible assets | | -4,544 | -3,973 |
| Divestments of shares in subsidiaries, net debt effect | | 265 | 0 |
| Reversal of net debt items on divestments of shares in subsidiaries and other financial assets that are not cash or cash equivalents | | 1 | -4 |
| Divestments of other financial assets | | 136 | 26 |
| Divestments of property, plant and equipment | | 2 | 5 |
| Divestments of intangible assets | | - | 1 |
| **Cash flow from investing activities** | | **-4,713** | **-4,803** |
| **Financing activities** | | | |
| Divestments to non-controlling interests, net debt effect | | - | 642 |
| Repayments/lending of interest-bearing receivables | | 7 | 313 |
| Change in current financing | | -1,379 | 2,262 |
| Borrowings | | 2,381 | 1,585 |
| Amortization of debt | | -1,771 | -3,021 |
| Group contributions | | -13 | -58 |
| Shareholder's contribution recieved | | 1,000 | - |
| Dividends to owners of the Parent Company | | - | -280 |
| Dividends to non-controlling interests | | -43 | -43 |
| **Cash flow from financing activities** | | **183** | **1,401** |
| **CASH FLOW FOR THE YEAR** | | **-188** | **270** |
| Cash and cash equivalents at the beginning of the year | | 472 | 274 |
| Translation differences in cash and cash equivalents | | 2 | -72 |
| **Cash and cash equivalents at the end of the year** | | **286** | **472** |

# Notes to the Consolidated Financial Statements

## NOTE 1 **General Information**

Bonnier AB (”Bonnier”), Corporate Registration No. 556508-3663, is a limited liability company incorporated in Sweden with its registered office in Stockholm. The address of the headquarters is Torsgatan 21, 113 21 Stockholm. The mailing address to Bonnier AB is SE-113 90 Stockholm. The internet address is www.bonnier.se.

Bonnier AB is a wholly-owned subsidiary of Bonnier Group AB (formerly Bonnier Holding AB), Corporate Registration No. 556576-7463, a subsidiary of Albert Bonnier AB, which is owned by more than 90 members of the Bonnier family.

The parent company for the largest and smallest group in which Bonnier AB is a subsidiary and for which consolidated accounts are prepared is Albert Bonnier AB, Corporate Registration No. 556520-0341.

## NOTE 2 **Significant accounting policies**

The consolidated financial statements for Bonnier AB have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and the interpretations of the IFRS Interpretations Committee (IFRIC).

In addition, the Group applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board’s recommendation RFR 1 “Supplementary rules for group accounting”.

The financial statements are presented in millions of Swedish krona (SEK). Rounding may apply in tables and calculations, which means that the stipulated total amounts are not always an exact amount of the rounded amounts. Items in the consolidated financial statements have been prepared on a cost basis, except for certain financial instruments which are stated at fair value. The significant accounting principles applied in the preparation of these consolidated financial statements are described below.

**Changed standards that were effective in 2018**
The Group applied IFRS 9 and IFRS 15 as per January 1, 2018.

**IFRS 9 Financial Instruments**
IFRS 9 Financial Instruments addresses classification, measurement and derecognition of financial assets and liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement. The Group applied IFRS 9 prospectively, with an initial application date of January 1, 2018 and the comparatives, according to IFRS 9, for 2017 or earlier are not restated.

The effects on the financial statements according to IFRS 9 refer to measurement of other investments (equity instruments) and presentation of hedging of film and program rights. The effect of fair value measurement of other investments have impacted the opening balance as of January 1, 2018 by SEK 54 million. The changes in fair value are presented in “Net financial income/expenses” in the line Other financial income and expenses. The Group has used cash flow hedging for purchase of film and program rights. According to the earlier accounting policy choice in IAS 39, the cumulative amount in the hedging reserve was retained in equity and reclassified to income statement during the useful life of the asset. According to IFRS 9, the accumulated amount in the hedging reserve is included in the initial cost of the film and program rights. As of January 1, 2018 SEK 7 million was removed from the hedging reserve and reduced the cost of film and program rights. The deferred tax related to these items amounted to SEK 2 million and increased the deferred tax assets. Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

**IFRS 15 Revenue from Contracts with Customers**
IFRS 15 Revenue from Contracts with Customers has superseded all previous standards and interpretations addressing revenue recognition. Bonnier has applied IFRS 15 in accordance with the modified retrospective approach. IFRS 15 has had an impact related to revenues for sale of information services. The service is transferred to the customers over time and the method for measuring the progress has been changed. As of January 1, 2018 the “Retained earnings” has been adjusted by SEK -65 million and “Non-controlling interest” by SEK -3 million. “Accrued expenses and deferred income” has been adjusted by SEK 68 million. Net sales for 2018 has been affected by SEK 9 million compared to IAS 18. In addition, IFRS 15 also has required new disclosures.

**New and revised standards and interpretations are not yet effective and have not been adopted early by the Group**
The International Accounting Standards Board (IASB) has issued the following new and revised standards which will have an effect on the consolidated financial statements when applied for the first time.

IFRS 16 Leases: The new standard for the accounting of leases means for the Group as lessee that all lease contracts, with the exception of leases of low value and short-term leases shorter than 12 months, will be recognized as assets and liabilities in the statement of financial position. The statement of financial position total will increase. Income statement will also be affected since the lease expense will consist of depreciation which is included in EBITA and interest expenses, included within net finance income/expenses, on the lease liability. This recognition means a front-loaded effect on income statement for each lease agreement. According to IAS 17 lease payments for operational leases are recognized as “Other operating expenses,” included in EBITA, on a straight-line basis. There will also be extensive disclosures. The Group has performed a detailed assessment of IFRS 16. IFRS 16 will be effective for financial years beginning on or after January 1, 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption adjusted for any prepaid or accrued lease expenses. The Group will also apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

In summary the impact of IFRS 16 adoption is expected to be as follows: Impact on the statement of financial position (increase/(decrease)) as at 1 January 2019:

| | |
|---|---|
| *Assets* | |
| Property, plant and equipment (right-of-use assets) | 2,920 |
| Lease receivables | 74 |
| Prepayments | -94 |
| *Equity and Liabilities* | |
| Retained earnings | 1 |
| Lease liabilities | 2,899 |

Due to the adoption of IFRS 16, the Group’s operating profit will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17.

Operating cash flows will increase and financing cash flows decrease as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

Other new and revised IFRS and interpretations not yet effective are not expected to have any significant impact on the Group’s consolidated financial statements.

NOTE 2 **cont.**

**Consolidated Financial Statement**
The consolidated financial statements cover the Parent Company Bonnier AB and all companies over which the Parent Company has control (subsidiaries). Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with another company and has the ability to affect the returns through its power over that company.

Subsidiaries are consolidated from the acquisition date until the date when control ceases.

Profit or loss and each component of other comprehensive income are attributable to shareholders in the Parent Company and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries in order to bring their accounting principles in line with the Group's accounting principles. All intra-group transactions, balances and unrealized gains and losses attributable to intra-group transactions have been eliminated in full on consolidation.

*Transactions with holdings with non-controlling interests*
Changes in the Parent Company's participations in subsidiaries that do not result in a loss of control are accounted for as equity transactions, i.e. as transactions with the Group's owners. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and allocated to shareholders of the Parent Company.

When the Parent Company loses control of a subsidiary, the gain or loss on the sale is calculated as the difference between:

i) the aggregate of the fair value of the consideration received and the fair value of any retained participation, and

ii) the previous carrying amount of the subsidiary's assets (including goodwill), liabilities and any non-controlling interests.

The fair value of any investment retained in the former subsidiary on the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, as the cost on initial recognition of an investment in an associated or a jointly-controlled entity.

**Business combinations**
Business combinations are accounted for using the acquisition method.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred by the former owners of the acquiree and the equity interests issued in exchange for control of the acquiree. Acquisition-related costs are recognized in the income statement as incurred.

The consideration transferred by the Group in a business combination also includes the fair value of any assets and liabilities resulting from a contingent consideration arrangement. Changes in the fair value of contingent consideration qualifies as measurement period adjustments, with corresponding adjustment against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed at the acquisition date. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. In other cases, subsequent changes in the fair value of the contingent consideration are recognized in profit for the year.

On the acquisition date, the identifiable assets acquired and the liabilities assumed, as well as any contingent assets, are recognized at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests, and the acquisition-date fair value of any previous held equity interests in the acquiree over the identifiable net assets acquired. If, after reassessment, this difference is negative, it is recognized directly in the income statement as a bargain purchase gain.

For each business combination, any non-controlling interest in the acquiree is measured either at fair value or at the non-controlling interests' proportional share of the recognized amounts of the acquiree's identifiable net assets.

When a business combination is achieved in stages, previously held equity interest in the acquiree is remeasured to its acquisition-date fair value (i.e. when control is achieved) and the resulting gain or loss, if any, is recognized in the income statement. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are classified to the income statement where such treatment would be appropriate if that interest were disposed of.

**Goodwill**
Goodwill is carried at cost as established at the date of acquisition of the company less any impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units that is expected to benefit from the acquisitions' goodwill. These units are the Group's business areas.

Goodwill is tested for impairment annually or more often if there is an indication. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then the carrying amount of goodwill attributable to other assets in a unit is reduced. A recognized impairment loss for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the capital gain or loss.

**Participations in associated companies and joint ventures**
An associated company is a company over which the Group has a significant influence, generally accompanying a shareholding, directly or indirectly, of between 20-50% of the voting rights.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control exists when two or more parties contractually agree to exercise joint control over an arrangement.

Associated companies and joint ventures are accounted for in accordance with the equity method. Under the equity method, the initial recognized cost is adjusted to recognize changes in the Group's share of the associated company's or joint venture's net assets, as well as consolidated goodwill and any other remaining consolidated surplus and deficit values. When the Group's share of losses in an associated company or a joint venture equals or exceeds its interest in the associated company or joint venture, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company or joint venture. On acquisition of the investment in an associated company or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included in the carrying amount of the investment. When necessary, the carrying amount of the investment (including goodwill), is tested for impairment.

When a group company transacts with an associated company or a joint venture of the Group, unrealized gains or losses corresponding to the Group's investments in the associated company

NOTE 2 **cont.**

or joint venture are eliminated. Dividends received from associated companies or joint ventures reduce the carrying amount of the investment.

**Revenue recognition**
The Group recognizes revenue when it transfers control over a product or service to a customer. Revenue is measured based on the consideration specified in the contract with the customer to which the Group expects to be entitled, and excludes amounts collected on behalf of third parties; e.g. value added tax.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

For the policies for revenue recognition for the Group's main types of products and services, see below.

*Advertising*
The performance obligation for advertising is satisfied when the advertisement is actually shown, published or displayed and the revenue is recognized at that time. A receivable is recognized when the advertisement is actually shown, published or displayed as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The revenue is reduced for volume rebates; see heading "Volume rebates." The payment is generally due within 14-30 days.

For some sales of advertising the Group involves a third party as seller of the advertisement; for policies, see heading "Agent versus principal."

*Subscription*
The performance obligation is satisfied when the newspaper or magazine is delivered to the customer and revenue is recognized upon delivery. For digital subscriptions the revenue is recognized when the newspaper or magazine is published on the web or when the content is available for the user. The payment for subscription is in advance, 1-12 months, or on ongoing basis. A subscription liability is recognized until the newspaper or magazine is delivered to the customer.

*Goods (chiefly books, magazines and newspaper - newsstands)*
The performance obligation is satisfied upon delivery of the goods and the revenue is recognized at that time. The payment is generally due within 30 to 90 days from delivery. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional, because only the passage of time is required before the payment is due. Some contracts provide customers with a right of return and volume rebates, which give rise to variable consideration; for description, see heading "Rights of return" and "Volume rebates."

For newsstand sales of magazines and newspapers the Group involve a third party as seller of the magazines and newspapers. The Group pays commissions to the third party which are recognized as cost, while the Group assesses that the Group acts as principal while it controls the goods before transferring them to the customer and records the revenue on a gross basis.

*Digital distribution*
The performance obligation is satisfied over time and the revenue is recognized at the same time as the customer uses the services, because the customer simultaneously receives and consumes the benefits provided by the Group. In general the payment is due 30 days after the performance is satisfied.

For distribution of TV the revenue is recognized on net basis; see heading "Agent versus principal."

*Film*
Revenue for film includes distribution and production of films. The performance obligation for distribution is when the rights to the film are transmitted to the customer. The revenue is royalty sales-based for the theatrical and home entertainment windows, but for the other windows (TV/SVOD/EXPORT) the revenues are license-based. The revenue is recognized when the sale occurs respectively when the film is delivered.

The performance obligation for production of film is satisfied over time because the Group does not create an asset with alternative use and has an enforceable right to payment for the performance completed to date. The output method is used for measuring the progress toward complete satisfaction of the performance obligation, i.e., the revenue is based on the value to the customer relative to the remainder of the goods promised in the contract. The Group considers that this output method is an appropriate measure of the progress toward complete satisfaction of the performance obligations.

Payment is made at set times during the production period, such as signing of agreement, first day of principal photography, last day of shooting and premiere.

Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

*Variable consideration*
For contracts that include a variable consideration, for example discounts, the Group estimates the amount of consideration to which it will be entitled.

Information about the consideration allocated to performance obligations that are unsatisfied is not disclosed due to the fact that the majority of the contracts have a duration of one year or less.

Rights of return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned based on historical returns because this method best predicts the amount of variable consideration to which the Group will be entitled. For goods that are expected to be returned, instead of revenue the accounts receivables are reduced; for further information see note 22 "Accounts receivable and accrued income."

Volume rebates
The Group provides volume rebates once the quantity of products purchased during the period exceeds a threshold specified in the contract. Volume rebates are typically offered to all high-volume customers and reflect the stand-alone selling price. The volume rebates are recognized as reduced revenue when the customer reaches the certain volume and are offset against amounts payable by the customer.

*Royalties*
For license of book rights and distribution of film the Group receives royalties which are sales-based. The revenue is recognized when the sales occur; see also heading "Film." In general, the Group receives a fixed amount for license of book rights that is not contingent on future sales and is not subject to clawback. The fixed payment is recognized as revenue when the license is granted.

*Financing components*
For certain goods and services, the Group receives short-term advances (one year or less between the transfer of goods and services and the received payment). The Group uses the practical expedient, so it does not adjust any of the transaction prices for the time value of money.

## NOTE 2 **cont.**

*Agent versus principal*
For revenue related to advertising, sales of newspapers and magazines and distribution of TV there are other parties involved in providing the goods and services.

The Group is assessed to be principal for sales of advertising, while the Group controls the promised service before transferring that service to the customer and therefore records revenue on a gross basis, except for sales of advertising to media agencies which are recognized based on the invoiced amount.

For newsstand sales the Group involves a third party in providing the newspapers or magazines. The Group is assessed to be principal, while revenue is recognized as gross and the commission to the third party is recognized as cost. The assessment is based on the fact that the Group has the risk in that the newspapers or magazines will not be sold and the right to establish the price.

The Group is acting as a principal for the distribution of film while the Group controls the film before distribution to the customer and therefore records royalty on a gross basis.

Revenue from distribution of TV is recognized on the invoiced amount from the operator.

The Group recognizes royalties for sale of rights of books on a gross basis, i.e., the royalties which are paid to authors are recognized as costs and received royalties are recognized as revenue. The assessment is based on the fact that the Group has the right to decide the price and the risk for that the right should not be sold.

*Receivables*
Receivables represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Receivables consists of Accounts receivables and Accrued income.

*Contract liability*
If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized. Contract liabilities are recognized for prepaid subscription, other advances from customers and deferred income.

**Lease agreements – Group as lessee**
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Other lease agreements are classified as operational leases.

Assets held under financial leases are initially recognized as non-current assets of the Group's statement of financial position at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.
Lease payments are apportioned between interest and the reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The interest expense is recognized directly in the income statement. Non-current assets are depreciated over each asset's useful life.

**Foreign currencies**
Transactions in foreign currencies are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at that date when the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not translated.

Currency futures that are used for hedging and meet the requirements for hedge accounting are recognized at fair value in the statement of financial position. The changes in fair value are recognized in other comprehensive income and are accumulated in the hedging reserve. When the hedged item is recognized in profit or loss, the accumulated fair value changes in the hedging reserve are reclassified to profit or loss through other comprehensive income.

For the purpose of presenting the consolidated financial statement, the assets and liabilities of the Group's foreign subsidiaries are translated into Swedish krona using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rate for the period, unless the exchange rate has fluctuated significantly during that period, in which case the exchange rate at the date of transaction is used. Exchange differences arising, are recognized in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign subsidiary, such translation differences are recognized in the income statement as a part of the capital gain or loss.

Goodwill and fair value adjustments to identify assets acquired and liabilities assumed through acquisition of a foreign entity are treated as though these were assets and liabilities held by this entity and translated at the rate of exchange prevailing at the end of each reporting period.

**Employee benefits**
Employee benefits including salaries, bonuses, holiday pay, paid sick leave, etc., and pensions are recognized as the related service is rendered. Pensions are classified as defined contribution or defined benefit pension plans.

*The defined contribution plan*
For defined contribution pension plans, the Company pays fixed contributions into a separate, independent legal entity and the Group has no legal or constructive obligations to pay further contributions. Payments are recognized as an expense when employees have rendered service entitling them to the contributions, this usually corresponds to when the contributions are due.

*Defined benefit retirement benefit plan*
For defined benefit pension plans, the cost of providing benefits is determined using actuarial calculations in accordance with the Projected Unit Credit Method. Remeasurement, including actuarial gains and losses, effects of changes to the asset ceiling and the return on plan assets (excluding the interest, which is recognized in the income statement), are reflected in other comprehensive income in the period in which they occur.

Remeasurement recognized in other comprehensive income is reflected directly in retained earnings and profit brought forward and will not be reclassified to the income statement. Past service cost is recognized in the income statement in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period on the net defined liability or asset.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service costs as well as gains and losses on curtailments and/or settlements)
- Net interest expense or income
- Remeasurement

The first two categories are presented as personnel cost (current service cost) and as net financial income (net interest expense) in the income statement. Gains and losses referring to curtailments and settlements are accounted for as past service costs. Remeasurements are recognized in other comprehensive income.

The defined benefit pension obligation recognized in the statement of financial position represent the actual surplus or deficit in

NOTE 2 **cont.**

the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**Tax**
The tax expense comprises current and deferred tax.

*Current tax*
Current tax is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the income statements because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

*Deferred tax*
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**Intangible assets**
*Separately acquired intangible assets*
Intangible assets with finite useful lives that have been acquired separately are carried at cost less accumulated amortization and any impairment losses. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Film and program rights are usually accounted for as intangible assets when the program is available for viewing. The useful life for these rights is based on the license period or views and the useful life for these rights is based on license period or views, and normally amounts to no more than three years, but in certain cases to no more than five years.

*Intangible assets acquired through business combinations*
Intangible assets acquired in a business combination are identified and recognized separately from goodwill when they meet the definition of an intangible asset and when their fair value can be reliably measured. The cost of such intangible assets are comprised of their fair value at the acquisition date. Intangible assets with definite useful lives are amortized over the estimated useful life, usually a period of 2-10 years. Identified intangible assets with indefinite useful lives such as, for example, trademarks and distribution rights are not amortized, but are tested for impairment annually or more frequently when there is an indication that the asset may be impaired. Subsequent to initial recognition, intangible assets acquired in a business combination are carried at cost less accumulated amortization and any accumulated impairment losses, on the same basis as separately acquired intangible assets.

**Property, plant and equipment**
Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives are as follows:

| | |
|---|---|
| Buildings and land improvements | 20-100 years |
| Plants and machinery | 3-20 years |
| Equipment, tools, fixtures and fittings | 2-20 years |

**Impairment of property, plant and equipment and intangible assets other than goodwill**
At the end of each reporting period, the Group reviews the carrying amount of its property, plant and equipment and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount for an individual asset, the Group estimates the recoverable amount for the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of the fair value less cost of disposal and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is determined to be an amount below the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the income statements.

If an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the income statement.

**Financial instruments**
*Recognition and derecognition*
Accounts receivables are initially recognized in the statement of financial position when they are originated. All other financial assets and financial liabilities are initially recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. A financial asset or a part of a financial asset is derecognized when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. A financial liability or a part of a financial liability is derecognized when the obligations have been discharged, cancelled or they expire.

*Measurement*
Financial assets and financial liabilities that are not subsequently measured at fair value through the income statement are initially carried at fair value with additions and deductions for transaction costs. Accounts receivables are initially measured at the transaction price. Financial assets and financial liabilities that are subsequently measured at fair value through the income statement are initially carried at fair value.

*Equity instruments*
Investments in equity instruments are recognized at fair value to the income statement, "Other financial income and expenses."

*Accounts receivables*
Accounts receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Accounts receivables are initially measured at the transaction price and subsequently at amortized cost.

NOTE 2 **cont.**

*Liabilities to credit institutions and other borrowings*
Interest-bearing bank loans, credit lines and other liabilities are measured at amortized cost in accordance with the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings.

<u>Policy applicable before January 1,2018</u>
Financial instruments are subsequently carried at amortized cost or fair value, depending on the instrument's initial categorization in accordance with IAS 39.

*Impairment*
<u>Policy applicable before January 1, 2018</u>
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated cash flows have been affected. Objective evidence of impairment could include a significant financial difficulty of the counterparty or default in payment of outstanding amounts due.

<u>Policy applicable from January 1, 2018</u>
<u>Accounts receivables</u>
The Group uses the historical observed default rates to calculate expected credit losses for trade receivables. The historical observed default rates are adjusted with current conditions and forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

*Derivative instruments and hedge accounting*
The Group enters into derivative transactions to manage foreign exchange risk and interest risks. When possible, the Group applies hedge accounting. Derivatives are initially measured at fair value. Changes in the fair value of derivatives are recognized in either the net financial income/expenses or the operating profit, depending on the instrument's purpose.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in income statement.

<u>Policy applicable before January 1, 2018</u>
For hedged forecast transactions related to film and program rights, the accumulated amount in the hedging reserve is reclassified to income statement in the same period which the assets are amortized.

<u>Policy applicable from January 1, 2018</u>
When the hedged forecast transaction subsequently results in the recognition of a nonfinancial item such as film and program rights, the amount accumulated in the hedging reserve and the cost of hedging reserve are included directly in the initial cost of the film and program rights when it is recognized. For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve are reclassified to income statement in the same period or periods during which the hedged expected future cash flows affect income statement.

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in income statement on the date on which the Group's right to receive payment is established. The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

**Inventories**
Inventories are stated at the lower of cost and net realizable value. The cost is determined using the first-in, first-out method (FIFO). The cost of finished goods and work in progress consists of the purchase price, direct salary expenses, other direct manufacturing expenses and indirect expenses attributable to the item (based on normal manufacturing capacity). An item's purchase price also includes transport expenses and other expenses attributable to moving the item to its current location and bringing the item to its current condition.

Net realizable value represent the estimated selling price less estimated cost of completion and cost necessary to make the sale.

**Provisions**
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the payments expected to be required to settle the obligation, its carrying amount is the present value of these payments.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Group contribution**
Group contribution received or paid to the parent company is recognized directly in equity with related tax effect.

**Key definitions**
A description of the Group's definitions of key ratios may be found on page 59.

## NOTE 3 **Key sources of uncertainty in estimations**

Below are the key assumptions concerning future development, as well as other important sources of uncertainty in the estimations at the balance sheet date which imply a significant risk of major adjustments in the carrying amount of assets and liabilities during the upcoming financial year.

*Pension obligations*
The value of pension obligations for defined benefit pension plans is determined on the basis of actuarial calculations and is based on assumptions regarding the discount rate, expected return on plan assets, future salary increases, inflation and demographic circumstances. Any change in these assumptions affects the calculated value of pension obligations.

The discount rate is the most significant assumption and is based on the market yields of high-quality corporate bonds with maturity dates matching those of the pension obligations. The Group's defined benefit pension plans are primarily found in Sweden and the Group has determined that mortgage bonds are comparable with first-class corporate bonds, and therefore a selection of AAA-rated mortgage bonds are being used. A lower discount rate increases the present value of the pension obligation and their costs, while a higher discount rate has the opposite effect. Due to changing market conditions and economic circumstances, the underlying assumptions can deviate from the actual development and lead to significant changes in pension provisions.

The defined benefit pension plans, with deduction for any plan assets, are reported under Provisions for pensions. The reported net debt of the Group's pension obligations amounted at the balance sheet date to SEK 2,365 million (2,426). For more information, see Note 27 Pensions.

*Testing for impairment of goodwill*
The carrying amount for consolidated goodwill is SEK 6,487 million (7,680). Goodwill is tested annually or whenever events or changes in circumstances indicate that the value of goodwill may have decreased. Recoverable amounts for cash-generating units have been determined by calculation of the value in use. These calculations involve certain estimates, above all regarding sales growth, operating margin and discount rate. The assumptions used are described in Note 15, Intangible assets.

*Deferred tax assets*
Calculation of deferred tax assets necessarily involves assumptions with regard to future taxable income. An assessment has been made of nondeductible expenses and nontaxable revenue in accordance with current tax rules. Changes in tax legislation in the countries in which the Group operates, as well as changes in interpretations and implementations under current legislation, may affect the amounts of the deferred tax assets. At every balance sheet date, an assessment is made of the likelihood as to whether the tax asset arising will be utilized. Where required, the carrying amount of the deferred tax asset is adjusted. The assessment may affect income for the period, either negatively or positively. Deferred tax assets amount to SEK 1,159 million (1,565). See also Note 13, Tax.

## NOTE 4 **Financial risk management and financial instruments**

The Bonnier Group is exposed to various types of financial risks. The Group's financial risks are managed by Bonnier Finans in accordance with the financial policy that is reviewed and adopted by the Board. The financial policy strives to minimize the financial risks to which the Group is exposed, primarily liquidity and refinancing risks, interest rate risks, currency risks, credit risks and counterparty risks. Within Bonnier Finans there are instructions, systems and a division of duties in place to achieve good internal control and monitoring of the operations. Risk is monitored on Group level and is reported to the Board.

**Liquidity and refinancing risks**
Liquidity risk refers to the risk that the Group will have difficulty in meeting future liquidity requirements in the form of payment obligations and will be unable to finance or refinance the Group's assets. Refinancing risk refers to the inability of the Group to refinance outstanding debt at a given point in time and on acceptable terms.

In order to optimize the Group's liquidity, there is a centralized cash-management function. As of December 31, 2018, the Group achieved its liquidity goals, cash and cash equivalents, and unutilezed credit facility amounting to SEK 6,386 million (6,955).

Refinancing risk is managed by ensuring that no more than 33% of external borrowings[1] mature within 12 months and by ensuring that no more than 66% of external borrowings[1] mature within 24 months. As of December 31, 2018, the maturity structure[2] was 4% (24) within 12 months and 8% (29) within 24 months. The Group complies with these goals. The Group's external loans include financial covenants which as of December 31, 2018 are complied with.

Information on current loans and credit facilities is also provided in Note 26 Liabilities to credit institutions.

The terms to maturity for all contractual payment obligations related to the Group's financial liabilities are presented in the following tables. The amounts refer to the contractual, undiscounted cash flows of the Group's financial liabilities based on the remaining contracted maturities as of December 31, 2018. Variable interest flows are derived from interest rates at the end of reporting period. Cash flows in foreign currencies are converted to SEK at closing rate.

[1] "External borrowings" means external liabilities including the unutilized portion of the credit facilities equal to the required liquidity goals.
[2] Loans that may be extended past the set due date, within the framework of the credit facilities, are deducted from external loans.

## NOTE 4 **Cont.**

**Matutity structure of financial liabilities Dec. 31, 2018**

| SEK million | Within 3 months | 3-12 months | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Liabilities to credit institutions | 2,202 | 541 | 1,149 | 329 | 4,221 |
| Derivatives | 5 | 3 | 65 | 0 | 72 |
| Other interest-bearing liabilities | 58 | 1,492 | 93 | 27 | 1,671 |
| Account payables | 2,181 | 64 | 2 | 0 | 2,247 |
| **Total** | **4,446** | **2,099** | **1,309** | **357** | **8,211** |

**Matutity structure of financial liabilities Dec. 31, 2017**

| SEK million | Within 3 months | 3-12 months | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Liabilities to credit institutions | 869 | 1,208 | 1,036 | 475 | 3,588 |
| Derivatives | 7 | 2 | 108 | 0 | 117 |
| Other interest-bearing liabilities | 156 | 2,771 | 368 | 27 | 3,322 |
| Account payables | 1,875 | 41 | 5 | 3 | 1,924 |
| **Total** | **2,908** | **4,002** | **1,516** | **504** | **8,951** |

### Interest rate risks

The Bonnier Group is exposed to interest rate risks through the debt portfolio and interest-bearing assets. Interest rate risks refer to the risk of changes in interest rates which will lead to fluctuations in the Group's results. The Group strives to minimize the effect on the results of changes in interest rates arising as a result of fluctuations in the financial markets. The Group has raised loan financing in SEK and EUR, with both fixed and variable interest rates. Detailed information about long-term borrowings is found in Note 25 Liabilities to credit institutions.

As of December 31, 2018, the fixed interest period was 8 months (11) after consideration of derivative instruments and the average interest rate was 1.86% (1.99). The Group's interest coverage ratio, a measurement of the ability to pay interest expenses, is to be at least 3 in accordance with the established policy. As of December 31, 2018, it was 10.08 (6.79).

*Hedge accounting*

The Group has entered into interest rate swap agreements in order to convert variable rates to fixed rates. These swaps are designated as cash flow hedging instruments in a cash flow hedge in respect of which the effective portion of the changes in the fair value of the hedging instruments is recognized in other comprehensive income. The table "Outstanding derivatives - Maturity structure" shows the nominal and carrying amounts (corresponding to fair value) for all derivative instruments based on interest rate risk. For more information on the impact of the interest rate derivatives on future cash flows, see table "Maturity structure of financial liabilities."

*Sensitivity analysis*

The table below shows the estimated effect on profit or loss and equity with an increase or a decrease of 1% (100 basis points) on all interest rates on external loans and interest rate swaps hedging the loans.

**Interest rate sensitivity**

| SEK million | Dec. 31, 2018 Profit/loss impact | Dec. 31, 2018 Equity impact | Dec. 31, 2017 Profit/loss impact | Dec. 31, 2017 Equity impact |
|---|---|---|---|---|
| Effect on future financial expenses +1% | -23 | - | -4 | - |
| Effect on future financial expenses -1% | 23 | - | 4 | - |
| Revaluation effect + 1% | - | 19 | - | 38 |
| Revaluation effect - 1% | - | -20 | - | -39 |

### Currency risks

The Bonnier Group is an international group and is accordingly exposed to foreign currency risks. This exposure refers to translation exposure and transaction exposure.

*Translation risk*

Translation exposure is the risk that the value of the Group's net assets in foreign currency will be negatively affected by changes in exchange rates. The Group's operations in different geographical locations give rise to currency effects when companies with functional currencies other than SEK are translated to Swedish krona in the consolidated financial statement. The effect on income is not hedged as regards changes in exchange rates when translating the operating profit/loss and equity in foreign subsidiaries.
Instead, the Group strives to reduce the translation exposure by matching receivables and liabilities in the same currency.

*Transaction risk*

The Group is subject to transaction exposure given that purchases and sales take place in currencies other than Swedish krona. Subsidiaries are responsible for monitoring this risk so that the transaction exposure in their operations is within the limits of the Group's financial policy. Transaction exposure is limited in light of the fact that inflows and outflows take place in the same currency, because there is a local presence in the different geographical areas. When a major purchase is carried out in a currency other than the functional currency, such as the purchase of TV, film, and sports rights, this is hedged through foreign currency forwards or currency options.

*Hedge accounting*

The Group applies cash flow hedging according to IFRS 9 for firm commitments and forecasted commercial cash flows in foreign currencies. As of December 31, 2018, the Group had outstanding foreign currency derivative instruments to hedge commercial cash flows with a total market value of SEK 3 million (3) in assets and SEK 0 million (1) in liabilities . The market value has been recognized in the hedge reserve in other comprehensive income to meet gains or losses on future purchases of foreign currencies. This method reduces the volatility in the Group's income statement. For more information of the impact of currency derivatives on future cash flows, see table "Maturity structure of financial liabilities."

## NOTE 4 Cont.

*Sensitivity analysis*
The table below shows the effect of a weakening or strengthening of ten basis points of SEK against EUR and USD, and also EUR against USD which are the currencies to which the Group is most exposed in terms of transaction exposure.

**Sensitivity to transaction exposure**

| | Dec. 31, 2018 | | Dec. 31, 2017 | |
|---|---|---|---|---|
| SEK million | Profit/loss impact | Equity impact | Profit/loss impact | Equity impact |
| EUR/SEK + 10% | -4 | - | -1 | 3 |
| EUR/SEK - 10% | 4 | - | 1 | -3 |
| USD/SEK + 10% | 6 | 10 | 14 | 13 |
| USD/SEK - 10% | -5 | -9 | -13 | -12 |
| USD/EUR + 10% | - | 7 | -1 | - |
| USD/EUR - 10% | - | -6 | 2 | - |

### Credit risks and counterparty risks

Credit risk refers to the risk of that a counterparty will default on its obligations to the Group, resulting in credit losses. Credit risk is divided into financial credit risks and operational risks.

Financial credit risk is the risk that banks or other financial institutions with which the Group has financial investments, liquidity or other investments in financial assets will be unable to meet their obligations to the Group, which can lead to a credit loss. The Group's policy regarding credit risks associated with financial transactions provides that only well established counterparties with high credit ratings may be used. Each counterparty is assigned a separate credit limit to decrease risk concentration.

During the year, the credit losses amounted to SEK 0 million (11). The credit risk on accounts receivable is that the Group would not receive payment for recognized account receivables. To prevent this, there are procedures for the follow up of these items and, for larger sales amounts, credit information is obtained. The Group's accounts receivable are spread among a large number of customers, both private individuals and businesses. An age analysis for accounts receivable is presented in Note 22.

The Group's maximum exposure to credit risks is deemed to correspond to the carrying value of all financial assets and, on December 31, 2018, amounted to SEK 4,092 million (4,149).

**Outstanding derivatives - Maturity structure**

| **Fair value** | Dec. 31, 2018 | | | | Dec. 31, 2017 | |
|---|---|---|---|---|---|---|
| SEK million | Assets | Nominal amount | Liabilities | Nominal amount | Assets | Liabilities |
| **Interest rate derivatives** | | | | | | |
| Within 3 months | - | - | - | 400 | - | 1 |
| Between 3-12 months | - | - | - | - | - | - |
| Between 1-5 years | - | - | 65 | 1,400 | - | 108 |
| More than 5 years | - | - | - | - | - | - |
| **Total** | **-** | | **65** | | **-** | **109** |
| of which cash flow hedges | - | | 65 | | - | 109 |
| **Currency derivatives** | | | | | | |
| Within 3 months | 32 | 3,048 | 4 | 635 | 51 | 6 |
| Between 3-12 months | 11 | 179 | 3 | 94 | 3 | 2 |
| Between 1-5 years | - | - | - | - | - | - |
| More than 5 years | - | - | - | - | - | - |
| **Total** | **43** | | **7** | | **54** | **9** |
| of which cash flow hedges | 3 | | 0 | | 3 | 1 |

### Offset of financial assets and liabilities

All financial assets or liabilities are recognized gross in the statement of financial position. Derivatives are covered by ISDA agreements, which implies the right of offset between assets and liabilities with the same counterparty, e.g. insolvency under certain conditions. Derivatives subject to netting agreements are shown in the table below.

| | Dec. 31, 2018 | | Dec. 31, 2017 | |
|---|---|---|---|---|
| SEK million | Assets | Liabilities | Assets | Liabilities |
| Gross value of derivatives recognized in the statement of financial position | 43 | 72 | 54 | 117 |
| Offset amount | -42 | -42 | -37 | -37 |
| Net position | 1 | 30 | 17 | 80 |

## NOTE 4 **Cont.**

**Carrying amounts and fair values of financial assets and liabilities**

| SEK million | | Dec. 31, 2018 Carrying amount | Dec. 31, 2017 Carrying amount |
|---|---|---|---|
| **FINANCIAL ASSETS IFRS 9/IAS 39** | | | |
| **Measured at amortized cost/ Loan receivables and account receivables** | | | |
| Account receivables | | 2,632 | 2,798 |
| Other receivables | | 536 | 484 |
| Cash and cash equivalents | | 286 | 472 |
| **Measured at fair value through income statement or other comprehensive income/ Financial assets measured at fair value** | | | |
| Derivatives [1) 2)] | Level 2 | 43 | 54 |
| **Measured at fair value through income statement/ Loan receivables and account receivables** | | | |
| Equity instruments [3)] | Level 3 | 595 | 341 |
| **Total financial assets** | | **4,092** | **4,149** |
| **FINANCIAL LIABILITIES IFRS 9/IAS 39** | | | |
| **Measured at amortized cost/ Financial liabilities measured at amortized cost** | | | |
| Liabilities to credit institutions | Level 2 | 4,171 | 3,544 |
| **Measured at fair value through income statement or other comprehensive income/ Financial liabilities measured at fair value** | | | |
| Derivatives [1) 2)] | Level 2 | 72 | 117 |
| Contingent considerations | Level 3 | 72 | 107 |
| **Measured at fair value through income statement or equity** | | | |
| liabilities attributable to put options in noncontrolling interests | Level 3 | 61 | 276 |
| **Measured at amortized cost/ Financial liabilities measured at amortized cost** | | | |
| Account payables | | 2,247 | 1,924 |
| Subscription liabilities and other advance payments from customers | | 978 | 990 |
| Other liabilities | | 2,013 | 3,339 |
| **Total financial liabilities** | | **9,614** | **10,297** |

1) The revaluation effect of foreign exchange derivatives that are not used for a hedging relationship are shown in Note 12.

2) During the year, SEK 0 million (24) of the foreign exchange derivatives designated as cash flow hedges of commercial cash flows was realized and recognized in operating profit. As regards interest rate derivatives, the total effect on the profit or loss total to SEK -51 million (-62), see Note 12 for more information. Ineffective cash flow hedges reported in Financial income and expenses amount to SEK 0 million (-2).

3) The impact of measuring equity instruments at fair value was SEK 54 million on opening balances January 1, 2018

There have been no transfers between the levels during the periods.

### Fair value

Financial assets and financial liabilities carried at fair value are classified in one of the three levels in the fair-value hierarchy, based on the information used to determine the fair value. All of the Group's financial assets and liabilities carried at fair value are classified according to Level 2, with the exceptions of contingent considerations and liabilities attributable to put options in non-controlling interests and unlisted equity instruments classified at Level 3.

For the Group's other financial assets and liabilities, the carrying amounts are deemed to comprise a good approximation of the fair values, except for the bond loans, where the fair value in the preceding year was SEK 1,205 million. A calculation of fair value based on discounted future cash flows, where a discount rate reflecting the counterparty's credit risks represents the most significant input data, is not expected to result in any significant difference, compared with the carrying value.

*Valuation of derivatives (Level 2)*

Valuation in accordance with Level 2 is performed by using observable market data at the end of the reporting period. The fair value of interest rate swaps is determined by discounting estimated future cash flows, based on yield curves at the closing date. The fair value of each foreign currency contract is determined by the interest rate differential in the spot rate and the rate at the future date in each currency at closing date. The value is determined by discounting the actual forward rates at the closing date.

*Measurement of unlisted equity instruments (Level 3)*

The fair value of unlisted equity instruments is based on discounting future cash flows using a risk-adjusted interest rate and the value of the most recent transactions or capital raises in the holdings. Important assumptions in discounting are the discount rate and future cash flows. Measurements are performed continuously during the year and on the occasions of transactions and capital raises. The fair value would increase/decrease if the anticipated cash flows were to be higher/lower, or if the risk-adjusted interest rate were to be lower/higher.

### Capital management

The capital management objectives of the Group are to minimize the effect on its financial position of fluctuations on the financial markets by securing the Group's short- and long-term capital requirement by ensuring that liquidity management is as efficient as possible, and by hedging interest rate and currency risks in order to minimize the effect on the Group's profit/loss and cash flow by minimizing fluctuations in profit/loss due to volatility in the financial markets. The Group defines capital as net debt and equity including non-controlling interests. Net debt amounted on December 31, 2018, to SEK 7,743 million (8,553) and equity amounted to SEK 3,650 million (3,921).

The Group monitors capital management by following various key ratios such as debt ratios and interest coverage ratios.

## NOTE 5 **Distribution of net sales**

**Books**

| | **Sweden** | | **Other Nordic countries[1]** | | **Europe** | | **Other** | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Advertising | - | - | - | - | - | - | - | - | - | - |
| Subscription | 251 | 255 | 232 | 185 | 6 | 0 | 0 | 0 | 489 | 441 |
| Goods | 733 | 835 | 1,052 | 1,067 | 2,950 | 2,664 | 317 | 485 | 5,052 | 5,051 |
| Digital distribution | 160 | 140 | 66 | 58 | 327 | 269 | 1 | 4 | 554 | 472 |
| Film | - | - | - | - | - | - | - | - | - | - |
| Other | 21 | 34 | 46 | 85 | 4 | 5 | 2 | 1 | 72 | 125 |
| **Net sales, external** | **1,165** | **1,264** | **1,395** | **1,395** | **3,286** | **2,940** | **321** | **490** | **6,167** | **6,089** |
| | | | | | | | | **Net sales, group** | **167** | **186** |
| | | | | | | | | **Total net sales** | **6,334** | **6,274** |

**E-commerce**

| | **Sweden** | | **Other Nordic countries** | | **Europe** | | **Other** | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Advertising | - | - | - | - | - | - | - | - | - | - |
| Subscription | - | - | - | - | - | - | - | - | - | - |
| Goods | 1,587 | 1,398 | 589 | 528 | - | - | - | - | 2,176 | 1,926 |
| Digital distribution | 29 | 35 | 8 | 8 | - | - | - | - | 37 | 43 |
| Film | - | - | - | - | - | - | - | - | - | - |
| Other | 23 | 24 | 5 | 1 | 1 | 0 | - | - | 28 | 25 |
| **Net sales, external** | **1,638** | **1,457** | **602** | **537** | **1** | **0** | **-** | **-** | **2 ,242** | **1,994** |
| | | | | | | | | **Net sales, group** | **6** | **8** |
| | | | | | | | | **Total net sales** | **2,247** | **2,002** |

**Broadcasting**

| | **Sweden** | | **Other Nordic countries** | | **Europe** | | **Other** | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Advertising | 3,972 | 3,615 | 1,305 | 1,216 | 24 | 40 | 21 | 12 | 5,323 | 4,883 |
| Subscription | 558 | 365 | 183 | 105 | - | - | - | - | 741 | 469 |
| Goods | 23 | 17 | 2 | 4 | - | - | - | - | 25 | 21 |
| Digital distribution | 941 | 813 | 544 | 536 | - | - | - | - | 1,486 | 1,349 |
| Film | 27 | 51 | 0 | 4 | - | - | - | - | 27 | 55 |
| Other | 503 | 567 | 35 | 59 | 1 | 3 | - | - | 539 | 629 |
| **Net sales, external** | **6,024** | **5,427** | **2,070** | **1,923** | **25** | **43** | **21** | **12** | **8,140** | **7,405** |
| | | | | | | | | **Net sales, group** | **113** | **92** |
| | | | | | | | | **Total net sales** | **8,253** | **7,497** |

**Film Studios**

| | **Sweden** | | **Other Nordic countries** | | **Europe** | | **Other** | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Advertising | - | - | - | - | - | - | - | - | - | - |
| Subscription | 11 | 6 | 2 | 2 | - | - | - | - | 13 | 7 |
| Goods | 37 | 45 | 43 | 34 | - | 0 | 0 | - | 80 | 79 |
| Digital distribution | 230 | 168 | 145 | 153 | 12 | 12 | - | - | 386 | 333 |
| Film | 200 | 195 | 418 | 576 | 40 | 40 | 14 | 24 | 671 | 835 |
| Other | 54 | 41 | 10 | 32 | 0 | 1 | 0 | 0 | 64 | 73 |
| **Net sales, external** | **531** | **455** | **618** | **796** | **52** | **54** | **14** | **24** | **1,215** | **1,329** |
| | | | | | | | | **Net sales, group** | **41** | **60** |
| | | | | | | | | **Total net sales** | **1,256** | **1,389** |

**Ventures**

| | **Sweden** | | **Other Nordic countries** | | **Europe** | | **Other** | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Advertising | 7 | 12 | - | 0 | - | 0 | - | - | 7 | 12 |
| Subscription | - | - | - | - | - | - | - | - | - | - |
| Goods | 0 | 5 | - | - | 0 | - | - | - | 1 | 5 |
| Digital distribution | 10 | 101 | - | - | - | - | - | - | 10 | 101 |
| Film | - | - | - | - | - | - | - | - | - | - |
| Other | 264 | 224 | 65 | 54 | 2 | 1 | 0 | 1 | 330 | 279 |
| **Net sales, external** | **282** | **342** | **65** | **54** | **2** | **1** | **0** | **1** | **349** | **397** |
| | | | | | | | | **Net sales, group** | **10** | **5** |
| | | | | | | | | **Total net sales** | **358** | **402** |

[1] Business area Books includes 50% of the revenue at Cappelen Damm. Cappelen Damm is recognized as a joint venture within the Group using the equity method and the revenue is eliminated in Other.

## NOT 5 Cont.

**Magazines**

| | Sweden | | Other Nordic countries | | Europe | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Advertising | 265 | 327 | 177 | 191 | 28 | 22 | 488 | 638 | 957 | 1,177 |
| Subscription | 578 | 657 | 506 | 511 | 16 | 15 | 185 | 238 | 1,285 | 1,421 |
| Goods | 190 | 221 | 119 | 119 | 19 | 14 | 15 | 29 | 343 | 383 |
| Digital distribution | 1 | 5 | 8 | 3 | 0 | 0 | 0 | 0 | 9 | 8 |
| Film | - | - | - | - | - | - | - | - | - | - |
| Other | 52 | 64 | 67 | 54 | 7 | 6 | 304 | 304 | 430 | 428 |
| **Net sales, external** | **1,086** | **1 274** | **877** | **877** | **69** | **58** | **992** | **1 029** | **3,024** | **3,417** |
| | | | | | | | | **Net sales, group** | **36** | **38** |
| | | | | | | | | **Total net sales** | **3,060** | **3,455** |

**Business to Business**

| | Sweden | | Other Nordic countries | | Europe | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Advertising | 0 | 0 | 224 | 210 | 123 | 123 | - | 0 | 347 | 334 |
| Subscription | 0 | 0 | 273 | 270 | 155 | 142 | 0 | 0 | 428 | 412 |
| Goods | - | - | 7 | 7 | 13 | 12 | - | - | 19 | 18 |
| Digital distribution | - | - | 0 | 0 | 0 | 0 | - | - | 1 | 0 |
| Film | - | - | - | - | - | - | - | - | - | - |
| Other | 16 | 9 | 204 | 185 | 184 | 164 | - | 0 | 404 | 358 |
| **Net sales, external** | **16** | **9** | **707** | **672** | **475** | **442** | **0** | **0** | **1,199** | **1,123** |
| | | | | | | | | **Net sales, group** | **3** | **7** |
| | | | | | | | | **Total net sales** | **1,202** | **1,130** |

**News**

| | Sweden | | Other Nordic countries | | Europe | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Advertising | 1,623 | 1,644 | 28 | 24 | 42 | 42 | 23 | 19 | 1,717 | 1,728 |
| Subscription | 1,814 | 1,745 | 3 | 3 | 1 | 2 | 0 | 0 | 1,819 | 1,750 |
| Goods | 810 | 847 | 0 | 0 | 0 | - | 0 | - | 811 | 847 |
| Digital distribution | 32 | 18 | 0 | - | 0 | 0 | - | - | 32 | 18 |
| Film | - | - | - | - | - | - | - | - | - | - |
| Other | 513 | 426 | 6 | 3 | 7 | 5 | 0 | 0 | 526 | 434 |
| **Net sales, external** | **4,793** | **4,680** | **37** | **30** | **51** | **49** | **23** | **19** | **4,904** | **4,777** |
| | | | | | | | | **Net sales, group** | **100** | **112** |
| | | | | | | | | **Total net sales** | **5,004** | **4,890** |

**Other**

| | Sweden | | Other Nordic countries [1] | | Europe | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Advertising | 1 | - | - | - | - | - | - | - | 1 | - |
| Subscription | - | - | -141 | -144 | - | - | - | - | -141 | -144 |
| Goods | 1 | 2 | -572 | -581 | - | - | - | - | -571 | -579 |
| Digital distribution | - | - | -54 | -44 | - | - | - | - | -54 | -44 |
| Film | - | - | - | - | - | - | - | - | - | - |
| Other | 19 | 20 | -45 | -45 | - | - | - | - | -26 | -24 |
| **Net sales, external** | **20** | **22** | **-812** | **-814** | **-** | **-** | **-** | **-** | **-792** | **-792** |
| | | | | | | | | **Net sales, group** | **282** | **255** |
| | | | | | | | | **Total net sales** | **-509** | **-537** |

**Total**

| | Sweden | | Other Nordic countries | | Europe | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Advertising | 5,868 | 5,598 | 1,733 | 1,641 | 218 | 227 | 532 | 668 | 8,351 | 8,134 |
| Subscription | 3,212 | 3,027 | 1,057 | 932 | 178 | 160 | 185 | 239 | 4,633 | 4,358 |
| Goods | 3,382 | 3,369 | 1,240 | 1,177 | 2,983 | 2,690 | 332 | 514 | 7,937 | 7,750 |
| Digital distribution | 1,402 | 1,280 | 717 | 714 | 339 | 282 | 1 | 4 | 2,460 | 2,281 |
| Film | 226 | 246 | 418 | 580 | 40 | 40 | 14 | 24 | 698 | 890 |
| Other | 1,465 | 1,409 | 392 | 428 | 205 | 186 | 307 | 305 | 2,368 | 2,328 |
| **Net sales, external** | **15,556** | **14,930** | **5,558** | **5,471** | **3,962** | **3,586** | **1,371** | **1,754** | **26,447** | **25,740** |
| | | | | | | | | **Net sales, group** | **758** | **762** |
| | | | | | | | | **Eliminations** | **-758** | **-762** |
| | | | | | | | | **Total net sales** | **26,447** | **25,740** |

[1] Business area Books includes 50% of the revenue at Cappelen Damm. Cappelen Damm is recognized as a joint venture within the Group using the equity method and the revenue is eliminated in Other.

## NOTE 6 **Personnel**

| Average number of employees | 2018 Number of employees | 2018 of whom women, % | 2017 Number of employees | 2017 of whom women, % |
|---|---|---|---|---|
| **Bonnier AB** | **47** | **58** | **45** | **51** |
| **Subsidiaries** | | | | |
| Sweden | 5,067 | 47 | 4,443 | 49 |
| Denmark | 765 | 52 | 768 | 52 |
| Germany | 632 | 75 | 591 | 74 |
| Finland | 538 | 66 | 592 | 65 |
| United States | 378 | 51 | 522 | 51 |
| United Kingdom | 349 | 67 | 353 | 65 |
| Poland | 281 | 57 | 266 | 42 |
| Estonia | 210 | 69 | 203 | 73 |
| Norway | 130 | 62 | 133 | 61 |
| Lithuania | 125 | 70 | 128 | 70 |
| Slovenia | 103 | 68 | 104 | 67 |
| France | 56 | 50 | 59 | 54 |
| Australia | 14 | 79 | 32 | 81 |
| Croatia | 14 | 43 | 6 | 33 |
| Malta | 13 | 30 | 83 | 30 |
| China | 3 | 67 | 3 | 67 |
| Luxembourg | 3 | 33 | 3 | 33 |
| Austria | 1 | 0 | 9 | 22 |
| **Subsidiaries** | **8,681** | **53** | **8,298** | **54** |
| **Group** | **8,727** | **53** | **8,343** | **54** |

| Board members and senior executives | Dec. 31, 2018 Number of employees | Dec. 31, 2018 of whom women, % | Dec. 31, 2017 Number of employees | Dec. 31, 2017 of whom women, % |
|---|---|---|---|---|
| **Bonnier AB** | | | | |
| Board members | 4 | 25 | 10 | 30 |
| CEO and other senior executives | 6 | 17 | 11 | 18 |
| **Group total** | | | | |
| Board members | 660 | 22 | 664 | 25 |
| CEO and other senior executives | 461 | 34 | 479 | 37 |

**Wages, salaries, other remuneration and social security costs**

| | 2018 | | | | 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| SEK million | Wages/salaries and other remuneration | Social security costs | Special payroll tax and tax return on pension | Pension costs | Wages/salaries and other remuneration | Social security costs | Special payroll tax and tax return on pension | Pension costs |
| **Bonnier AB** | 69 | 22 | 7 | 19 | 70 | 22 | 5 | 14 |
| Subsidiaries | 4,999 | 1,114 | 27 | 238 | 4,665 | 1,012 | 81 | 443 |
| **Group total** | **5,068** | **1,136** | **33** | **257** | **4,735** | **1,035** | **85** | **457** |

**Remuneration to Board members, CEO, and other employees**

| | 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|
| SEK million | Board members and CEO [2] | Of which variable salaries | Other employees | Board members and CEO | Of which variable salaries | Other employees |
| **Bonnier AB** [1] | 10 | 1 | 59 | 13 | 4 | 57 |
| Subsidiaries | 212 | 46 | 4,787 | 210 | 45 | 4,455 |
| **Group total** | **222** | **47** | **4,846** | **223** | **49** | **4,512** |

[1] The composition of the Board of Directors changed considerably during 2018. Total remuneration to the Board of Directors and CEO includes remuneration to the present and former Board of Directors and CEO.

[2] For information regarding restructuring costs relating to the CEO of Bonnier AB, see Note 7.

## NOTE 6 **cont.**

*Severance pay and term of notice*

The period of notice for the CEO is 12 months when initiated by both the company and the CEO. No severance pay is paid. For other senior executives, the period of notice varies, mainly between 6 and 12 months. The term of notice is regulated by agreements and, in addition, there are severance pay agreements in some cases.

*Pensions*

The retirement age for the CEO is 65 years and the pension premiums shall amount to 30% of pensionable salary. Pensionable salary means base salary. For other senior executives, the retirement age varies between 60 and 65 years.

The Parent Company's pension costs for present and former Boards of Directors and CEOs amount to SEK 0.9 million (3.1). The Parent Company's pension commitments to these individuals amounts to SEK 85.9 million (89.7).

The Group's pension costs for the Board of Directors and CEOs amount to SEK 17 million (26). The Group's pension commitments to these individuals amount to SEK 167 million (199).

During the year, pension amounts were adjusted and frozen; see also Note 27.

## NOTE 7 **Restructuring cost**

| SEK million | 2018 | 2017 |
|---|---|---|
| Restructuring costs, employees | 114 | 124 |
| Restructuring costs, other | 92 | 32 |
| **Total** | **205** | **156** |

The restructuring costs related to personnel in 2018 were SEK 38 million attributable to the Parent Company Bonnier AB, including SEK 7 million in salaries and other remuneration and SEK 2 million in pensions for the company's former CEO.

## NOTE 8 **Lease agreements**

### Operational lease agreements

**Operational lease agreements, costs for the year**

| SEK million | 2018 | 2017 |
|---|---|---|
| Minimum lease fees | 767 | 702 |
| **Total** | **767** | **702** |

The lease contracts mainly refer to rental of premises.

As at the balance sheet date, there were outstanding commitments in the form of minimum leasing fees under non-cancellable operating lease contracts, with maturity dates as follows:

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Within 1 year | 562 | 604 |
| Between 1-5 years | 1,324 | 1,418 |
| More than 5 years | 570 | 424 |
| **Total** | **2,457** | **2,446** |

## NOTE 9 Fees to auditors

| SEK million | 2018 | 2017 |
|---|---|---|
| **PricewaterhouseCoopers** | | |
| Audit assignment | 26 | 21 |
| Audit-related activities in addition to audit assignment | 2 | 1 |
| Tax advice | 0 | 1 |
| Other services | 10 | 10 |
| | | |
| **Other auditors** | | |
| Audit assignment | 3 | 3 |
| Audit-related activities in addition to audit assignment | 0 | 0 |
| Tax advice | 3 | 2 |
| Other services | 0 | 0 |
| **Total** | **44** | **39** |

## NOTE 10 Profit or loss from participations in associated companies and joint ventures

| | Operating profit or loss | | Net financials | | Tax | | Total | |
|---|---|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| **Associated companies** | | | | | | | | |
| Borås Tidning Tryckeri AB | 5 | 7 | 0 | 0 | -1 | -2 | 4 | 5 |
| Other | 43 | 17 | 0 | 0 | -7 | -8 | 35 | 9 |
| | **48** | **24** | **0** | **0** | **-9** | **-9** | **39** | **15** |
| | | | | | | | | |
| **Joint ventures** | | | | | | | | |
| Cappelen Damm Holding AS | -25 | 46 | -5 | -7 | 8 | -11 | -23 | 29 |
| | **-25** | **46** | **-5** | **-7** | **8** | **-11** | **-23** | **29** |
| | | | | | | | | |
| **Total associated companies and joint ventures** | **22** | **71** | **-5** | **-7** | **-1** | **-20** | **16** | **44** |

## NOTE 11 Items related to acquisitions, divestments and close-downs together with amortization/impairment losses of group excess values

| SEK million | 2018 | 2017 |
|---|---|---|
| Capital gains on divestments and close-downs of operations | 226 | 23 |
| Capital losses on divestments and close-downs of operations | -196 | - |
| Transaction costs on acquisitions | -2 | -4 |
| Change of future consideration | 1 | 36 |
| Restructuring costs attributable to acquisitions and divestments | - | -16 |
| Impairment losses of operations during close-downs [1] | -112 | -372 |
| Depreciation, amortization and impairment losses of group excess values | -18 | -122 |
| Impairment losses of goodwill [2] | -853 | -1,627 |
| Other | -94 | 33 |
| **Total** | **-1,049** | **-2,049** |

[1] In 2017, impairment losses were made attributable to the Group's operations in Australia and France within the business area Books. The impairment losses amount to SEK 372 million and were mainly attributable to inventory. The impairment losses were mainly due to the fact that the operations in Australia and France are under the process of close-down. In 2018 additional impairment losses were made, mainly in Australia.

[2] For information about impairment losses of goodwill, see Note 14, Intangible assets.

## NOTE 12 Financial income and expenses

| SEK million | 2018 | 2017 |
|---|---|---|
| Interest income on assets measured at amortized cost | 13 | 12 |
| **Interest income** | **13** | **12** |
| | | |
| Interest expenses on financial liabilities measured at amortized cost | -69 | -77 |
| Interest expenses on derivatives designated as hedging instruments | -51 | -62 |
| Interest expenses on pensions, net | -66 | -63 |
| **Interest expenses** | **-186** | **-202** |
| **Net interest income/expenses** | **-173** | **-190** |
| | | |
| Derivatives, non-hedge accounting, changes in fair value | -15 | 18 |
| Ineffective cash flow hedges | 0 | -2 |
| Gains/losses on equity instruments measured at fair value through the income statement | 58 | - |
| Impairment losses on financial assets | - | -11 |
| Other | -22 | -21 |
| **Other financial income and expenses** | **21** | **-15** |
| **Net financial income/expenses from participations in associated companies and joint ventures** | **-5** | **-7** |
| | | |
| **Net financial income/expenses** | **-157** | **-212** |

## NOTE 13 **Tax**

| SEK million | 2018 | 2017 |
|---|---|---|
| **Current tax** | | |
| Current tax on profit/loss for the year | -101 | -97 |
| Adjustment of current taxes for previous years | -4 | -6 |
| **Total current tax** | **-105** | **-104** |
| | | |
| **Deferred tax** | | |
| Deferred tax attributable to the year's temporary differences | -73 | -79 |
| Deferred tax on the year's capitalized loss carry-forward | 6 | 51 |
| Deferred tax from revaluation of deferred tax assets | -174 | -11 |
| Deferred tax on used loss carry-forward | -115 | -150 |
| Deferred tax attributable to changes in tax rates | -28 | -56 |
| Deferred tax referring to previous year's temporary differences | - | -235 |
| **Total deferred tax** | **-384** | **-480** |
| Share of joint ventures and associated companies' tax | -1 | -20 |
| **Total tax** | **-490** | **-604** |

**Reconciliation of tax expense**

| SEK million | 2018 | 2017 |
|---|---|---|
| Profit/loss before tax | -382 | -1,635 |
| Reversal of capital gains | -30 | -23 |
| Reversal of profit or loss from participations in associated companies and joint ventures | -17 | -64 |
| Non-taxable income | -885 | -196 |
| Non-deductible expenses | 1,469 | 2,216 |
| **Taxable profit/loss** | **155** | **298** |
| | | |
| Income tax calculated according to the Swedish tax rate (22%) | -34 | -66 |
| Difference in tax rates in foreign subsidiaries | 25 | -20 |
| Utilization of previously non-reported loss carry-forwards | 18 | 2 |
| Revaluation due to changes of tax rate | -28 | -56 |
| Deferred tax arising from revaluation of tax loss carry-forwards | -174 | -11 |
| Increase in tax loss carry-forwards without corresponding utilization of deferred tax | -141 | - |
| Other | -150 | -193 |
| Total | **-484** | **-343** |
| | | |
| Adjustments reported in the current year relating to prior years' taxes | -4 | -241 |
| Tax related to associated companies and joint ventures | -1 | -20 |
| **Recognized tax expense** | **-490** | **-604** |

**Tax related to components of other comprehensive income**

| SEK million | 2018 | 2017 |
|---|---|---|
| **Deferred tax** | | |
| Revaluation of defined benefit pension plans | 35 | 31 |
| Cash flow hedges | -10 | -5 |
| **Total tax recognized directly in other comprehensive income** | **24** | **26** |

**Deferred tax assets**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Intangible assets | 16 | 28 |
| Property, plant and equipment | 81 | 84 |
| Inventories | 2 | 9 |
| Account receivables and other receivables | 7 | 5 |
| Pension obligations | 295 | 337 |
| Other provisions | 46 | 48 |
| Derivatives | 2 | 2 |
| Account payables and other liabilities | 47 | 44 |
| Loss carry-forward | 678 | 1,008 |
| Offset | -15 | -1 |
| **Carrying amount** | **1,159** | **1,565** |

**Deferred tax liabilities**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Intangible assets | 190 | 221 |
| Inventories | 3 | 3 |
| Account receivables and other receivables | - | 1 |
| Other provisions | 1 | - |
| Untaxed reserves | 81 | 88 |
| Offset | -15 | -1 |
| **Carrying amount** | **260** | **312** |
| | | |
| **Deferred tax assets/tax liabilities, net** | **899** | **1,253** |

### Tax loss carry-forward

Deferred tax assets related to tax loss carry-forwards are recognized to the extent that it is probable that these amounts can be utilized against future taxable profit before tax loss carry-forwards are expired.

As of December 31, 2018, tax loss carry-forwards amounted to SEK 2,883 million (4,316) and relate to countries with indefinite periods of use, above all in Sweden, Luxembourg and the U.K. The tax effect of the tax loss carry-forwards is recognized as an asset.

In 2018, deferred tax relating to utilized deficits of SEK 227 million was divested. In 2017, deferred tax of SEK 55 million relating to utilized deficits was written off, as there was uncertainly about the extent to which such deficits could be utilized before the right to utilize the deductions expired. In 2017, an amount of SEK 225 million, relating to a deferred tax asset arising from temporary differences, was also written off.

In addition to deferred tax assets relating to deficits reported, there are substantial tax loss carry-forwards that have not been valued.

## NOTE 14 **Intangible assets**

| | Goodwill | | Film and program rights | | Other intangible assets | | Total | |
|---|---|---|---|---|---|---|---|---|
| SEK million | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** |
| **Cost** | | | | | | | | |
| Opening balance | 9,465 | 9,003 | 3,750 | 4,581 | 2,900 | 2,671 | 16,115 | 16,255 |
| Adjustment for changed accounting policy [1] | - | - | -46 | - | - | - | -46 | - |
| Adjusted opening balance [1] | 9,465 | 9,003 | 3,703 | 4,581 | 2,900 | 2,671 | 16,069 | 16,255 |
| Investments | 58 | 603 | 4,175 | 3,545 | 369 | 428 | 4,602 | 4,576 |
| Sales and disposals | -224 | - | -3,920 | -4,502 | -34 | -220 | -4,178 | -4,722 |
| Acquisitions and divestments of companies | | | 3 | - | -139 | 12 | -136 | 12 |
| Reclassifications | - | - | 1,908 | 55 | 70 | 16 | 1,978 | 71 |
| Translation differences | 276 | -140 | 124 | 71 | 68 | -7 | 468 | -76 |
| **Closing balance[1]** | **9,575** | **9,465** | **5,994** | **3,750** | **3,235** | **2,900** | **18,804** | **16,115** |
| | | | | | | | | |
| **Amortization** | | | | | | | | |
| Opening balance | | | -1,582 | -2,626 | -1,430 | -1,279 | -3,012 | -3,905 |
| Adjustment for changed accounting policy [1] | | | 39 | - | - | - | 39 | - |
| Adjusted opening balance [1] | | | -1,542 | -2,626 | -1,430 | -1,279 | -2,972 | -3,905 |
| Sales and disposals | | | 3,917 | 4,502 | 29 | 188 | 3,945 | 4,690 |
| Acquisitions and divestments of companies | | | - | - | 41 | -3 | 41 | -3 |
| Amortization for the year | | | -3,881 | -3,405 | -366 | -348 | -4,247 | -3,753 |
| Reclassifications | | | -1,675 | - | -19 | 7 | -1,693 | 7 |
| Translation differences | | | -97 | -53 | -40 | 5 | -137 | -48 |
| **Closing balance** | | | **-3,279** | **-1,582** | **-1,784** | **-1,430** | **-5,063** | **-3,012** |
| | | | | | | | | |
| **Impairment** | | | | | | | | |
| Opening balance | -1,785 | -175 | 0 | 0 | -141 | -33 | -1,927 | -208 |
| Sales and disposals | 103 | - | - | - | 0 | 31 | 103 | 31 |
| Acquisitions and divestments of companies | | | - | - | 3 | -1 | 3 | -1 |
| Impairment losses for the year and reversed impairments | -853 | -1,627 | - | - | -24 | -138 | -877 | -1,765 |
| Reclassifications | -38 | - | - | - | 1 | - | -37 | - |
| Translation differences | -154 | 16 | - | - | -7 | 0 | -161 | 16 |
| **Closing balance** | **-2,728** | **-1,785** | **0** | **0** | **-169** | **-141** | **2,897** | **-1,927** |
| | | | | | | | | |
| **Carrying amount, December 31** | **6,847** | **7,680** | **2,715** | **2,168** | **1,282** | **1,328** | **10,844** | **11,176** |

The Group's contractual commitments regarding future payments for contractual rights amounted to SEK 7,552 million (8,435) as of December 31, 2018. The carrying amount of intangible assets with indefinite useful lives, excluding goodwill, amounted to SEK 390 million (421). These assets in the form of trademarks have a strong position in each of their markets and the cash flows are not expected to change within the forseeable future. Film and program rights include advance payments of SEK 1,070 million (1,236).

### Impairment test

Goodwill and other intangible assets with indefinite useful lives acquired in a business combination is allocated to each cash-generating unit of the Group expected to benefit from the acquisition. Goodwill has been allocated as follows:

| | Goodwill | |
|---|---|---|
| **Business area** | **Dec. 31, 2018** | **Dec. 31, 2017** |
| Books [2] | 642 | 1,016 |
| E-commerce [2] | 203 | - |
| Broadcasting | 4,720 | 4,673 |
| Film Studios [2] | 19 | - |
| Growth Media [2] | - | 27 |
| Ventures [2] | 0 | - |
| Magazines | 381 | 899 |
| Business to Business [3] | 448 | 519 |
| News [3] | 434 | 545 |
| **Carrying amount** | **6,847** | **7,680** |

| | Trademark | |
|---|---|---|
| **Business area** | **Dec. 31, 2018** | **Dec. 31, 2017** |
| Broadcasting | 350 | 350 |
| Growth Media [2] | - | 71 |
| Film Studios [2] | 40 | - |
| **Carrying amount** | **390** | **421** |

The recoverable value for a cash-generating unit at impairment testing of goodwill and other intangible assets with indefinite useful lives are determined based on a value-in-use. The calculation which uses cash flow projections based on financial budgets approved by management covering a 5-year period. The key assump-

[1] Adjusted to reflect the impact of changed accounting policy for financial instruments. For further information, see Note 2.

[2] As of January 1, 2018, the Group consists of eight business areas. E-commerce was formerly part of Books and the former Growth Media has been split into Film Studios and Ventures.

[3] In 2017, goodwill was transferred from Business to Business to News attributable to a transfer between the business areas.

## NOTE 14 **Cont.**

tions used in the assessment of future cash-flow relate to sales growth, operating margin and discount rate. The estimated growth rate is based on forecasts in the industry. The forecasted operating margin has been based on past performance and management's expectations of market development. The discount rate of 9% (8) after taxes reflects specific risks related to the asset and market assessments of the time value of money. In some cases, a higher or lower discount rate may be used depending on the circumstances such as, for example, the market in the country. For cash-flows beyond the 5-year period, a growth rate amounting to 2% (1) is applied, which agrees with the Group's long-term assumptions regarding inflation and the long-term growth in the market.

During 2018 goodwill has been written off, mostly related to the business areas Magazines and Books. For Magazines the write off amounts to SEK 556 million and for Books to SEK 151 million. The main reason for the impairments at Magazines is restructuring of the business area. The impairment at Books arises from changes in market conditions. On December 31, 2018, the recoverable amount, which is based on the value in use, for Magazines was SEK 381 million and for Books SEK 642 million.

The sensitivity analysis for the business areas Books and Broadcasting, whose goodwill constitutes the greater part of the goodwill in the Group, shows that the recoverable amount is justified based on an assumption of no growth or an average decrease in the discount rate of 6%.

For other goodwill and trademarks with indefinite useful life, based on the assumptions presented, the value in use exceeds the carrying amount. Reasonable changes in the presented assumptions would not result in any impairment.

## NOTE 15 **Property, plant and equipment**

| | Buildings and land | | Plants and machinery | | Equipment, tools, fixtures and fittings | | Construction in progress and advances | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK million | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** |
| **Cost** | | | | | | | | | | |
| Opening balance | 298 | 48 | 2,499 | 2,642 | 1,131 | 1,152 | 19 | 25 | 3,948 | 3,867 |
| Investments | 26 | 21 | 9 | 18 | 110 | 102 | 11 | 26 | 155 | 166 |
| Sales and disposals | -56 | -4 | -2 | 0 | -115 | -69 | - | 0 | -173 | -74 |
| Acquisitions and divestments of companies | -9 | 0 | -9 | 0 | -24 | 3 | -1 | - | -42 | 3 |
| Reclassifications | 10 | 232 | 0 | -169 | -75 | -52 | -17 | -32 | -83 | -20 |
| Translation differences | 13 | 1 | 11 | 9 | 26 | -4 | 0 | 0 | 50 | 5 |
| **Closing balance** | **282** | **298** | **2,508** | **2,499** | **1,053** | **1,131** | **13** | **19** | **3,855** | **3,948** |
| **Depreciation** | | | | | | | | | | |
| Opening balance | -192 | -20 | -1,616 | -1,639 | -827 | -846 | | | -2,635 | -2,505 |
| Sales and disposals | 56 | 4 | 2 | 0 | 94 | 61 | | | 151 | 66 |
| Acquisitions and divestments of companies | 1 | 0 | 6 | 0 | 12 | -2 | | | 19 | -2 |
| Depreciation for the year | -28 | -26 | -36 | -50 | -102 | -106 | | | -167 | -183 |
| Reclassifications | -8 | -149 | 7 | 80 | 21 | 62 | | | 20 | -7 |
| Translation differences | -9 | 0 | -12 | -8 | -18 | 3 | | | -39 | -5 |
| **Closing balance** | **-180** | **-192** | **-1,650** | **-1,616** | **-820** | **-827** | | | **-2,650** | **-2,635** |
| **Impairment** | | | | | | | | | | |
| Opening balance | 0 | 0 | -769 | -769 | -19 | -9 | 0 | 0 | -788 | -777 |
| Sales and disposals | 0 | - | - | 0 | 16 | 5 | - | - | 16 | 5 |
| Acquisitions and divestments of companies | - | - | - | - | - | - | - | - | - | 0 |
| Impairment losses for the year | -1 | - | -26 | - | -9 | -16 | - | - | -36 | -16 |
| Reclassifications | - | - | -57 | - | - | - | - | - | -57 | - |
| Translation differences | 0 | - | 0 | - | -1 | 1 | - | - | -1 | 1 |
| **Closing balance** | **-1** | **0** | **-852** | **-769** | **-14** | **-19** | **0** | **0** | **-866** | **-788** |
| **Carrying amount December 31** | **101** | **106** | **7** | **114** | **219** | **284** | **13** | **19** | **339** | **524** |

## NOTE 16 **Business combinations and divestments**

### Business combinations

In 2018, the Bonnier AB Group acquired a number of minor business combinations. The acquisitions correspond to net assets of SEK 6 million (157). Acquisition-related costs amounting to SEK 2 million (4) are recognized as "Items related to acquisitions, divestments and close-downs together with amortization/impairment losses of group excess values" in the income statement.

The acquisition calculations are preliminary and subject for final adjustment occuring within one year after the acquisition date.

**The Carrying amount of net assets acquired**

| SEK million | 2018 | 2017 |
|---|---|---|
| Non-current assets | 5 | 23 |
| Interest-bearing current assets | 10 | 102 |
| Interest-bearing non-current liabilities | -11 | -4 |
| Non-interest-bearing non-current liabilities | -5 | -3 |
| Interest-bearing current liabilities | 0 | -11 |
| Non-interest-bearing operating capital, net | 7 | 57 |
| Deferred tax liabilities | 0 | -8 |
| **Net assets acquired** | **6** | **157** |
| Non-controlling interests | - | -8 |
| Goodwill | 58 | 603 |
| Fair value on previously owned share | 0 | -26 |
| **Total consideration** | **64** | **726** |
| | | |
| Consideration paid in cash | -58 | -608 |
| Paid in cash, contingent considerations | -37 | -36 |
| Paid in cash for put options and step acquisitions | -191 | -9 |
| Less cash and cash equivalent balances acquired | 10 | 103 |
| **Net cash flow** | **-276** | **-550** |
| | | |
| Net debt items, excluding cash and cash equivalents, and contingent consideration and put options | -10 | -13 |
| Transaction costs | -2 | -4 |
| Changes in contingent consideration and put options | 258 | -75 |
| **Net debt effect** | **-30** | **-641** |

*Impact of acquisitions on the profit or loss of the Group*

The Group's revenues for the year include SEK 22 million (287) attributable to business combinations in 2018, and these acquisitions have contributed SEK -12 million (-4) to the Group's profit or loss. If the acquisitions had been made on January 1, 2018, the Group's revenues would have amounted to SEK 26,695 million (25,969) and the Group's profit or loss to SEK -874 million (-2,247).

### Divestments of subsidiaries/businesses

During 2018, the Bonnier Group made a number of minor divestments of subsidiaries/businesses. The divestments generated a capital gain of SEK 1 million and the divestment of assets during the year led to a tax expense of SEK 177 million. The net effect on debt of these divestments was SEK 265 million.

## NOTE 17 **Participations in associated companies and joint ventures**

| | Associated companies | | Joint ventures | | Total | |
|---|---|---|---|---|---|---|
| SEK million | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** |
| Carrying amount, opening balance | 285 | 302 | 265 | 250 | 550 | 552 |
| Profit/loss before tax | 48 | 24 | -30 | 40 | 17 | 64 |
| Tax | -9 | -9 | 8 | -11 | -1 | -20 |
| Other comprehensive income | -2 | 0 | 8 | -14 | 6 | -14 |
| Dividends | -25 | -20 | - | - | -25 | -20 |
| Acquisitions | 20 | 52 | - | - | 20 | 52 |
| Divestments | -72 | -14 | - | - | -72 | -14 |
| Reclassifications | -5 | -49 | 0 | 0 | -5 | -49 |
| Other | - | 0 | - | - | 0 | 0 |
| **Carrying amount, closing balance** | **240** | **285** | **250** | **265** | **490** | **550** |

**Participations in associated companies**

| | Dec. 31, 2018 Ownership | Dec. 31, 2017 Ownership | Dec. 31, 2018 Carrying amount | Dec. 31, 2017 Carrying amount |
|---|---|---|---|---|
| Borås Tidning Tryckeri AB, Sweden | 50% | 50% | 28 | 33 |
| Other associated companies | | | 212 | 252 |
| **Participations in associated companies** | | | **240** | **285** |

**The Group's share of net assets in significant associated companies**

| SEK million | Dec. 31, 2018 Borås Tidning Tryckeri AB | Dec. 31, 2017 Borås Tidning Tryckeri AB |
|---|---|---|
| Non-current assets | 6 | 10 |
| Current assets | 81 | 86 |
| Non-current and current liabilities | -31 | -31 |
| **Net assets (100%)** | **57** | **65** |
| Ownership | 50% | 50% |
| **The Group's share of net assets** | **28** | **33** |

**The Group's share of profit or loss in significant associated companies**

| SEK million | 2018 Borås Tidning Tryckeri AB | 2017 Borås Tidning Tryckeri AB |
|---|---|---|
| Revenues | 135 | 137 |
| Amortization and depreciation | -4 | -5 |
| Interest income | 0 | 0 |
| Interest expenses | 0 | 0 |
| Tax | -3 | -3 |
| Profit or loss for the year | 8 | 10 |
| Other comprehensive income | - | - |
| **Total comprehensive income for the year (100%)** | **8** | **10** |
| Ownership | 50% | 50% |
| **The Group's share of total comprehensive income for the year** | **4** | **5** |
| Dividends received | 8 | 4 |

The financial information in respect of the associated companies represents the amounts shown in the associated companies' financial statements.

## NOTE 17 **Cont.**

| **Participations in joint ventures** | **Dec. 31, 2018 Ownership** | **Dec. 31, 2017 Ownership** | **Dec. 31, 2018 Carrying amount** | **Dec. 31, 2017 Carrying amount** |
|---|---|---|---|---|
| Cappelen Damm Holding AS, Norway | 50% | 50% | 250 | 265 |
| **Participations in joint ventures** | | | **250** | **265** |

The operations in Cappelen Damm Holding AS include bookstores, book clubs, distribution and publishing in Norway. The business is equally owned by Bonnier AB and Egmont Media Group.

| **The Group's share of net assets in significant joint ventures**<br>SEK million | **Dec. 31, 2018**<br>**Cappelen Damm Holding AS** | **Dec. 31, 2017**<br>**Cappelen Damm Holding AS** |
|---|---|---|
| Current assets | 630 | 653 |
| Non-current assets | 764 | 718 |
| Current liabilities | 669 | 625 |
| Non-current liabilities | 64 | 65 |
| **Net assets (100%)** | **660** | **682** |
| Ownership | 50% | 50% |
| **The Group's share of net assets** | **330** | **341** |

| **The Group's share of profit in significant joint ventures**<br>SEK million | **2018**<br>**Cappelen Damm Holding AS** | **2017**<br>**Cappelen Damm Holding AS** |
|---|---|---|
| Revenues | 1,624 | 1,627 |
| Amortization and depreciation | -43 | -37 |
| Interest income | 1 | 1 |
| Interest expenses | -11 | -14 |
| Tax | 15 | -21 |
| Profit or loss for the year | -46 | 59 |
| | | |
| Other comprehensive income | - | - |
| **Total comprehensive income for the year (100%)** | **-46** | **59** |
| Ownership | 50% | 50% |
| **The Group's share of total comprehensive income for the year** | **-23** | **29** |
| | | |
| Dividends received | - | - |

The financial information in respect of the joint ventures represents the amounts shown in the respective joint venture's financial statements. Joint ventures apply IFRS in their reporting to the Group.

## NOTE 18 Other long-term investments

| SEK million | 2018 | 2017 |
|---|---|---|
| **Cost** | | |
| Opening balance | 338 | 178 |
| Adjustment for changed accounting policy [1] | 54 | - |
| Investments | 121 | 91 |
| Divestments | -24 | 6 |
| Reclassification | 64 | 122 |
| Change in fair value [2] | 41 | - |
| **Closing balance** | **592** | **397** |
| | | |
| **Impairment** | | |
| Opening balance | | -42 |
| Impairment losses for the year | | -11 |
| Other | | -6 |
| **Closing balance** | | **-58** |
| | | |
| **Carrying amount** | **592** | **338** |

[1] Adjusted to reflect the impact of changed accounting policy for financial instruments. For further information, see Note 2.

[2] The change in fair value is recognized in the income statement under the heading Other financial income and expense.

## NOTE 19 Derivatives

| | Dec. 31, 2018 | | Dec. 31, 2017 | |
|---|---|---|---|---|
| SEK million | Nominal amount | Carrying amount | Nominal amount | Carrying amount |
| **Interest rate swaps** | | | | |
| -Liabilities | 1,800 | -65 | 2,200 | -109 |
| **Foreign exchange derivatives** | | | | |
| -Assets | 3,227 | 43 | 3,076 | 54 |
| -Liabilities | 729 | -7 | 262 | -9 |
| **Carrying amount, net** | | **-28** | | **-63** |

In the statement of financial position, the above derivative instruments have been classified as:

| | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Current assets | 43 | 54 |
| Non-current liabilities | -65 | -108 |
| Current liabilities | -7 | -9 |
| **Carrying amount, net** | **-28** | **-63** |

For more information regarding derivative instruments, see Note 4.

## NOTE 20 Long-term receivables

| SEK million | 2018 | 2017 |
|---|---|---|
| **Cost** | | |
| Opening balance | 107 | 73 |
| Investments | 5 | 38 |
| Divestments/amortization | -2 | -2 |
| Reclassification | -6 | -2 |
| Other | 2 | 1 |
| **Closing balance** | **105** | **107** |
| | | |
| **Impairment** | | |
| Opening balance | -26 | -26 |
| Other | 0 | 0 |
| **Closing balance** | **-26** | **-26** |
| | | |
| **Carrying amount** | **79** | **81** |

## NOTE 21 **Inventories**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Raw materials and consumables | 54 | 42 |
| Semi-finished goods | 280 | 280 |
| Finished goods | 463 | 426 |
| Goods for resale | 534 | 509 |
| Advance payments to suppliers | 439 | 565 |
| **Carrying amount** | **1,770** | **1,822** |

There was an impairment loss on inventory in Australia and France of SEK 372 million in 2017, see Note 11, "Items related to acquisitions, divestments and close-downs together with amortization/impairment losses of group excess values."

## NOTE 22 **Account receivables**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Account receivables, gross | 3,038 | 3,219 |
| Reserve for doubtful debt | -127 | -192 |
| Reserve for returned products | -280 | -229 |
| **Carrying amount** | **2,632** | **2,798** |

**Reserve for doubtful debt**

| SEK million | 2018 | 2017 |
|---|---|---|
| Reserve for doubtful debt, opening balance | 192 | 178 |
| Reported reserves for doubtful debt | 74 | 55 |
| Reversal of unutilized reserves | -25 | -16 |
| Utilized reserves | -46 | -25 |
| Reclassification | -74 | - |
| Translation differences | 6 | - |
| **Reserve for doubtful account receivables, closing balance** | **127** | **192** |

**Reserve for returned products**

| SEK million | 2018 | 2017 |
|---|---|---|
| Reserve for returned products, opening balance | 229 | 207 |
| Reserve for the year | 246 | 212 |
| Reversal for the year | -215 | -191 |
| Reclassification | 15 | - |
| Translation differences | 6 | - |
| **Reserve for returned products, closing balance** | **280** | **229** |

| **Age analysis** | **Dec. 31, 2018** | | | |
|---|---|---|---|---|
| SEK million | **Gross** | **Reserve for doubtful debt** | **Reserve for returned products** | **Account receivables** |
| Not overdue | 2,264 | -3 | -261 | 2,000 |
| Overdue 1-7 days | 317 | -15 | 0 | 302 |
| Overdue 8-30 days | 217 | -2 | -1 | 214 |
| Overdue 31-90 days | 103 | -12 | -1 | 90 |
| Overdue > 90 days | 138 | -95 | -17 | 26 |
| **Total** | **3,038** | **-127** | **-280** | **2,632** |

| **Age analysis** | **Dec. 31, 2017** | | | |
|---|---|---|---|---|
| SEK million | **Gross** | **Reserve for doubtful debt** | **Reserve for returned products** | **Account receivables** |
| Not overdue | 2,466 | -55 | -208 | 2,203 |
| Overdue 1-7 days | 203 | -13 | - | 190 |
| Overdue 8-30 days | 230 | -5 | -2 | 223 |
| Overdue 31-90 days | 144 | -16 | -1 | 128 |
| Overdue > 90 days | 175 | -103 | -18 | 54 |
| **Total** | **3,219** | **-192** | **-229** | **2,798** |

The Group's assessment is that payments will be received for account receivables which are due but which have not been written-down. These receivables refer to a large number of geographically dispersed customers.

Noninvoiced income amounts to SEK 729 million (627), which is included in non-interest-bearing "Prepaid expenses and accrued income" for a total of SEK 1,117 million (1,294).

## NOTE 23 Other short-term receivables

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| **Non-interest-bearing** | | |
| Receivables from Group companies | 0 | 1 |
| Receivables from associated companies | 3 | 5 |
| Receivables from joint ventures | 0 | 0 |
| Tax receivables | 139 | 115 |
| Other receivables | 211 | 188 |
| **Carrying amount, non-interest-bearing** | **353** | **308** |

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| **Interest-bearing** | | |
| Receivables from Group companies | - | - |
| Receivables from associated companies | 11 | - |
| Receivables from joint ventures | 128 | 125 |
| Other receivables | 162 | 179 |
| **Carrying amount, interest-bearing** | **301** | **304** |

## NOTE 24 Cash and cash equivalents

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Short-term investments | 0 | 0 |
| Cash and bank balances | 286 | 472 |
| **Carrying amount** | **286** | **472** |

### Credit facility

The Group has SEK 6,500 million (6,500) in committed credit facilities whereof SEK 400 million (0) is utilized. For more information, see Note 4 Financial risk management and financial instruments.

## NOTE 25 Equity

| Information regarding shares (quantity) | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Class A-shares | 5,228,296 | 5,228,296 |
| Class C-shares | 771,704 | 771,704 |
| **Total number of shares** | **6,000,000** | **6,000,000** |

The Parent Company's shares are divided into two classes, A and C. The shares grant the same rights, except that shares in Class A grant one vote per share while the shares in Class C grant 10 votes per share.

The quotient value is 50. Share capital amounts to SEK million 300 (300).

## NOT 25 Cont.

### Reserves

| SEK million | 2018 | 2017 |
|---|---|---|
| **Translation reserves** | | |
| Opening balance | 49 | -32 |
| Transferred to profit or loss | 6 | 0 |
| Translation differences for the year | -118 | 82 |
| Translation differences on participations in associated companies and joint ventures | 0 | 0 |
| **Closing balance** | **-63** | **49** |
| | | |
| **Hedging reserve** | | |
| Opening balance | -78 | -97 |
| Adjustment for changed accounting policy [1] | -5 | - |
| Opening balance after adjustment for changed accounting policy [1] | -83 | -97 |
| Transferred to intangible assets | - | 0 |
| Transferred to profit or loss | 0 | -26 |
| Change in value during the year | 43 | 50 |
| Translation differences for the year | 1 | - |
| Tax attributable to changes during the year | -10 | -5 |
| **Closing balance** | **-50** | **-78** |
| | | |
| **Carrying amount, December 31** | **-113** | **-29** |

[1] Adjusted to reflect the impact of changed accounting policy for financial instruments. For further information, see Note 2.

### Translation reserves

The translation reserves consist of all foreign translation differences arising on the translation of the foreign operations' financial statements.

### Hedging reserve

The hedging reserve consists of the effective portion of net changes in the fair value of certain instruments used for cash flow hedges.

### Non-controlling interests

| SEK million | 2018 | 2017 |
|---|---|---|
| Opening balance | 137 | 88 |
| Adjustment for changed accounting policy [1] | -3 | - |
| Opening balance after adjustment for changed accounting policy [1] | 134 | 88 |
| Share of profit or loss | 3 | 29 |
| Share of other comprehensive income for the year, net after tax | 1 | 5 |
| Dividends to non-controlling interests | -43 | -43 |
| Change in conjunction with acquisitions and divestments of non-controlling interests | 5 | 58 |
| **Closing balance** | **101** | **137** |

[1] Adjusted to reflect the impact of changed accounting policy for revenue. For further information, see Note 2.

The majority of the subsidiaries are wholly-owned by the Bonnier Group and are therefore controlled by the Bonnier Group.

Information about the Group's composition and shares of non-controlling interests is disclosed in the Parent Company's Note 25, Group Companies.

## NOTE 26 **Liabilities to credit institutions**

| (Amounts in SEK million unless otherwise stated) | Due | Confirmed facility and loans | Borrowed nominal amount | Currency | Interest rate type[1] | Dec. 31, 2018 Carrying amount | Dec. 31, 2017 Carrying amount |
|---|---|---|---|---|---|---|---|
| Bond loan | 2018 | 896 MSEK | 896 | SEK | Fixed | - | 896 |
| Bond loan | 2018 | 300 MSEK | 300 | SEK | Variable | - | 300 |
| Private placement | 2019 | 250 MSEK | 250 | SEK | Variable | 250 | 250 |
| Commercial paper | 2019 | | | SEK | Variable | 1,939 | 599 |
| Syndicated bank loan | 2021 | 6,500 MSEK | 400 | SEK | Variable | 400 | - |
| Private placement | 2021 | 250 MSEK | 250 | SEK | Variable | 250 | 250 |
| Private placement | 2023 | 250 MSEK | 250 | SEK | Variable | 250 | 250 |
| Private placement | 2025 [2] | 100 MEUR | 100 | EUR | Variable | 1,026 | 984 |
| Other bank loans | | | | | | 19 | 4 |
| Less short-term portion of long-term loans | | | | | | -2,271 | -2,045 |
| **Non-current liabilities to credit institutions, total** | | | | | | **1,863** | **1,488** |
| Short-term portion of long-term loans | | | | | | 2,271 | 2,045 |
| Short-term loans | | | | | | 37 | 12 |
| **Current liabilities to credit institutions, total** | | | | | | **2,038** | **2,057** |
| **Liabilities to credit institutions, total** | | | | | | **4,171** | **3,545** |

[1] Refers to the contractual interest rate prior to the interest rate swaps.

[2] The liability is amortized starting from year 2019, which has been taken into consideration in the maturity structure note 4.

The average interest rate for all loans is 1.37% (1.76). The fair value equals the carrying amount for all liabilities to credit institutions. See Note 4 for more information regarding the Group's exposure to interest rate risk.

## NOTE 27 **Pensions**

The Group's pension obligations include both defined contribution and defined benefit pension plans. Most of the Group's pension plans are defined contribution pension plans and these are used in Sweden and other countries. The defined benefit pension plans are primarily used in Sweden.

### Defined benefit pension plans

In Sweden, white collar workers born in or before 1978 are covered by ITP 2. Pension plans secured through policies issued by Alecta are reported as defined contribution plans and are described in the next section. Other ITP 2 plans are reported as defined benefit where the obligations remain within the Group or are secured through Group pension foundations. The ITP 2 plans cover retirement pension, disability pension and survivor's pension. The retirement pension within ITP 2 is defined benefit, and the benefit is based on the employee's final salary. The Group has settled three ITP 2 pension plans during the year. The Group has also frozen the remaining ITP 2 pension plans in PRI, for remaining active employees, and the Group has switched over to pay pension premiums to Alecta. The effect of the settlements and freezing is included in "Past service cost, previous year."

The ITP 2 plans are partly funded through foundations and are partly unfunded. The present value of the funded and unfunded obligations, and the present value of the plan assets, are summarized in this note.

The present value of the defined benefit obligation, the related current service costs, and past service costs have been calculated by external actuaries based on the Project Unit Credit Method.

**Reported liability for pension obligations**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Present value of funded obligations | 994 | 981 |
| Present value of unfunded obligations | 2,177 | 2,305 |
| **Total present value of defined pension obligations** | **3,170** | **3,287** |
| Fair value of plan assets | -531 | -569 |
| Less advance for pension insurance premiums | -41 | -40 |
| Less liabilities for special payroll tax included in other current liabilities[1] | -233 | -252 |
| **Reported liabilities for pension obligations** | **2,365** | **2,426** |

[1] Bonnier Group recognizes special payroll tax as an other current liability

**Expenses for defined benefit pension plans reported in the profit or loss for the year**

| SEK million | 2018 | 2017 |
|---|---|---|
| Current service costs | 13 | 62 |
| Past service costs | -240 | -5 |
| Net interest income/expenses | 66 | 63 |
| **Total** | **-162** | **120** |

## NOT 27 Cont.

Expenses related to service are recognized as "Personnel costs" in the consolidated income statement. Amounts exclude the costs for the defined benefit pension obligations financed by a policy with Alecta (see below).

**Expenses reported in other comprehensive income**

| SEK million | 2018 | 2017 |
|---|---|---|
| **Revaluations:** | | |
| Return on plan assets [1] | -24 | 14 |
| Actuarial gains and losses arising from changes in demographic assumptions | 0 | - |
| Actuarial gains and losses arising from changes in financial assumptions | -252 | -208 |
| Actuarial gains and losses arising from experience gains/losses | 26 | 28 |
| **Reported in other comprehensive income, total** | **-251** | **-166** |

[1] Excluding amounts included in net interest expenses

**Changes in obligations for defined benefit pension plans**

| SEK million | 2018 | 2017 |
|---|---|---|
| Obligations for defined benefit plans, opening balance | 3,287 | 3,109 |
| Current service costs, incl. special payroll tax | 13 | 62 |
| Net interest expense | 80 | 78 |
| Past service cost, previous year, and gains/losses from settlement | -240 | -5 |
| **Actuarial gains (-) and losses (+) relating to:** | | |
| Changes in demographic assumptions | 0 | - |
| Changes in financial assumptions | 252 | 208 |
| Gains/losses based on experience | -26 | -28 |
| Pension payments, incl. special payroll tax | -139 | -123 |
| Pension payments in correlation with settlement | -61 | - |
| Exchange rate differences | 4 | 3 |
| Other | 0 | -16 |
| **Obligations for defined benefit plans, closing balance** | **3,170** | **3,287** |

**Changes in plan assets' fair value**

| SEK million | 2018 | 2017 |
|---|---|---|
| Plan assets' fair value, opening balance | 569 | 569 |
| Net interest income | 15 | 15 |
| **Actuarial gains (-) and losses (+) relating to:** | | |
| Return on plan assets, excluding amounts included in net interest income | -24 | 14 |
| Pension payments | -29 | -29 |
| **Fair value of plan assets, closing balance** | **531** | **569** |

**Plan assets divided by class of assets**

| | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| (%) | Share | Share |
| Shares[1] | 39 | 40 |
| Interest-bearing securities[2] | 47 | 47 |
| Properties | - | 3 |
| Risk capital and hedge funds | 13 | 9 |
| Cash and cash equivalents | 1 | 1 |
| **Total** | **100** | **100** |

[1] Quoted prices in an active market are available for 100% (100) of the share portion.

[2] Quoted prices in an active market are available for 100% (100) of the interest-bearing securities portion.

**Assumptions applied in the actuarial calculations**

| (%) | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Discount rate | 2.45 | 2.62 |
| Future salary growth | 1.92-3.92 | 1.79-3.79 |
| Pension growth | 1.92 | 1.79 |
| Mortality assumptions used | DUS14 tjm | DUS14 tjm |
| Inflation | 1.92 | 1.79 |

*Sensitivity analysis*

The table below shows the manner in which possible changes in the actuarial assumptions at period end, with other assumptions unchanged, would affect the defined benefit pension obligations.

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Discount rate - increase of 1% | -537 | -572 |
| Discount rate - decrease of 1% | 714 | 752 |
| Inflation - increase of 0.5% | 354 | 390 |
| Inflation - decrease of 0.5% | -302 | -341 |

*Funding*

The weighted average maturity for the defined benefit obligation is 19 years. Expected pension payments for the upcoming year amount to SEK 94 million (91).

**Multi-employer defined benefit pension plan - Alecta plan**

For white collar workers in Sweden, the defined benefit pension obligation for combined retirement and family pension (or family pension) under ITP 2 is secured through a policy issued by Alecta. According to a statement by the Swedish Financial Reporting Board - UFR 10 Reporting for Pension Scheme ITP 2 that are financed through insurance with Alecta - this is a multi-employer plan.

For the 2018 financial year, the Company did not have access to information needed to report its proportional share of the plan's obligations, managed assets or costs, making it impossible to report the plan as a defined benefit plan. The ITP 2 pension plan that is secured through a policy issued by Alecta is accordingly reported as a defined contribution plan.

The premium for the defined benefit retirement and family pension is individually calculated and is dependent on salary, previously earned pensions and expected remaining working time. The expected premiums for the next reporting period for ITP 2 insurance with Alecta amounts to SEK 102 million (56). The Group's share of the total contributions to the plan and the Group's share of the total number of active members in the plan amounts to 0.60% (0.32) and 0.33% (0.36).

The collective consolidation level is the market value of Alecta's assets as a percentage of the insurance commitments, calculated according to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. Usually, the collective consolidation level may vary between 125% and 175%.

If Alecta's collective consolidation level is below 125% or above 175%, measures must be taken in order to create conditions for the consolidation level to return to normal. With low consolidation, one measure can be to increase the agreed price for new subscriptions and the expansion of existing benefits. In conjunction with high consolidation, one measure can be to introduce premium reductions. At the end of 2018, Alecta's surplus at the collective consolidation level amounted to 142% (154).

**Defined contribution pension plans**

The defined contribution pension plans are plans for which the Group has paid premiums to independent organizations which then assume the obligations towards the employees. Payments to defined contribution plans are continuous according to the plan rules. Defined contribution pension plans in Sweden are primarily for employees born 1979 or later who are linked to ITP 1. Pension plans in other countries are primarily defined contribution plans.

| SEK million | 2018 | 2017 |
|---|---|---|
| Expenses for defined contribution pension plans | 485 | 400 |

The ITP-plans financed in Alecta are also included in the defined contribution pension plans reported above.

## NOT 27 **Cont.**

Defined contribution pension pension plans covered by company-owned endowment policies amounts to SEK 161 million (141) at the end of the year. These have been reported net in the statement of financial position.

## NOTE 28 **Provisions**

| | Restructuring | | Other provisions | | Total | |
|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| **Opening balance** | 117 | 71 | 540 | 533 | 658 | 604 |
| Provisions during the year | 208 | 167 | 129 | 2 | 337 | 169 |
| Utilization during the year | -125 | -119 | -416 | -89 | -540 | -208 |
| Reversals during the year | -3 | 0 | - | -7 | -3 | -8 |
| Reclassification | - | - | -57 | 98 | -57 | 98 |
| Other, incl. acquisitions and divestments of operations | 1 | 0 | - | 3 | 1 | 3 |
| Translation differences | 1 | -1 | 1 | 1 | 2 | 0 |
| **Closing balance** | **200** | **117** | **197** | **540** | **398** | **658** |
| | | | | | | |
| *of which* | | | | | | |
| **Long-term provisions** | | | | | | |
| Interest-bearing | | | | | 42 | 93 |
| Non-interest-bearing | | | | | 59 | 38 |
| | | | | | | |
| **Short-term provisions** | | | | | | |
| Interest-bearing | | | | | 193 | 116 |
| Non-interest-bearing | | | | | 103 | 411 |
| **Closing balance** | | | | | **398** | **658** |

The restructuring costs refer to the business areas Broadcasting, Magazines, News och Other. The restructuring reserve will, for the most part, be utilized during 2019.

## NOTE 29 **Non-current liabilities, interest-bearing**

| | Contingent consideration | | Liabilities attributable to put options in non-controlling interests | | Total | |
|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| **Opening balance** | 107 | 77 | 276 | 227 | 383 | 304 |
| Additional | 6 | 105 | 0 | 12 | 6 | 117 |
| Settled | -36 | -36 | -185 | -6 | -221 | -42 |
| Changes in fair value | -5 | -39 | -43 | 38 | -49 | -1 |
| Translation differences | 1 | 0 | 13 | 5 | 14 | 5 |
| **Closing balance** | **72** | **107** | **61** | **276** | **133** | **383** |
| | | | | | | |
| Less short-term portion (Note 30) | -10 | -31 | 0 | -5 | -10 | -35 |
| **Other non-current liabilities, closing balance** | **62** | **76** | **61** | **271** | **123** | **347** |

Liabilities related to contingent consideration are recognized at fair value, and changes in fair value are recognized in the income statement on line items as “Items related to acquisitions, divestments and close-downs together with amortization/impairment losses of group excess values.”
Liabilities attributable to holdings of non-controlling put options are initially recognized at fair value. Changes in fair value are recognized in equity as “Change in value of options attributable to acquisitions of non-controlling interests,” except when the liabilities are linked to any wage and salary-related remunerations. Wage and salary-related remunerations are recognized in the income statement on line “Items related to acquisitions, divestments and close-downs together with amortization/impairment losses of group excess values.”

## NOTE 30 Other current liabilities

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| **Interest-bearing liabilities** | | |
| Liabilities to Group companies | 1,490 | 2,874 |
| Liabilities to associated companies | 48 | 6 |
| Contingent considerations and liabilities attributable to put options in non-controlling interests (Note 29) | 10 | 35 |
| **Carrying amount, interest-bearing** | **1,549** | **2,916** |

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| **Non-interest-bearing liabilities** | | |
| Liabilities to Group companies | 51 | 23 |
| Liabilities to associated companies | 21 | 34 |
| Personnel-related liabilities | 255 | 254 |
| Value added tax | 201 | 223 |
| Other liabilities | 177 | 155 |
| **Carrying amount, non-interest-bearing** | **705** | **688** |

## NOTE 31 Accrued expenses and deferred income

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| **Interest-bearing** | | |
| Accrued interest expenses | 22 | 39 |
| **Carrying amount** | **22** | **39** |

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| **Non-interest-bearing** | | |
| Personnel-related | 1,216 | 1,154 |
| Accrued royalties | 604 | 609 |
| Accrued distribution expenses | 113 | 96 |
| Accrued marketing expenses | 72 | 78 |
| Program rights | 40 | 128 |
| Deferred income | 328 | 466 |
| Other | 1,039 | 858 |
| **Carrying amount** | **3,413** | **3,388** |

## NOTE 32 Contract liability

| | 2018 | | |
|---|---|---|---|
| SEK million | Deferred income | Advances from customers | Subscription liabilities |
| **Opening balance** | **195** | **93** | **898** |
| Payments from customers | 356 | 76 | 2,030 |
| Revenue recognized | -205 | -67 | -2,051 |
| Acquisition of companies | 0 | - | 5 |
| Divested companies | 0 | -25 | - |
| Reclassifications | 3 | -7 | 1 |
| Translation differences | -21 | 2 | 24 |
| **Closing balance** | **328** | **72** | **906** |

## NOTE 33 Pledged assets and contingent liabilities

**Pledged assets**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Other pledged assets | 19 | 2 |
| **Total** | **19** | **2** |

**Contingent liabilities**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Guarentee commitments, FPG/PRI | 37 | 37 |
| Guarantee commitments to associated companies | 1 | 6 |
| Guarantees, other | 54 | 36 |
| **Total** | **92** | **79** |

## NOTE 34 Cash flow

**Adjustments for items in cash flow**

| SEK million | 2018 | 2017 |
|---|---|---|
| Depreciation, amortization and impairment losses | 4,434 | 3,956 |
| Profit or loss from participations in associated companies and joint ventures | -17 | -64 |
| Capital gains/losses | -48 | -23 |
| Impairment losses of goodwill | 853 | 1,627 |
| Depreciation, amortization and impairment losses of group excess values | 18 | 122 |
| Impairment losses of operations during close-downs | 112 | 372 |
| Acquisition and divestment related items | 64 | -65 |
| Change in fair value of equity instruments | -40 | - |
| Accrued interest | -11 | - |
| Translation differences | -407 | 189 |
| Dividends from participations in associated companies | 25 | 20 |
| Other | -144 | -1 |
| **Adjustments for items included in the cash flow** | **4,841** | **6,134** |

| SEK million | 2018 | 2017 |
|---|---|---|
| Paid interests | 110 | 128 |
| Received interests | 22 | 25 |

## NOTE 34 **Cont.**

**Change in liabilities within financing activities**

| SEK million | | Liabilities to credit institutions 2018 | Liabilities to credit institutions 2017 | Liabilities to Group companies 2018 | Liabilities to Group companies 2017 | Liabilities to associated companies 2018 | Liabilities to associated companies 2017 |
|---|---|---|---|---|---|---|---|
| | Opening balance | 3,545 | 4,950 | 2,874 | 614 | 6 | 7 |
| Cash items | Amortization of debt | -1,765 | -3,019 | -6 | - | - | -1 |
| | Borrowings | 2,339 | 1,585 | - | - | 42 | - |
| | Change in current financing | 0 | 2 | -1,379 | 2,260 | - | - |
| Non-cash items | Remitted debt | - | -5 | - | - | - | - |
| | Acquisitions of companies | 10 | 4 | - | - | - | - |
| | Translation differences | 42 | 27 | - | 0 | - | - |
| | Closing balance | **4,171** | **3,545** | **1,490** | **2,874** | **48** | **6** |

## NOTE 35 **Transactions with related parties**

Transactions between Bonnier AB and its subsidiaries have been eliminated in the consolidated financial statements and information about these transactions is, therefore, not disclosed in this Note. Remuneration to senior executives is disclosed in Note 6.

All transactions with related parties are performed on market conditions.

**Income**

| SEK million | 2018 | 2017 |
|---|---|---|
| Albert Bonnier AB | 1 | 1 |
| AB Boninvest | 0 | 0 |
| Bonnier Fastigheter AB, incl. subsidiaries | 2 | 3 |
| Bonnier Group AB (formerly Bonnier Holding AB) incl. subsidiaries | 4 | 7 |
| Associated companies | 35 | 90 |
| Joint ventures | 10 | 11 |
| **Total** | **52** | **111** |

**Expenses**

| SEK million | 2018 | 2017 |
|---|---|---|
| Bonnier Fastigheter AB, incl. subsidiaries | 136 | 145 |
| Bonnier Group AB (formerly Bonnier Holding AB) incl. subsidiaries | 24 | 24 |
| Associated companies | 457 | 469 |
| **Total** | **618** | **639** |

**Receivables from related parties**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Bonnier Fastigheter AB incl. subsidiaries | 0 | 1 |
| Bonnier Group AB (formerly Bonnier Holding AB) incl. subsidiaries | 0 | 0 |
| Associated companies | 46 | 36 |
| Joint ventures | 128 | 125 |
| **Carrying amount** | **174** | **162** |

**Liabilities to related parties**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Albert Bonnier AB | 7 | 7 |
| AB Boninvest | 150 | 207 |
| Bonnier Fastigheter AB, incl. subsidiaries | 2 | 195 |
| Bonnier Group AB (formerly Bonnier Holding AB) incl. subsidiaries | 1,383 | 2,488 |
| Associated companies | 69 | 40 |
| **Carrying amount** | **1,610** | **2,937** |

Bonnier Group AB (formerly Bonnier Holding AB) provides a guarantee for AB Bonnier Finans' credit facility (AB Bonnier Finans is a subsidiary of Bonnier AB), see Note 24.

## NOTE 36 **Events after balance sheet date**

At the beginning of February 2019, Bonnier and the Norwegian Amedia announced their acquisition of Mittmedia. Mittmedia's operations consist of 28 titles and local brands in central Sweden. The focus of the deal is to drive digital growth for high-quality and independent journalism. Bonnier will have 80% ownership and Amedia 20%. The acquisition was approved by the Swedish Competition Authority on March 26, 2019.

On January 1, 2019, Bonnier changed its operational structure to the effect that Bonnier AB's business areas will be run as independent companies in the Bonnier Group. These are Bonnier Books, Adlibris, Bonnier Broadcasting, SF Studios, Bonnier Ventures, Bonnier Corporation, Bonnier Publications and Bonnier News. The companies previously operating as E-Commerce and Film Studios were renamed Adlibris and SF Studios, respectively.

The Magazines business area was split into the U.S.-based Bonnier Corporation and the Copenhagen-based Bonnier Publications, while the Swedish magazine business was merged into Bonnier News. Business to Business was also merged into Bonnier News.

# The Parent Company's Income Statements

SEK million

| | Note | 2018 | 2017 |
|---|---|---|---|
| Net sales | 2,3 | 35 | 42 |
| **Total revenues** | | **35** | **42** |
| Other external costs | 3,4,5 | -372 | -271 |
| Personnel costs | 6 | -157 | -115 |
| Depreciation, amortization and impairment losses of intangible assets and property, plant and equipment | | -1 | -1 |
| **Operating loss** | | **-495** | **-344** |
| Profit or loss from shares in Group companies | 7 | -512 | -265 |
| Interest income and similar items | 8 | 1 | 2 |
| Interest expenses and similar items | 9 | -63 | -65 |
| **Profit/loss after financial items** | | **-1,070** | **-672** |
| Appropriations | 10 | 538 | 406 |
| **Profit/loss before tax** | | **-532** | **-266** |
| Tax | 11 | 0 | 0 |
| **PROFIT/LOSS FOR THE YEAR** | | **-532** | **-266** |

# The Parent Company's Statements of Comprehensive Income

SEK million

| | 2018 | 2017 |
|---|---|---|
| **Profit/loss for the year** | **-532** | **-266** |
| Other comprehensive income | - | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **-532** | **-266** |

# The Parent Company's Balance Sheets

SEK million

| | Note | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| | | | |
| **Non-current assets** | | | |
| **Intangible assets** | | | |
| Other intangible assets | 12 | 12 | - |
| **Property, plant and equipment** | | | |
| Equipment | 13 | 3 | 3 |
| **Financial assets** | | | |
| Shares in Group companies | 14, 25 | 19,570 | 19,570 |
| Deferred tax assets | 11 | 35 | 35 |
| Other long-term receivables | 15 | - | 28 |
| **Total non-current assets** | | **19,620** | **19,636** |
| | | | |
| **Current assets** | | | |
| **Short-term receivables** | | | |
| Receivables from Group companies | | 1,356 | 793 |
| Current tax assets | | 7 | 5 |
| Other receivables | | 20 | 22 |
| Prepaid expenses and accrued income | 16 | 11 | 9 |
| **Total current assets** | | **1,394** | **829** |
| | | | |
| **TOTAL ASSETS** | | **21,014** | **20,465** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| | | | |
| **Equity** | | | |
| *Restricted equity* | | | |
| Share capital | | 30 | 300 |
| Statutory reserves | | 92 | 92 |
| | | **392** | **392** |
| *Non-restricted equity* | | | |
| Retained earnings | | 17,926 | 17,192 |
| Profit/loss for the year | | -532 | -266 |
| | | **17,394** | **16,926** |
| | | | |
| **Total equity** | | **17,786** | **17,318** |
| | | | |
| **Untaxed reserves** | | | |
| | | **0** | **0** |
| **Provisions** | | | |
| Provisions for pensions and similar obligations | 17 | 180 | 178 |
| Other provisions | 18 | 77 | 37 |
| **Total provisions** | | **256** | **216** |
| | | | |
| **Non-current liabilities** | | | |
| Liabilities to credit institutions | 19 | - | 500 |
| **Total non-current liabilities** | 20 | **0** | **500** |
| | | | |
| **Current liabilities** | | | |
| Liabilities to credit institutions | 19 | - | 250 |
| Account payables | | 35 | 50 |
| Liabilities to Group companies | | 2,844 | 2,054 |
| Current tax liabilities | | 0 | 3 |
| Other liabilities | | 9 | 9 |
| Accrued expenses and deferred income | 21 | 83 | 65 |
| **Total current liabilities** | 20 | **2,972** | **2,431** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **21,014** | **20,465** |

# The Parent Company's Statements of Change in Equity

SEK million

| | Restricted equity | | Non-restricted equity | | |
|---|---|---|---|---|---|
| | Share capital | Statutory reserves | Retained earnings | Profit/loss for the year | Total equity |
| **Opening balance, Jan. 1, 2017** | **300** | **92** | **17,180** | **291** | **17,863** |
| **Comprehensive income** | | | | | |
| Profit/loss for the year[1)] | | | | -266 | -266 |
| **Total comprehensive income** | | | | **-266** | **-266** |
| Appropriation of profit | | | 291 | -291 | 0 |
| **Transactions with shareholders** | | | | | |
| Dividends | | | -280 | | -280 |
| **Total transactions with shareholders** | | | **-280** | | **-280** |
| **Closing balance, Dec. 31, 2017** | **300** | **92** | **17,192** | **-266** | **17,318** |
| | | | | | |
| **Opening balance, Jan. 1, 2018** | **300** | **92** | **17,192** | **-266** | **17,318** |
| **Comprehensive income** | | | | | |
| Profit/loss for the year[1)] | | | | -532 | -532 |
| **Total comprehensive income** | | | | **-532** | **-532** |
| Appropriation of profit | | | -266 | 266 | 0 |
| **Transactions with shareholders** | | | | | |
| Dividends | | | 1,000 | | 1,000 |
| **Total transactions with shareholders** | | | **1,000** | | **1,000** |
| **Closing balance, Dec. 31, 2018** | **300** | **92** | **17,926** | **-532** | **17,786** |

1) Profit/loss for the year corresponds with comprehensive income.

# The Parent Company's Cash Flow Statement

SEK million

| | Note | 2018 | 2017 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit/loss after financial items | | -1,070 | -672 |
| Adjustments for items in cash flow | 23 | 610 | 1,017 |
| Paid income tax | | - | - |
| **Cash flow from operating activities before change in working capital** | | **-460** | **345** |
| | | | |
| Change in other short-term receivables | | -429 | -388 |
| Change in account payables | | -15 | 15 |
| Change in other current liabilities | | -13 | 7 |
| **Cash flow from operating activities** | | **-917** | **-20** |
| | | | |
| **Investing activities** | | | |
| Divestments of shares in subsidiaries | | 10 | - |
| Acquisition and sales of non-current assets | | -13 | - |
| Shareholder contribution provided | | -451 | -13 |
| Amortization received | | - | 482 |
| **Cash flow from investing activities** | | **-454** | **470** |
| | | | |
| **Financing activities** | | | |
| Proceeds from borrowings | | 715 | - |
| Amortization of debt | | -750 | -536 |
| Dividends | | - | -280 |
| Shareholder's contribution recieved | | 1,000 | - |
| Group contributions | | 406 | 366 |
| **Cash flow from financing activities** | | **1,371** | **-449** |
| | | | |
| **CASH FLOW FOR THE YEAR** | | **0** | **0** |
| **Cash and cash equivalents at the beginning of the year** | | **-** | **-** |
| **Cash and cash equivalents at the end of the year** | | **-** | **-** |

| **Additional information to cash flow statement** | **2018** | **2017** |
|---|---|---|
| Dividends received | - | 755 |
| Interests received | 0 | 2 |
| Paid interests | 56 | 58 |

# Notes to the Parent Company's Financial Statements

## NOTE 1 Accounting policies

The Annual Accounts Act and RFR 2 Accounting for Legal Entities has been applied for the Parent Company. The accounting policies have not changed in comparison with previous year.

**Classification and layout**
The Parent Company's income statement and balance sheet are presented in accordance with the Swedish Annual Accounts Act's schedule. The difference compared to IAS 1 Presentation of Financial Statements mainly refer to the presentation of financial income and expenses, non-current assets, equity and provisions as a separate heading.

**Subsidiaries**
Shares in subsidiaries are accounted for at cost in the Parent Company's financial statement. Acquisition related costs for subsidiaries which are expensed in the consolidated financial statements are included as a part of the cost of shares in subsidiaries.

**Group contributions**
Group contributions are recognized according to the alternative rule which implies that both received and paid group contributions are recognized as an appropriation.

**Pensions**
The Parent Company follows the Pension Obligations Vesting Act since its is a prerequisite for tax deductibility. RFR 2's simplification rules for accounting of defined benefit plans apply.

**Lease agreements**
All lease agreements are recognized in accordance with the rules for operating lease agreements.

**Share capital**
For more information regarding share capital see note 25 Group companies.

**New and revised standards and interpretations but not yet effective and have not been adopted early by the Parent Company**
It is assessed that the RFR 2 – IFRS 16 regulations will not affect the accounting of leases, with respect to that leases could be expensed on a straight-line basis over the leasing period, due to the current tax rules.

Other new and revised IFRSs and interpretations not yet effective are not expected to have any significant impact on the Parent Company´s financial statements.

## NOTE 2 Net sales

**Net sales by geographic market**

| SEK million | 2018 | 2017 |
|---|---|---|
| Sweden | 30 | 40 |
| Other countries | 5 | 2 |
| **Total** | **35** | **42** |

## NOTE 3 Purchases and sales within the same Group

| | 2018 | 2017 |
|---|---|---|
| Purchases | 25.2% | 26.9% |
| Sales | 95.9% | 95.3% |

## NOTE 4 Lease agreements

**Lessee**
**Operational lease agreements costs for the year**

| SEK million | 2018 | 2017 |
|---|---|---|
| Minimum lease fees | 10 | 17 |
| **Total** | **10** | **17** |

The lease agreements mainly refer to the rental of premises.

On the balance sheet date, outstanding commitments in the form of minimum lease payments in accordance with non-terminable operating leases, had the following terms to maturity:

| SEK million | 2018 | 2017 |
|---|---|---|
| Within 1 year | 8 | 7 |
| Between 1-5 years | 86 | 16 |
| More than 5 years | 73 | - |
| **Total** | **166** | **24** |

## NOTE 5 Fees to auditors

| SEK million | 2018 | 2017 |
|---|---|---|
| **PricewaterhouseCoopers AB** | | |
| Audit assignment | 4 | 4 |
| Audit-related activities in addition to audit assignment | 0 | - |
| Tax advisory services | - | 0 |
| Other fees | 4 | 8 |
| **Total** | **8** | **12** |

## NOTE 6 Personnel

**Wages and salaries, other remuneration and social security costs**

| SEK million | 2018 | 2017 |
|---|---|---|
| Wages, salaries and remuneration | 96 | 70 |
| Social security costs | 28 | 22 |
| Special payroll tax and tax return on pension | 8 | 5 |
| Pension costs | 23 | 14 |
| **Total** | **154** | **111** |

Personnel costs include provision of SEK 38 million for restructuring costs.

See Group Note 6 for more information regarding average number of employees, salaries and remuneration and gender distribution of the Board of Directors and senior management.

## NOTE 7 Profit or loss from shares in Group companies

| SEK million | 2018 | 2017 |
|---|---|---|
| **Subsidiaries** | | |
| Dividends | - | 2,332 |
| Impairment losses | -522 | -2,598 |
| Profit or loss on divestment of shares in Group companies | 10 | 1 |
| **Total** | **-512** | **-265** |

## NOTE 8 Interest income and similar items

| SEK million | 2018 | 2017 |
|---|---|---|
| Interest income, Group companies | - | 2 |
| Other interest income | 0 | 0 |
| Exchange rate differences | 1 | - |
| **Total** | **1** | **2** |

All interest income refers to items that are not recognized at fair value through income statement.

## NOTE 9 **Interest expenses and similar items**

| SEK million | 2018 | 2017 |
|---|---|---|
| Interest expenses, Group companies | -53 | -45 |
| Other interest expenses | -10 | -21 |
| Exchange rate differences | - | 1 |
| **Total** | **-63** | **-65** |

All Interest expenses refers to items that are not recognized at fair value through income statement.

## NOTE 10 **Appropriations**

| SEK million | 2018 | 2017 |
|---|---|---|
| Group contributions received | 538 | 406 |
| **Total** | **538** | **406** |

## NOTE 11 **Tax**

| SEK million | 2018 | 2017 |
|---|---|---|
| **Current tax** | | |
| Current tax on profit or loss for the year | 0 | 0 |
| Adjustment for previous years | 0 | 0 |
| **Total current tax** | 0 | 0 |
| | | |
| **Deferred tax** | | |
| Deferred tax attributable to temporary differences | 1 | 0 |
| Deferred tax on tax loss carry-forwards | 2 | - |
| Deferred tax relating to change in tax rate | -2 | - |
| **Total deferred tax** | **0** | **0** |
| | | |
| **Total tax** | **0** | **0** |

**Reconciliation of effective tax**

| SEK million | 2018 | 2017 |
|---|---|---|
| Profit/loss before tax | -532 | -266 |
| | | |
| Income tax calculated according to the Swedish tax rate (22%) | 117 | 58 |
| *Tax effect of:* | | |
| -Non-deductible expenses | -117 | -572 |
| -Non-taxable income | 2 | 513 |
| Tax relating to income recognized in previous years | 0 | 0 |
| Effect of change in tax rate | -2 | - |
| Other | - | 0 |
| **Tax expenses for the year** | **0** | **0** |

**Deferred tax assets**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Provisions | 34 | 35 |
| Tax loss carry-forwards | 2 | - |
| **Total** | **35** | **35** |

## NOTE 12 **Other intangible assets**

| SEK million | 2018 | 2017 |
|---|---|---|
| **Cost** | | |
| Opening balance | 1 | 1 |
| Investments | 12 | - |
| **Closing balance** | **12** | **1** |
| | | |
| **Amortization** | | |
| Opening balance | -1 | 0 |
| Amortization for the year | - | 0 |
| **Closing balance** | **-1** | **-1** |
| | | |
| **Carrying amount, Dec. 31** | **12** | **0** |

## NOTE 13 **Equipment**

| SEK million | 2018 | 2017 |
|---|---|---|
| **Cost** | | |
| Opening balance | 16 | 16 |
| Investments | 1 | - |
| **Closing balance** | **17** | **16** |
| | | |
| **Depreciation** | | |
| Opening balance | -13 | -13 |
| Depreciation for the year | -1 | -1 |
| **Closing balance** | **-14** | **-13** |
| | | |
| **Carrying amount, Dec. 31** | **3** | **3** |

## NOTE 14 **Shares in Group companies**

| SEK million | 2018 | 2017 |
|---|---|---|
| **Cost** | | |
| Opening balance | 20,333 | 33,460 |
| Received distribution in kind | - | 358 |
| Shareholder contribution provided | 522 | 14,500 |
| Divestments | - | -27,985 |
| **Closing balance** | **20,855** | **20,333** |
| | | |
| **Impairment** | | |
| Opening balance | -763 | -12,870 |
| Divestments | - | 14,706 |
| Impairment for the year | -522 | -2,598 |
| **Closing balance** | **-1,285** | **-763** |
| | | |
| **Carrying amount, 31 Dec.** | **19,570** | **19,570** |

For more information, see Note 25 Group companies.

## NOTE 15 **Other long-term receivables**

| SEK million | 2018 | 2017 |
|---|---|---|
| **Cost** | | |
| Opening balance | 28 | 25 |
| Additional | - | 4 |
| Reclassification | -28 | - |
| **Closing balance** | **0** | **28** |
| | | |
| **Carrying amount, Dec. 31** | **0** | **28** |

## NOTE 16 **Prepaid expenses and accrued income**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Prepaid rents | 2 | 2 |
| Accrued interest income | 0 | 0 |
| Other | 9 | 7 |
| **Carrying amount, Dec. 31** | **11** | **9** |

## NOTE 17 **Provisions for pensions and similar obligations**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| PRI-pensions | 58 | 57 |
| Other pensions | 121 | 121 |
| **Carrying amount, Dec. 31** | **180** | **178** |

**Changes in obligations for defined benefit pension plans**

| SEK million | 2018 | 2017 |
|---|---|---|
| Obligations for defined benefit plans, opening balance | 178 | 181 |
| Service costs | 2 | 1 |
| Net interest expense | 7 | 7 |
| Pension payments | -7 | -11 |
| **Carrying amount, Dec. 31** | **180** | **178** |

Defined-contribution pension plans covered by Company-owned endowment insurance policies totalled SEK 34 million (28) at year-end. As of 2018, these have been recognized net on the balance sheet.

For more information regarding pensions, see Note 6, Personnel and Note 26 Pensions in the Group.

## NOT 18 **Provisions**

| | Restructuring | | Other Provisions | | Total | |
|---|---|---|---|---|---|---|
| SEK million | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| **Opening balance** | 0 | - | 37 | 32 | 37 | 32 |
| Provisions during the year | 66 | - | 1 | 5 | 68 | 5 |
| Reclassification | | | -28 | - | -28 | - |
| **Closing balance** | **66** | **0** | **10** | **37** | **77** | **37** |
| *of which:* | | | | | | |
| **Long-term provisions** | | | | | | |
| Interest-bearing | | | | | 2 | 2 |
| Non-interest-bearing | | | | | 8 | 35 |
| **Long-term provisions** | | | | | | |
| Interest-bearing | | | | | - | - |
| Non-interest-bearing | | | | | 66 | - |
| **Closing balance** | | | | | **77** | **37** |

The restructuring reserve will be utilized during 2019.

## NOTE 19 **Liabilities to credit institutions**

| **Non-current liabilities** | | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|---|
| SEK million | **Due** | **Carrying amount** | **Carrying amount** |
| Private placement | 2019 | - | 250 |
| Private placement | 2021 | - | 250 |
| **Carrying amount, Dec. 31** | | **-** | **500** |

| **Current liabilities** | | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|---|
| SEK million | **Due** | **Carrying amount** | **Carrying amount** |
| Private placement | 2018 | - | 250 |
| **Carrying amount** | | **-** | **250** |
| **Liabilities to credit institutions, total** | | **-** | **750** |

During the year, liabilities to credit institutions were taken over by AB Bonnier Finans. See Note 26, Liabilities to credit institutions for the Group, for more information.

## NOTE 20 Maturity structure of financial liabilities

**Maturity structure of financial liabilities Dec. 31, 2018**

| SEK million | Within 3 months | 3-12 months | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Liabilities to credit institutions | - | - | - | - | - |
| Liabilities to Group companies | 2,850 | - | - | - | 2,850 |
| Account payables | 35 | - | - | - | 35 |
| **Total** | **2,885** | **-** | **-** | **-** | **2,885** |

**Maturity structure of financial liabilities Dec. 31, 2017**

| SEK million | Within 3 months | 3-12 months | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Liabilities to credit institutions | 253 | 5 | 501 | - | 769 |
| Liabilities to Group companies | 2,401 | 11 | - | - | 2,412 |
| Account payables | 50 | - | - | - | 50 |
| **Total** | **2,704** | **16** | **510** | **-** | **3,231** |

For risk and information on fair value, see note 4 for the Group.

## NOTE 21 Accrued expenses and deferred income

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Vacation pay liability | 12 | 11 |
| Accrued salaries | 7 | 9 |
| Accrued interest expenses from Group companies | 48 | 19 |
| Other | 16 | 27 |
| **Carrying amount** | **83** | **65** |

## NOTE 22 Pledged assets and contingent liabilities

**Pledged assets**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Endowment insurance | - | 28 |
| **Total** | **-** | **28** |

**Contingent liabilities**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Guarantee commitments to subsidiaries | 6,918 | 6,008 |
| Guarantee commitments, FPG/PRI | 4 | 4 |
| Contingent liabilities, other | 31 | 30 |
| **Total** | **6,953** | **6,041** |

[1] This item also includes associated companies within the Albert Bonnier Group.

## NOTE 23 Cash flow

**Adjustments for items in cash flow**

| SEK million | 2018 | 2017 |
|---|---|---|
| Depreciation, amortization and impairment losses of assets | 513 | 2,599 |
| Anticipated dividends from Group companies | - | -1,578 |
| Provision for restructuring | 66 | - |
| Accrued interests | 29 | -1 |
| Other | 1 | -3 |
| **Adjustments for items not included in cash flow** | **610** | **1,017** |

**Change in liabilities within financing activities**

| | | Liabilities to credit institutions | | Liabilities to Group companies | |
|---|---|---|---|---|---|
| SEK million | | 2018 | 2017 | 2018 | 2017 |
| | **Opening balance** | 750 | 1,191 | 2,035 | 2,131 |
| Cash items | Amortization of debt | -750 | -441 | - | -96 |
| | New borrowings | - | - | 715 | - |
| Non-cash items | Translation differences | - | 0 | - | 0 |
| | **Closing balance** | **0** | **750** | **2,750** | **2,035** |

## NOTE 24 Transactions with related parties

**Sales of goods and services**

| SEK million | 2018 | 2017 |
|---|---|---|
| Albert Bonnier AB Group | 2 | 2 |
| Subsidiaries in the Group | 31 | 38 |
| **Total** | **33** | **40** |

**Purchases of goods and services**

| SEK million | 2018 | 2017 |
|---|---|---|
| Albert Bonnier AB Group | 31 | 38 |
| Subsidiaries in the Group | 83 | 40 |
| **Total** | **114** | **78** |

**Receivables from related parties**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Albert Bonnier AB Group | - | 1 |
| Subsidiaries in the Group | 1,356 | 792 |
| **Carrying amount** | **1,356** | **792** |

**Liabilities to related parties**

| SEK million | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|
| Subsidiaries in the Group | 2,809 | 2,053 |
| **Carrying amount** | **2,809** | **2,053** |

All transactions with related parties are performed on market terms and conditions.

Remuneration to senior executives is presented in Group Note 6.

## NOTE 25 Group companies

| | Company | Corp. Reg. No. | Reg. Office | Holdings, % | Number of shares | Dec. 31, 2018 Carrying amount, SEK million | Dec. 31, 2017 Carrying amount, SEK million |
|---|---|---|---|---|---|---|---|
| **1.** | **Bonnier Finans, AB** | **556026-9549** | **Stockholm** | **100** | **1,000,000** | **6,290** | **6,290** |
| | Bonnier Financial Services AB | 556067-9887 | Stockholm | 100 | | | |
| | Bonnier Luxembourg S.à r.l. | B 57013 | Luxembourg | 100 | | | |
| | Bonnier Treasury S.A. | B 161605 | Luxembourg | 100 | | | |
| | Bonnier World S.à r.l. | B 164843 | Luxembourg | 100 | | | |
| **2.** | **Bonnier Media Holding AB** | **556655-4555** | **Stockholm** | **100** | **1,200** | **13,280** | **13,280** |
| | Adlibris AB | 556261-3512 | Stockholm | 100 | | | |
| | AdLibris Finland Oy | 0195663-7 | Helsinki | 100 | | | |
| | Adlibris Kök AB | 559017-7589 | Stockholm | 100 | | | |
| | Bamba AB | 556801-7635 | Stockholm | 100 | | | |
| | Discshop Svenska Näthandel AB | 556604-9952 | Stockholm | 100 | | | |
| | Discshop Alandia Ab | 1932506-7 | Mariehamn | 100 | | | |
| | Makujakauppa Oy | 2840501-8 | Helsinki | 100 | | | |
| | Odlanu i Sverige AB | 556725-9493 | Stockholm | 100 | | | |
| | Bonnier Books Holding AB (former Bonnier Books) | 556233-3111 | Stockholm | 100 | | | |
| | Bonnier Books AB (former Bonnier Books Nova) | 559080-9090 | Stockholm | 100 | | | |
| | Bonnier Books Kauppa Suomi Oy | 2699781-4 | Helsinki | 100 | | | |
| | Bonnier Books Polska Sp. z o.o. | KRS 0000565742 | Warsaw | 100 | | | |
| | Wydawnictwo Jaguar Sp. z o.o. | KRS 0000627127 | Warsaw | 70 [1)] | | | |
| | Wydawnictwo Marginesy Sp. z o.o. | KRS 0000416091 | Warsaw | 51 | | | |
| | Bonnier Holding Norway AS | 990212880 | Oslo | 100 | | | |
| | adlibris.com AS | 990335214 | Oslo | 100 | | | |
| | Bonnier Publishing Limited | 01273558 | London | 100 | | | |
| | Blink Publishing Limited | 07724898 | London | 100 | | | |
| | Bonnier Media Limited | 05311887 | London | 100 | | | |
| | Bonnier Publishing Australia Pty Ltd. | 005966245 | Melbourne | 100 | | | |
| | Bonnier Zaffre Limited | 07735953 | London | 95 | | | |
| | Totally Entwined Group Limited | 06032552 | Lincoln | 60 [1)] | | | |
| | Editions Piccolia, S.A. | 380771733 | St Michel s.Orge | 100 | | | |
| | Igloo Books Group Holdings Limited | 07435642 | Sywell | 100 | | | |
| | Igloo Holdings Limited | 06454887 | Sywell | 100 | | | |
| | Igloo Books Limited | 04845098 | Sywell | 100 | | | |
| | Igloo Books GmbH | HRB 211838 | Hannover | 100 | | | |
| | Red Kite Fulfilment Limited | 09142201 | Sywell | 100 | | | |
| | Kings Road Publishing Limited | 01549157 | London | 100 | | | |
| | John Blake Publishing Limited | 03919495 | London | 100 | | | |
| | Weldon Owen Limited | 07891331 | London | 100 | | | |
| | Bonnierförlagen AB | 556023-8445 | Stockholm | 100 | | | |
| | Albert Bonniers Förlag AB | 556203-3752 | Stockholm | 100 | | | |
| | Bokförlaget Maxström AB | 556526-8918 | Stockholm | 100 | | | |
| | BookBeat AB | 556560-4583 | Stockholm | 100 | | | |
| | BookBeat Oy | 1655221-3 | Helsinki | 100 | | | |
| | Chapter 3 Culture (Beijing) Co. Ltd | 91110108MA00964G9E | Peking | 100 | | | |
| | Homeenter AB | 556293-3381 | Stockholm | 100 | | | |
| | Jultidningsförlaget Semic AB | 556166-9572 | Sundbyberg | 100 | | | |
| | Pandaförsäljningen AB | 556369-7720 | Karlstad | 100 | | | |
| | Pocket Shop AB | 556479-4609 | Stockholm | 100 | | | |
| | Pocket Shop GmbH | HRB 109043 B | Berlin | 100 | | | |
| | Pocket Shop Loves Booooks Ltd. | 10062282 | London | 100 | | | |
| | SEMIC International AB | 556046-1336 | Stockholm | 100 | | | |
| | Werner Söderström Osakeyhtiö | 0599340-0 | Helsinki | 100 | | | |
| | Kustannusosakeyhtiö Kosmos | 2675233-1 | Helsinki | 100 | | | |
| | Readme.fi Oy | 2160350-5 | Helsinki | 100 | | | |
| | Bonnier Deutschland GmbH | HRB 156443 | Munich | 100 | | | |
| | Bonnier Media Deutschland GmbH | HRB 136800 | Munich | 100 | | | |
| | Aladin Verlag GmbH | HRB 103563 | Hamburg | 100 | | | |
| | arsEdition GmbH | HRB 145362 | Munich | 100 | | | |
| | Bonnier 3. Beteiligungs- und Verwaltungs GmbH | HRB 199466 | Munich | 100 | | | |
| | Buch Vertrieb Blank GmbH | HRB 92253 | Vierkirchen | 100 | | | |

## NOTE 25 Cont.

| Company | Corp. Reg. No. | Reg. Office | Holdings, % | Number of shares | Dec. 31, 2018 Carrying amount, SEK million | Dec. 31, 2017 Carrying amount, SEK million |
|---|---|---|---|---|---|---|
| Carlsen Verlag GmbH | HRB 43092 | Hamburg | 100 | | | |
| Nelson Verlag GmbH | HRB 113971 | Hamburg | 100 | | | |
| Hörbuch Hamburg HHV GmbH | HRB 142856 | Hamburg | 100 | | | |
| Münchner Verlagsgruppe GmbH | HRB 118729 | Munich | 100 | | | |
| Piper Verlag GmbH | HRB 71118 | Munich | 100 | | | |
| Readers First GmbH | HRB 199468 | Munich | 100 | | | |
| Thienemann-Esslinger Verlag GmbH | HRB 3287 | Stuttgart | 70 [1] | | | |
| Ullstein Buchverlage GmbH | HRB 91717 B | Berlin | 100 | | | |
| Gesinform GmbH | HRB 713116 | Freiburg | 100 | | | |
| Bonnier Entertainment AB | 556047-0667 | Stockholm | 100 | | | |
| Evoke Gaming Holding AB | 556096-9411 | Stockholm | 100 | | | |
| Svensk Filmindustri, AB | 556003-5213 | Stockholm | 94 [1] | | | |
| SF Anytime AB | 556748-2616 | Stockholm | 100 | | | |
| SF Film Finland Oy | 1571957-9 | Helsinki | 100 | | | |
| SF Norge AS | 947714732 | Oslo | 100 | | | |
| Paradox Holding AS | 980184234 | Oslo | 100 | | | |
| Paradox Film 1 AS | 998068290 | Oslo | 100 | | | |
| Paradox Film 2 AS | 998092701 | Oslo | 100 | | | |
| Paradox Film 3 AS | 998092566 | Oslo | 100 | | | |
| Paradox Film 4 - Knerten AS | 916102372 | Oslo | 100 | | | |
| Paradox Film 5 - Knerten AS | 918753702 | Oslo | 100 | | | |
| Paradox Film 7 AS | 918054421 | Oslo | 100 | | | |
| Paradox Rettigheter AS | 980523691 | Oslo | 100 | | | |
| PDX Production Services AS | 990889279 | Oslo | 100 | | | |
| SF Studios Production AB | 556600-3397 | Stockholm | 100 | | | |
| SF Studios Production Talent AB | 559062-1024 | Stockholm | 100 | | | |
| Bonnier Euro Holding AB | 556725-8644 | Stockholm | 100 | | | |
| Bonnier Broadcasting Holding AB | 556906-0824 | Stockholm | 100 | | | |
| Bonnier Broadcasting Sweden AB | 556246-8164 | Stockholm | 100 | | | |
| Bonnier Broadcasting AB | 556802-5646 | Stockholm | 100 | | | |
| C More Entertainment AB | 556053-7309 | Stockholm | 100 | | | |
| C More Entertainment Finland Oy | 1530976-4 | Helsinki | 100 | | | |
| Scandinavian Talents AB | 556854-2855 | Stockholm | 100 | | | |
| TV4 AB | 556242-7152 | Stockholm | 100 | | | |
| Mediahub Helsinki Oy | 2618182-3 | Helsinki | 100 | | | |
| MTV Oy | 1093944-1 | Helsinki | 100 | | | |
| Bonnier Magazine Group A/S | 53376614 | Copenhagen | 100 | | | |
| Bonnier Magazine Data A/S | 26340136 | Copenhagen | 100 | | | |
| Bonnier Publications A/S | 12376405 | Copenhagen | 100 | | | |
| Allt om Historia AB | 556745-4722 | Malmö | 100 | | | |
| Benjamin Media A/S | 25796829 | Copenhagen | 100 | | | |
| Bonnier Publications AB | 556105-0351 | Stockholm | 100 | | | |
| Bonnier Lottery AB | 556525-5535 | Stockholm | 100 | | | |
| Svenska Lotteribolaget AB | 559111-6172 | Stockholm | 100 | | | |
| Bonnier Publications Försäljning AB | 556548-7096 | Stockholm | 100 | | | |
| Bonnier Publications International AS | 977041066 | Oslo | 100 | | | |
| Bonnier Media AS | 998551676 | Oslo | 100 | | | |
| Børsen Associated Media A/S | 20052678 | Copenhagen | 50 | | | |
| Dagbladet Børsen A/S | 76156328 | Copenhagen | 50 | | | |
| SF Film A/S | 21388939 | Copenhagen | 100 | | | |
| SF Studios Production ApS | 26390168 | Copenhagen | 100 | | | |
| Bonnier US AB | 556262-5052 | Stockholm | 100 | | | |
| Spring Media Inc. | 20-4505209 | Delaware | 100 | | | |
| Bonnier Growth Investments, Inc. | 82-1826148 | Delaware | 100 | | | |
| Bonnier Publishing USA, Inc | 46-5608735 | Delaware | 100 | | | |
| Bonnier US Holding Inc. | 98-0494191 | Delaware | 100 | | | |

## NOTE 25 **Cont.**

| Company | Corp. Reg. No. | Reg. Office | Holdings, % | Number of shares | Dec. 31, 2018 Carrying amount, SEK million | Dec. 31, 2017 Carrying amount, SEK million |
|---|---|---|---|---|---|---|
| Bonnier Corporation | 98-0522510 | Delaware | 100 | | | |
| Bonnier Dive Publishing Limited | 08335007 | London | 100 | | | |
| National Mud Racing Organization, Inc. | 35-2138012 | Indiana | 100 | | | |
| World Entertainment Services, LLC | 59-3754946 | Delaware | 100 | | | |
| World Publications, LLC | 59-3754954 | Delaware | 100 | | | |
| Bonnier Ventures AB | 556707-0007 | Stockholm | 100 | | | |
| Keep In Touch Media AB | 556980-8404 | Stockholm | 67 | | | |
| Keep In Touch Media Sverige AB | 559136-6108 | Stockholm | 100 | | | |
| RAG Real Agency Group AB | 556630-6808 | Stockholm | 100 | | | |
| Brand Publishing i Stockholm AB | 556206-2868 | Stockholm | 100 | | | |
| Oh My Interactive AB | 556708-6433 | Piteå | 70 | | | |
| Trickle AB | 559163-3465 | Piteå | 85 | | | |
| Spoon Publishing AB | 556561-8989 | Stockholm | 100 | | | |
| Spoon AS | 989389874 | Oslo | 100 | | | |
| Spoon On Demand AB | 556444-7489 | Stockholm | 100 | | | |
| Spoon Publishing Oy | 2590289-5 | Helsinki | 100 | | | |
| Tailsweep AB | 556712-7146 | Stockholm | 100 | | | |
| Sural AB | 556158-9531 | Stockholm | 100 | | | |
| Bink AB | 556166-2023 | Stockholm | 100 | | | |
| Bonnier Digital Services AB | 556496-0630 | Stockholm | 100 | | | |
| Bonnier International Magazines AB | 556072-0293 | Stockholm | 100 | | | |
| Bonnier Solutions AB | 556748-2624 | Stockholm | 100 | | | |
| Bonsoc AB | 559140-6383 | Stockholm | 100 | | | |
| Tidnings AB Marieberg | 556002-8796 | Stockholm | 100 | | | |
| Bold Printing Group AB | 556312-2554 | Stockholm | 100 | | | |
| Bold Printing Stockholm AB | 556246-8180 | Stockholm | 100 | | | |
| Bonnier Business Press AB | 556490-1832 | Stockholm | 100 | | | |
| BF Blogform Social Media GmbH | HRB 105467 B | Berlin | 51 | | | |
| Bonnier Business (Polska) Sp. z o.o. | KRS 0000024847 | Warsaw | 100 | | | |
| Informedia Polska Sp. z o.o. | KRS 0000223380 | Warsaw | 100 | | | |
| Prawomaniacy Sp. z o.o. | KRS 0000349059 | Olsztyn | 100 | | | |
| Bonnier Business Forum Oy | 1878245-0 | Helsinki | 100 | | | |
| Bonnier Business Media Sales AB | 556972-1060 | Eskilstuna | 100 | | | |
| Bonnier Business Media Sweden AB | 556468-8892 | Stockholm | 100 | | | |
| Dagens Media Sverige AB | 556558-6301 | Stockholm | 100 | | | |
| Bonnier Business Sustainability AB | 559018-0641 | Stockholm | 100 | | | |
| Bonnier Healthcare Sweden AB (former Netdoktor.se AB) | 556615-8472 | Stockholm | 100 | | | |
| Bonnier Pharma Insights AB | 559019-8130 | Haninge | 51 | | | |
| Časnik Finance, d.o o. | 1353942000 | Ljubljana | 100 | | | |
| Business Media Croatia d.o.o. | 80143339 | Zagreb | 60 [1] | | | |
| Business Media d.o.o. | 3364127000 | Ljubljana | 60 [1] | | | |
| Clio Online Aps | 30583795 | Copenhagen | 100 | | | |
| Bonnier Education AB | 559007-4802 | Stockholm | 100 | | | |
| Dagens Industri AB | 556221-8494 | Stockholm | 100 | | | |
| Dagens Industri Annons AB | 556509-5188 | Stockholm | 100 | | | |
| Dagens Medisin AS | 979914253 | Oslo | 100 | | | |
| Editora Paulista de Comunicacões Científicas e Técnicas Ltda | CNPJ 08.528.247 | Saõ Paolo | 100 | | | |
| Lexnet UAB | 300518138 | Vilnius | 65 | | | |
| Medibas AB | 556617-5518 | Stockholm | 87 [1,2] | | | |
| Medicine Today Poland Sp. z o.o. | KRS 0000099422 | Warsaw | 100 | | | |
| Netdoktor Media A/S | 28686137 | Copenhagen | 100 | | | |
| Norsk Helseinformatikk AS | 976516397 | Trondheim | 73 [1] | | | |
| Verslo Žinios, UAB | 110682810 | Vilnius | 73 | | | |
| Äripäev, AS | 10145981 | Tallinn | 100 | | | |
| Bonnier Magazines & Brands AB | 556012-7713 | Stockholm | 100 | | | |
| Bonnier Annons AB | 556458-9124 | Stockholm | 100 | | | |

## NOTE 25 Cont.

| | Company | Corp. Reg. No. | Reg. Office | Holdings, % | | Number of shares | Dec. 31, 2018 Carrying amount, SEK million | Dec. 31, 2017 Carrying amount, SEK million |
|---|---|---|---|---|---|---|---|---|
| | Bonnier Antik & Livsstil AB | 556556-2658 | Stockholm | 100 | | | | |
| | Mediafy AB | 556619-8205 | Stockholm | 100 | | | | |
| | Mediafy Magazines AS | 992305134 | Oslo | 100 | | | | |
| | Mediafy Magazines Oy | 2317923-4 | Helsinki | 100 | | | | |
| | Netsu AB | 556692-8049 | Stockholm | 100 | | | | |
| | Bonnier News AB | 559080-0917 | Stockholm | 100 | | | | |
| | Bonnier News Group AB | 556414-2155 | Stockholm | 100 | | | | |
| | Happy Green AB | 559070-1669 | Stockholm | 93 | | | | |
| | NextSolution Sweden AB | 556880-3703 | Malmö | 100 | | | | |
| | Svenska Patientpoolen AB | 559056-0990 | Ljusdal | 85 | | | | |
| | Bonnier News Sweden AB | 559174-2688 | Stockholm | 100 | | | | |
| | Citypaketet Sweden AB | 556621-8300 | Stockholm | 67 | 3) | | | |
| | Citypaketet KB | 969711-9817 | Stockholm | 67 | 3) | | | |
| | Dagens Nyheter, AB | 556246-8172 | Stockholm | 100 | | | | |
| | Dagens Nyheter Annonsförsäljning, AB | 556320-6704 | Stockholm | 100 | | | | |
| | Fakturino Sverige AB | 556871-3019 | Stockholm | 100 | | | | |
| | Fakturino AS | 998930340 | Oslo | 100 | | | | |
| | Fastighetsnytt Förlags AB | 556326-8837 | Stockholm | 100 | | | | |
| | Kvällstidningen Expressen, AB | 556025-4525 | Stockholm | 100 | | | | |
| | GT/Göteborgs-Tidningen AB | 556284-8720 | Gothenburg | 100 | | | | |
| | Kvällsposten AB | 556051-3599 | Malmö | 100 | | | | |
| | Wasp Communication AB | 556918-4798 | Stockholm | 100 | | | | |
| | Marieberg Media AB | 556334-7953 | Stockholm | 100 | | | | |
| | Nobicon Nordic AB | 556426-9461 | Umeå | 100 | | | | |
| | Pressens Bild Images AB | 556005-5104 | Stockholm | 100 | | | | |
| | Sydsvenska Dagbladets AB | 556002-7608 | Malmö | 98 | | | | |
| | Bold Printing Malmö AB | 556256-4038 | Malmö | 100 | | | | |
| | Hela Skåne AB | 556701-4922 | Malmö | 100 | | | | |
| | Helsingborgs Dagblad AB | 556008-4799 | Helsingborg | 100 | | | | |
| | Kompetens i Skåne AB | 556754-8796 | Malmö | 100 | | | | |
| | Nim Distribution i Skåne AB | 559111-0993 | Malmö | 100 | | | | |
| | Sydsvenska Dagbladets Försäljningsaktiebolag | 556335-2722 | Malmö | 100 | | | | |
| | Tidningen Hallå AB | 556933-5762 | Helsingborg | 100 | | | | |
| | Tidningen Byggindustrin AB | 556096-1319 | Stockholm | 100 | | | | |
| **3.** | **Investeringshuset i Stockholm AB** | **556102-7169** | **Stockholm** | **100** | | **4,840** | **0** | **0** |
| | NFT Ventures 0 KB | 969773-4839 | Stockholm | 100 | | | | |
| | NFT Ventures 1 KB | 969772-0390 | Stockholm | 100 | | | | |
| | NFT Ventures 2 KB | 969785-3894 | Stockholm | 100 | | | | |
| | NFT Ventures 3 Finland Kb | 2919426-7 | Finland | 100 | | | | |
| | **Carrying amount** | | | | | | **19,570** | **19,570** |

1) Bonnier AB Group has entered into an option agreement for the remaining shares, which means that the Bonnier AB Group, in practice, assumes the financial benefits and risks for 100% of the shares. Accordingly, no part of the holdings refers to non-controlling interests.

2) Owned 50% by Bonnier Business Press AB and 50% by Norsk Helseinformatikk AS.

3) Owned 33.3% by AB Dagens Nyheter and 33.3% by Sydsvenska Dagbladets AB.

# Definition of key ratios

**EBITA**
Operating profit or loss (including associated companies and joint ventures) before items related to acquisitions, divestments and close-downs together with amortization/impairment losses of group excess values.

**EBITA margin**
EBITA as a percentage of net sales.

**Operating Capital**
Total assets less non-interest-bearing liabilities and interest-bearing assets.

**Net debt/equity ratio (gearing)**
Interest-bearing liabilities less interest-bearing assets divided by total equity (i.e. including non-controlling interests).

**Return on Operating Capital**
Operating profit or loss as a percentage of the average total assets, less non-interest-bearing liabilities, and less interest-bearing assets.

**Operating margin**
Operating profit as a percentage of net sales.

**Equity/assets ratio**
Equity including non-controlling interests divided by total assets.

**Internally generated funds**
EBITA, excluding depreciation, amortization and impairment losses, earnings from associated companies and joint ventures, and capital gain from intangible assets and property, plant and equipment, with the addition of dividends received from associated companies and joint ventures, net financial items (excluding items not included in cash flow) and taxes paid.

The Annual Report and consolidated financial statements were approved for issue by the Board of Directors on April 24, 2019. The Consolidated Income Statement and Statement of Financial Position, and the Parent Company's Income Statement and Balance Sheet are subject to approval by the Annual General Meeting on May 16 , 2019.

The Board of Directors and CEO hereby certify that the annual report has been prepared according to the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities and provides a true and fair view of the Company's financial position and results, and that the Board of Directors' Report gives a true and fair view of the progress of the Company's operations, financial position and results, and describes significant risks and uncertainties facing the Company. The Board of Directors and CEO certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair picture of the Group's position and results, and that the Board of Directors' Report for the Group provide a true and fair view of the progress of the Group's operations, position and results, and describe significant risks and uncertainties which the companies included in the Group may face.

Stockholm, April 24, 2019

Bengt Braun
*Chairman*

Åsa Wirén
*Board member*

Göran Öhrn
*Board member*

Erik Haegerstrand
*Chief executive officer*

*Our audit report was issued on April 25, 2019*

**PricewaterhouseCoopers AB**

*Michael Bengtsson*
*Authorized public accountant*

# Auditor's Report

**To the general meeting of the shareholders of Bonnier AB, corporate identity number 556508-3663**

**Report on the annual accounts and consolidated accounts**

*Opinions*
We have audited the annual accounts and consolidated accounts of Bonnier AB for 2018 with the exception of the sustainability report found on pages 5-13.

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 parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The 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 2018 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. Our opinions do not cover the sustainability report found on pages 5-13. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

*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.

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

*Other Information than the annual accounts and consolidated accounts*
It is the Board of Directors and Managing Director who has responsibility for the other information. The other information is comprised of the sustainability report on pages 5-13 in the annual accounts and information found in the "Bonnier Annual Review 2018".

Our opinions regarding the annual accounts and consolidated accounts do not include this information and we provide no assurance 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 intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

*Auditor's responsibility*
Our objectives are to obtain reasonable assurance about whether the annual accounts 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 a part of our audit according to ISA, we undertake professional judgments and have a professionally skeptical approach during the entire audit. In addition, we execute the following activities:

- We identify and assess the risk of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error, design and execute audit measures based, amongst other things, on these risks and obtain audit evidence which is sufficient and appropriate to comprise the basis of our opinion. The risk for failing to identify material misstatements arising due to fraud is greater as regards a material misstatement due to error, as fraud can include engagement in collusion, forgery, intentional omission, incorrect information or disregard of internal control.

- We obtain an understanding of that portion of the company's internal control having significance to our audit to design audit measures which are appropriate with regard to the circumstances but we do not express an opinion on the effectiveness of the internal control.

- We evaluate the appropriateness of the accounting policies applied and the reasonability of the Board of Director's and Managing Director' estimations in the accounts and associated disclosures.

- We test the appropriateness of the Board and Director's and Managing Director's application of the assumption of going concern in preparing the annual accounts. We test, based on the audit evidence obtained, whether there are significant factors of uncertainty referring to such events or circumstances that can lead to significant doubt as to the company's capacity to continue its operations. If we come to the conclusion that there are significant factors of uncertainty, we are requested to provide a statement in the Auditor's Report, noting that the disclosures in the annual accounts and consolidated accounts involve factors of uncertainty, provided that such information is insufficient, modifying our opinion regarding the annual and consolidated accounts. Our conclusions are based on the auditor's evidence obtained up until the date of the Auditor's Report. However, future events or circumstances can imply that the company can no longer continue its operations.

- We evaluate the overall presentation, structure and content of the annual and consolidated accounts, including the disclosures, and if the annual and consolidated accounts reflect the underlying transactions and events in a manner providing a true and fair view.

We are required to inform the Board of Directors of, amongst other things, the planned scope of the audit and its focus, and the time schedule for the audit. We are also required to inform on any significant observations made during the audit, including identified significant deficiencies in the internal control.

**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 Bonnier AB for 2016 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 fulfil 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 skepticism 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 judgement with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation.  We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined The Board of Director's Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

*Auditor's statement regarding the statutory sustainability report*
It is the Board of Directors who has responsibility for the sustainability report on pages 5-13 and that it has been prepared in accordance with the Annual Accounts Act.

Our audit has been performed in accordance FAR's statement RevR 12, Auditor's statement on the statutory sustainability report. This implies that our audit of the statutory sustainability report has another focus and is significantly more limited in scope compared with the focus and scope of an audit according to International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this audit provides us with sufficient grounds for our opinion.

A sustainability report has been prepared.

Stockholm April 25, 2019

PricewaterhouseCoopers AB

*Michael Bengtsson*
*Authorized Public Accountant*

# Multi-year Summary

| From the income statement<br>SEK million | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|
| Net sales | 26,447 | 25,740 | 25,492 | 25,906 | 23,702 | 24,354 | 26,931 |
| Growth | 2.7% | 1.0% | -1.6% | 9.3% | -2.7% | -9.6% | -2.4% |
| EBITA | 824 | 625 | 731 | 1,008 | 1,103 | 1,172 | 918 |
| EBITA margin | 3.1% | 2.4% | 2.9% | 3.9% | 4.7% | 4.8% | 3.4% |
| Operating profit/loss | -225 | -1,423 | 630 [3] | 939 | 892 | 2,888 | 802 |
| Operating margin | -0.9% | 5.5% | 2.5% [3] | 3.6% | 3.8% | 11.9% | 3.0% |
| Profit/loss before tax | -382 | -1,635 | 391 [3] | 709 | 527 | 2,591 | 500 |
| Profit/loss for the year | -872 | -2,239 | 276 [3] | 43 | 310 | 2,204 | 289 |

| From the statements of financial position<br>December 31, SEK million | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|
| Operating capital | 11,393 | 12,473 | 13,292 [3] | 12,924 | 12,002 | 13,554 | 13,833 |
| Return on operating capital | -1.9% | -11.0% | 4.8% [3] | 7.5% | 7.0% | 21.1% | 5.9% |
| Net debt | 7,743 | 8,553 | 7,376 | 6,613 | 5,395 | 6,526 | 9,271 |
| Equity incl. non-controlling interests | 3,650 | 3,921 | 5,916 [3] | 6,311 | 6,607 | 7,028 | 4,562 |
| Total assets | 20,025 | 21,312 | 22,548 [3] | 22,560 | 21,624 | 21,166 | 22,281 |
| Net debt / equity, multiple | 2.12 | 2.18 | 1.25 [3] | 1.05 | 0.82 | 0.93 | 2.03 |

| From change in net debt<br>SEK million | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|
| Cash flow after operating investments | 276 | -740 | -354 | 87 | 1,609 | 1,547 | -30 |
| Net acquisitions and divestments of operations, shares and participations | 70 | -116 | 128 | -615 | 941 | 928 | -206 |
| Cash flow after acquisitions and divestments | 346 | -856 | -226 | -528 | 2,550 | 2,475 | -236 |
| Change in net debt (–=increased debt) | 810 | -1,177 | -763 | -1,218 | 1,131 | 2,745 | -611 |

| From the business areas' financial reports<br>SEK million [1, 2] | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| **Net sales** | | | | | |
| Books | 6,334 | 6,274 | 6,064 | 5,621 | 5,303 |
| E-Commerce | 2,247 | 2,002 | 1,775 | 1,470 | 1,282 |
| Broadcasting | 8,253 | 7,497 | 7,397 | 7,738 | 6,448 |
| Film Studios | 1,256 | 1,389 | 1,334 | 1,521 | 1,408 |
| Ventures | 358 | 402 | 457 | 621 | 538 |
| Magazines | 3,060 | 3,455 | 3,799 | 4,072 | 3,968 |
| Business to Business | 1,202 | 1,130 | 1,111 | 1,141 | 977 |
| News | 5,004 | 4,890 | 4,679 | 4,856 | 4,874 |
| Other and eliminations | -1,267 | -1,299 | -1,124 | -1,135 | -1,095 |
| **Bonnier AB, total** | **26,447** | **25,740** | **25,492** | **25,906** | **23,702** |

| SEK million [1, 2] | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| **EBITA** | | | | | |
| Books | 154 | 74 | 380 | 406 | 409 |
| E-Commerce | -125 | 31 | 47 | 17 | 27 |
| Broadcasting | 1,027 | 423 | 373 | 417 | 589 |
| Film Studios | 17 | -14 | -29 | 6 | -145 |
| Ventures | -18 | -93 | -175 | -135 | -43 |
| Magazines | 34 | 168 | 265 | 253 | 310 |
| Business to Business | 104 | 131 | 164 | 165 | 123 |
| News | 159 | 303 | 294 | 369 | 341 |
| Other | -528 | -397 | -589 | -488 | -508 |
| **Bonnier AB, total** | **824** | **625** | **731** | **1,008** | **1,103** |

[1] As of 2018, the Group has eight business areas, compared with six previously. E-Commerce, which includes the Adlibris Group, was formerly part of Books. The business area Ventures has changed its name from Growth Media, and Film Studios, which was previously part of Growth Media, is now, as of 2018, a separate business area. Operations have also been transferred from Growth Media to Magazines. As a result, figures presented for comparison for the years 2014-2017 have been restated.

[2] In 2017, business was transferred from Business to Business to News. Comparative figures for 2014 - 2016 have therefore been adjusted.

[3] Figures for 2016 were restated in 2017 due to a reevaluation of the Group's accounting for intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

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