BONNIER ANNUAL REPORT 2017

BONNIER

Table of Contents

Annual Report for the financial year
January 1- December 31, 2017
The Board of Directors and the CEO of Bonnier AB, Corporate Registration No. 556508-3663, herewith submit the following annual report and consolidated financial statements on pages 3-54.

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 2017 financial year.

The Group's business area and

Bonnier is 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 15 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 custumers 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 Holding AB, a subsidiary of Albert Bonnier AB, which is owned by more than 85 members of the Bonnier family.

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

SEK million (unless stated otherwise)	2017	2016	2015
Net sales	25,740	25,492	25,906
EBITA[1]	625	731	1,008
Operating profit/loss [2]	-1,423	630	939
Net financial items	-212	-239	-230
Profit/loss before tax [2]	-1,635	391	709
Profit/loss for the year [2]	-2,239	276	43
Operating margin [2]	-5.5%	2.5%	3.6%
Return on operating capital [2]	-11.0%	4.8%	7.5%
Net debt at year end	8,553	7,376	6,613
Net debt/equity, multiple [2]	2.18	1.25	1.05

Business areas

Net sales per business area

SEK million	2017	2016	Change, %
Books	8,098	7,690	5.3%
Broadcasting	7,497	7,397	1.4%
Growth Media	1,806	1,806	0.0%
Magazines	3,441	3,782	-9.0%
Business to Business[3]	1,130	1,111	1.7%
News[3]	4,890	4,679	4.5%
Other and eliminations[3]	-1,121	-973	n/a
Bonnier AB, total	**25,740**	**25,492**	**1.0%**

EBITA[1] per business area

SEK million	2017	2016	Change
Books	105	427	-322
Broadcasting	423	373	50
Growth Media	-106	-205	99
Magazines	167	267	-100
Business to Business[3]	131	164	-33
News[3]	303	294	9
Other	-397	-589	192
Bonnier AB, total	**625**	**731**	**-105**

[1] A description of the Group's definitions of key ratios may be found on page 53.

[2] The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

[3] In 2017, business was transferred from Business to Business to News. Comparative figures have therefore been adjusted.

Books includes the Group's book businesses. It includes Bonnierförlagen, Adlibris, Pocket Shop, Bonnier Media Deutschland, Bonnier Publishing in England, Bonnier Books in Finland, Akateeminen (Academic Bookstore) in Finland, 50% in Cappelen Damm in Norway and BookBeat. 2017 was a year of contrasts, where above all the German and Swedish publishers continued to perform strongly, while physical retail had a challenging year. On the publishing side, the two biggest publishing groups, Bonnier Media Deutschland in Germany and Swedish Bonnierförlagen, had strong publication lists together with growth in digital as well as physical book sales – and continued good profitability. The U.K.-based Bonnier Publishing wrestled with profitability problems as the result of rapid growth, which had a strong negative effect on the financial results. Within physical retail, the substantial increase in e-commerce sales hit bookstores hard, where Pocket Shop, Academic Bookstore in Finland and Tanum in Norway altogether had a negative effect on the financial results. The Adlibris Group continued to grow, however the end of 2017 was marked by logistics problems that affected profits. The EBITA for Books was SEK 105 million (427 million). In 2017, impairment losses have been made attributable to the Group's operations in Australia and France. The impairment losses amount to SEK 372 million and are mainly attributable to inventory. The impairment losses are mainly due to that the operations in Australia and France are under the process of closing down.

Broadcasting includes TV4 Group, C More, Nyhetsbolaget and MTV Media in Finland. For Broadcasting, EBITA amounted to SEK 423 million (373 million). The businesses continued their digital transformation at a rapid pace. As part of a continued reorganization, news production unit Nyhetsbolaget's employees moved back to TV4/Bonnier Broadcasting and TV4 and C More continued to work ever more closely together. The reorganization also resulted in some 90 positions being made redundant. Swedish TV network TV4 had a record year, both in revenues and reach. Successes with streaming service TV4 Play, which had 3.8 million registered users, resulted in a significant increase in digital advertising revenues, and even advertising sales for linear TV increased. The record results are a consequence of recent years' investments in Swedish high-quality content in all genres. Despite a slowdown in linear TV viewership, the total reach for TV4 increased thanks to TV4 Play's strong growth, a rise that was well-received by advertisers. Pay service C More increased both in streaming (SVOD) and digital TV revenues, and it was the fastest growing SVOD service in Sweden for the third year in a row. During the year, C More released its first original drama series and also launched a completely new sports channel, Sportkanalen, and a new OTT sports package. The financial results were somewhat improved compared to the previous year, but the company continues to experience significant losses. Finland's MTV continued to have challenges, with a very tough macro-economic market, where advertising investments continue to fall and consequentially profits. The investments of MTV in Finnish high-quality content continued to result in viewer successes, and now 2 million registered users for MTV's ad-financed streaming service. During the year, MTV also launched C More as a pay SVOD service in Finland.

Growth Media focuses on digital companies with global potential. The EBITA for the business area was SEK -106 million (-205 million). The investment portfolio increased considerably during the year. The investment business, which goes by the name Bonnier Ventures, comprised a portfolio of nine growth companies. The holdings in these companies have an estimated sales price amounting to approximately SEK 550 million at year-end, which exceeds the book value and corresponds to a gross IRR (annual return) of 28 percent. Bonnier Ventures made several additional investments during the year in connection with new investment rounds in companies including Acast, Natural Cycles, Refunder and FLX. Both Natural Cycles and Acast experienced very substantial increases in their value. Bonnier Ventures also made a new investment in DaisyGrace, a content-driven omni-channel company, as well as engaged financially with the U.S.-based startup platform Betaworks and the Nordic fintech player NFT Ventures. Two exits were concluded shortly after the end of the year, in the form of the wholly owned Evoke Gaming, which was sold to Malta-based Mr Green, as well as all shares in the partially owned multi-channel network United Screens, which was sold to the German RTL. Film and TV production and distribution company SF Studios, the business area's largest company, improved its profits and had strong growth in its production business, both in terms of number of TV productions as well as in the feature film segment. The movie *Borg vs McEnroe* won a number of industry awards, both in Sweden and internationally. *Solsidan*, a co-production of FLX with distribution by SF Studios, ended the year with very strong ticket sales. From Jan. 1, 2018 SF Studios will be reported as its own business area, which means the Bonnier Ventures will be a business area purely with an investment focus and IRR as primary performance indictor.

Magazines includes the Swedish Bonnier Magazines & Brands (formerly Bonnier Tidskrifter), the Copenhagen-based Bonnier Publications and the U.S.-based Bonnier Corporation. The EBITA for the business area was SEK 167 million (267 million). The two Nordic publishers had a strong year and contributed positive results in line with expectations. The U.S. market has been undergoing very substantial change, and Bonnier Corporation couldn't repeat its successes from 2016. Magazines has initiated a significant restructuring as instituted at Bonnier Corporation, which included as well some 120 positions made redundant. Despite growth for digital and adjacent services, the traditional core business of print magazines continues to dominate. One-time costs for the restructuring at Bonnier Corporation and Bonnier Magazines & Brands' move to the Bonnier Building in Stockholm affected the financial results.

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 had an EBITA of SEK 131 million (164 million). The business area, which comprises B2B media and digital B2B services, increased revenues slightly during 2017. The decrease in profits is due to investments in new products and launches in new markets. The biggest single initiative during 2017 was the continued rollout of digital learning portal Clio Online on the Swedish market. During 2017, a complete product portfolio of subject portals geared toward Swedish middle schools was launched, an addition to the existing products for secondary schools. Deximed, a digital clinical decision support tool for general practitioner physicians based on the Swedish Medibas and Norwegian NEL models, was launched in Germany. In January 2017, 49.9 percent of ownership in the Danish business daily *Børsen* was sold to JP/Politikens Hus.

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 a strong year with EBITA of SEK 303 million (294 million), which for Swedish news daily *Dagens Nyheter*, business daily *Dagens industri* and Southern Swedish newspaper group HD-Sydsvenskan was marked by successful digital subscription initiatives. Swedish news daily *Expressen* continued to show strong growth in digital ad sales, following initiatives to increase reach and consequent strong rise in traffic. For HD-Sydsvenskan, which was integrated fully into the rest of the business area, the year saw considerable financial improvements. The group had its best year financially since *Helsingborgs Dagblad* and *Sydsvenskan* merged. In January 2017, Fastighetsnytt was acquired. The company, Sweden's leading media and event business within real estate, had a very strong first year as a part of Bonnier.

Other and eliminations consists of common Group activities and functions. The effect on EBITA from these activities was SEK -397 million (-589).

Investments and net debt

Summary of change in net debt

SEK million	2017	2016
Internally generated funds [2]	4,153	4,346
Change in working capital[2]	-767	-178
	3,387	4,168
Net investments in operations [2]	-4,127	-4,522
Free cash flow	**-740**	**-354**
Net acquisitions and divestments of operations, shareholdings and participations	-116	128
Cash flow after acquisitions and divestments	**-856**	**-226**
Group dividends, contributions, etc.	-380	-286
Revaluation of defined benefit pension plans	-133	-28
Cash flow hedges	24	-6
Translation differences, revaluation derivatives, etc.	169	-217
Change in net debt	**-1,177**	**-763**

Net debt increased during the year by SEK -1,177 million. Free cash flow in relation to net sales was -2.9% (-1.4).

Capital structure

Operating capital

SEK million	31 Dec. 2017	31 Dec. 2016
Property, plant and equipment and intangible assets, excl. goodwill [2]	4,020	3,898
Working capital [2]	-1,442	-1,847
Tax [2]	1,326	1,724
Other financial assets	889	688
Goodwill	7,680	8,828
Operating capital [2]	**12,473**	**13,292**
Net debt	8,553	7,376
Equity[1]	3,921	5,916
Financing of operating capital [2]	**12,473**	**13,292**
Net debt/equity, multiple [2]	**2.18**	**1.25**

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.

[2] The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

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 is a decentralized group, organized into eight business areas (six business areas up until 31 December 2017). See page 3 for an account of the Group's business models. In 2017, work was launched to create a single, Group-wide structure for work on sustainability.

Work on sustainability follows the general governance structure within Bonnier, in which the business areas and companies have a strong local mandate. To steer overarching efforts in this area, Bonnier AB is setting up Group-wide frameworks and policies – Bonnier Standards – within which our companies will operate. In some cases, these are directly applicable and in others the work is to be adapted to the situation of the company concerned, within the parameters laid down. From 2018 onwards, we will gradually step up Group-wide follow-up of the work, including increasing the number of common performance indicators measured over time.

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.

Each business area has a responsible contact for sustainability issues. Central responsibility on sustainability issues lies with Bonnier AB's Director of Communications, who reports to the CEO. The direction of Bonnier's work on sustainability is determined by Group management.

From 2018 onwards, planning and implementing the sustainability agenda will be 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.

From the financial year 2018, the results of work on sustainability will be reported through Bonnier Standards, which gather together the common indicators that the companies in the Group must measure and follow up on.

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.

Bonnier is planning to carry out more structured stakeholder dialogues from 2018 onwards.

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.

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 experienced strong growth in 2017.

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.

What we are doing
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 illustrative measurements of this reach include the following:

- TV4 Play has 4 million registered users.
- *Expressen* can reach up to 8 million unique users (units) with more than 150 million page views in the space of a week.
- The publishers within Bonnier Books sold more than 100 million books in 2017.
- Swedish Bonnier Magazines & Brands (formerly Bonnier Tidskrifter) websites reach 2.9 million visitors a year, with 4.1 million readers of the magazines.

Vision for journalism

"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* Bonnier AB.

Threats to journalists
In recent years we have seen a significant rise in the number of threats made to journalists and against journalism. This is reflected in Utgivarna's annual survey of threats against journalists (*Otillåten påverkan – Hot och trakasserier mot journalister & mediehus 2017*).

This has led to increasing investments in security by journalism operations. The investments made by Bonnier in the three-year period 2015–2017 were many times higher than in the preceding period.

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. Since 2017, Bonnier has also had 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.

Both Dawit Isaak and Gui Minhai are currently imprisoned. *Expressen* is constantly monitoring the cases of these political prisoners and follows and helps to keep up pressure on the political process to secure their release.

Con*temporary art*
Bonnier AB's parent company Bonnier Holding 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. Jeanette Bonnier herself died in 2016, and bequeathed funds that will safeguard Bonniers Konsthall's continuous development, together with continued financing from Bonnier Holding.

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 correct 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 great bearing on the media sector that has attracted a huge amount of attention in 2017 concerns questions regarding user data, which have been especially relevant with the preparations for 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 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.

*Whistleblowi*ng

Bonnier's whistleblowing system was strengthened during the year. Reports are made through an external web-based service and received by the CEO of Bonnier Holding 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. In parallel with the improvements to the system, Bonnier's employees and managers were also given additional information about whistleblowing. Improving the whistleblowing service has resulted in greater awareness and a larger number of cases coming in.

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 2017 extensive work was carried out to prepare Bonnier for the implementation of the EU's General Data Protection Regulation (GDPR). 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.

All Bonnier employees in countries covered by the GDPR are to have completed online training on the requirements of the legislation when handling personal data by the time the GDPR is implemented in May 2018.

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.

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.

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 2017 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 the business area and company level.

The Group's Swedish operations especially have long collaborated on these issues. In work day to day this partly involves 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 working. Bonnier's HR Director calls meetings of the HR Council.

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.

Centrally, a large number of training courses are provided through *Bonnier Media University* (BMU) each year with a focus on leadership, innovation and business development. In 2017 BMU also held internal events such as the GRID inspiration summit and the Bonnier Sales Awards. About 900 Bonnier employees attended one of BMU's training courses or other events in 2017. In addition, BMU runs the Swedish Grand Prize for Journalism, Sweden's leading journalism accolade.

On December 31, 2017 Bonnier had 8,599 (8,194) employees, 3,905 (3,817) of whom worked outside Sweden. The business areas Books, News and Broadcasting have the highest number of employees.

The majority of Bonnier's employees, 4,694 (4,377) people, work in Sweden. Gender distribution among employees in Sweden is evenly divided between women and men. Of the people who started working at Bonnier in 2017, about half were women and half were men. Employee turnover in Sweden amounted to 14 percent. Sick leave within Bonnier Sweden amounted to three percent of total working hours during the year.

Data collection and scrutiny have been focused on Sweden for historic and legal reasons. In 2018–2019, statistics on employees will also be developed for Bonnier's operations in other markets.

Form of employment (Sweden)

	Women	Men	Total
Full-time employment, %	88%	95%	92%
Part-time employment, %	12%	5%	8%

Sweden – age distribution

	Women	Men
< 30, %	8%	5%
30-50, %	32%	30%
>50, %	12%	14%

Joint employee survey
In 2017 a joint employee survey was conducted for the first time, covering all Bonnier's Swedish companies. The results of the survey will be used as a basis for evaluating the working environment and leadership at every level in our companies. The results will be discussed in Bonnier's Board, management group and HR Council, and concrete activities will be 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. We strive to maintain close contacts with the unions, an issue that is particularly important at times of rapid change in the industry. 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 approximately seven times a year, where they join Group management to exchange information and discuss overarching strategy issues, such as technical initiatives and major investments. BKR comprises 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.

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 travellers 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
In 2017 Bonnier's Group management decided on a target of reaching equal gender distribution (at least 40 percent of the under-represented 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 and will be reported for the first time in 2018.

At the end of 2017, Bonnier's management comprised 17 percent women and 83 percent men. For Bonnier's business areas and companies, the management groups comprised 37 percent women and 63 percent men. 42 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 2017.

Distribution of women and men, %

	Percentage	
	Women	**Men**
Bonnier in total	54%	46%
Management of business areas & companies	37%	63%
Bonnier AB's management group (EMT)	17%	83%
Board	30%	70%

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 to highlight work on gender equality issues and career opportunities both internally and externally, such as Women in Tech, #Shesgotthis and VA Kvinna.

#MeToo
Autumn 2017 was synonymous with the #MeToo movement, which touched Bonnier's operations both as media outlets describing events and as workplaces. One consequence of #MeToo is a generally heightened awareness of sexual harassment.

During the fall, Bonnier carried out an in-depth investigation of harassment in our companies. A number of activities and projects are being run, and have been for some time, to clearly set out values and rules, and to ensure that breaches of rules can be identified to the greatest possible extent and have rapid and clear consequences.

Bonnier Broadcasting: Mission Zero
After having been criticized for not having acted earlier on information on harassment and insulting behavior in one production, criticism also confirmed by an independent inquiry ordered by TV4, TV4 launched an overarching action plan, Mission Zero.

Mission Zero primarily seeks to prevent and combat harassment, bullying and insulting behavior, and secondly to identify and tackle such kinds of behavior should they occur. The 10 points of Mission Zero are outlined below:

• A new ethics council is to be established within Bonnier Broadcasting, with an advisory function on ethical issues.

• More support for project managers and a clearer expectation of a dialogue with productions, including a new Code of Conduct and new types of start-up meetings for productions.

• Presenters are to be brought closer to operations and TV4.

• A new whistleblower channel is to be created for all employees. The channel also covers employees at the production companies for TV4's productions.

• Reinforced central whistleblower channel via Bonnier.

• Industry meetings for all TV companies and larger production companies to discuss experiences and shared measures.

• Clearer guidelines on harassment and how to handle it.

• Training initiatives for greater knowledge among all managers.

• Ongoing annual training and acceptance of guidelines for all employees.

• Improved compulsory introduction for new employees.

Diversity survey
In 2018 Bonnier's Swedish operations will carry out their first diversity survey in the Swedish businesses using SCB's anonymous personal ID number service. The aim is to make visible the proportion of employees with an international background in order to monitor the extent to which Bonnier's organization is given the opportunity to reflect the diversity that exists in our society and customer base.

Inclusion and participation
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*. Two initiatives realized in 2017:

Clio Förberedelseklass is a training module for newly arrived immigrant schoolchildren to enable them to make the move into Swedish schools as quickly as possible. It is primarily geared towards newly arrived students in years 4–9 and in language introduction classes preparing them for upper secondary school. Texts at two different levels, study guides in several different languages and interactive activities give students an opportunity to develop their Swedish language.

The focus in preparatory classes is on supporting students' linguistic development, but also on giving students an insight into Swedish society and knowledge in other school subjects. For this reason, the portal also contains an introduction to Swedish society entitled "Välkommen hit!" and texts and activities that give students an opportunity to develop their skills in other subjects in the school curriculum. With support from Bonnier Social Impact, the training module was able to be provided free of charge to all Swedish schools. More than 1,200 schools have used the Clio module during the year.

Filmtegration 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 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.

The Bonnier publishing companies together with Bonnier's family foundation are partners of 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
At the end of 2017 Bonnier's environmental policy was expanded with the addition of overarching environmental responsibility principles, which also describe the responsibility of the respective business areas to carry out adequate environmental work. Responsible use of resources also includes responsible purchasing, where Bonnier has expectations regarding resource efficiency, environmental responsibility and responsibility for employees through its Code of Conduct for suppliers.

In 2017 Bonnier took a number of initiatives to boost work on responsible use of resources. As part of Bonnier Standards, there are shared indicators for monitoring environmental and resource use based on type of operation. In 2018–19, each business area will ensure that there is an adequate environmental plan with a focus on prioritized issues and supplement its current work with measuring and following up relevant activities.

With the exceptions of the printers, Bonnier's operations in general are not extensively resource or energy intensive. Printing operations thus have a greater focus on environmental work, but looking ahead, Bonnier's other business areas will also measure and monitor their impact.

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. 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. Inputs, wastage, waste, energy, etc. are monitored to safeguard efficiency.

Bonnier's daily newspapers are published in Sweden and printed at our printers in Stockholm and Malmö and at the part-owned Borås Tidning Tryckeri (Bold Printing) as well as at a contract printer in Umeå. All printers have a Nordic Swan Ecolabel licence and ISO 14000 certification. A Nordic Swan Ecolabelled printing firm meets strict environmental requirements, mainly for the printing process, paper consumption and the use of chemicals. The label thus indicates that the production process has a low environmental impact compared with other printers.

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.

Bonnier's Code of Conduct for suppliers and its process for evaluating suppliers continue to be developed on an ongoing basis, with the requirements on environmental and social sustainability clearly set out. Bonnier's suppliers must have an environmental policy and a quality management system, for example.

Follow-up and results
For some time, there has been established follow-up and reporting of results within Bonnier News with a focus on printing operations at Bold Printing. Bonnier's work in the environmental field in 2017 focused on surveying work in progress within the Group and establishing priorities looking ahead. In 2018–19 follow-up will be established for all business areas with a focus on important questions for the respective operations. Examples of follow-up of results are shown below.

Examples: E-commerce (Adlibris Group)
Bonnier e-commerce provider Adlibris Group has a sustainability team that has drawn up guidelines for environmental work. This work concerns both the company's internal environmental initiatives and environmental impact through product and distribution. Two important aspects of Adlibris' operations are packaging and transport.

Recycling and packaging: The Adlibris Group is a member of FTI, which manages recycling, and the corrugated board used for mailings to customers is made from recycled material. To further reduce the use of disposables such as corrugated board and plastic wrap, Adlibris produced hard plastic trays 15 years ago, and these are still used for incoming deliveries of books from Adlibris' largest suppliers.

Transport: Adlibris is a reseller and buys its products from suppliers in Europe, the U.S. and Asia. Transport from Asia is by sea (following an internal inquiry which reached the conclusion that sea is a better alternative than rail from a sustainability perspective) while products from Europe and the Nordic countries are usually transported by road. In order to attain rapid deliveries to customers, the Adlibris group sometimes ships products from the U.S. by air. The company works actively to reduce the proportion of products shipped by air by developing purchasing algorithms to better predict demand and plan purchasing.

Climate compensation: Beginning in 2017, Adlibris now offsets the carbon emissions from all its shipping out to customers.

Solar panels: The Adlibris Group's logistics center is located in Morgongåva in Heby municipality and covers 32,000 square meters. In 2018 solar panels will be installed on the roof of the premises. Production from these will make the logistics facility self-sufficient in electricity.

Examples: Bonnier News and Bold Printing
Bonnier News has the greatest environmental impact through the use of newsprint and transport (incoming and outgoing). Bonnier News' newspapers are mainly printed by the Bold Printing group. An ecosystem approach and a focus on constant improvements characterizes Bold's operations – for example, shredding newspaper at source, recycling consumed printing plates, ensuring that used newsprint (virgin fiber and recycled fiber) includes a high proportion of fiber from certified forestry (FSC/PEFC), and constantly improving the transport systems through better use of capacity.

Dagens Nyheter and *Expressen* have long participated in producing key environmental figures for the daily press (MINT). These key environmental figures include:

• Energy consumption in total (electricity+heating+cooling+other)
• Fossil energy
• Material use total (printing paper)
• Non-renewable materials (sheet metal + mineral oil in printing inks)
• Emissions to air of carbon dioxide, nitrogen oxide, sulphur oxide and volatile organic compounds (VOC)
• Waste in total from facilities to landfill and electronic waste

Bold's printers have environmental management systems under ISO 14001 and are thus environmentally certified, as well as being Nordic Swan Ecolabelled. The materials used meet the requirements of Nordic Swan Ecolabelling. Everything that is printed can be recycled, all shredding, packaging and plastic is sorted by waste fraction and sent for recycling. Bold's printers demand high use of capacity in conjunction with transport.

The work draws on the environmental policy and the environmental management system ISO 14001 has a major steering effect on operations. The key environmental figures report MINT provides annual monitoring for *Dagens Nyheter* and *Expressen*. Suppliers and their products or services are expected to meet environmental requirements.

Human rights
Through Bonnier's operations, we help to safeguard human rights by scrutinizing human rights abuses. Bonnier supports international conventions on respect for human rights and the principles of the UN Global Compact.

Bonnier's direct operations are mainly run in the Nordic countries and in other countries with clear requirements and rules on human rights. Requirements on respect for human rights are also made in our supplier policy. We judge that breach of human rights is a very limited risk in our operations and thus does not constitute a significant sustainability area for reporting.

Further reading: For more information on our sustainability work and social impact, read our Annual Report with a focus on social benefit at annualreview2017.bonnier.com.

Expected future development
In our plan for the years 2015–2020 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 is 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. In 2018 we have every opportunity to also drive profitability in the right direction on the basis of the progress made.

The Parent Company
The Parent Company mainly contains Group-wide functions. Net turnover amounted to SEK 42 (24) million, of which invoicing to other companies in the Group amounted to SEK 40 (24) million. Results before appropriations amounted to SEK -672 (-75) million.

In 2017 the Group carried out restructuring which involved changing the holdings of shares in subsidiaries in the Parent Company. The effect of this restructuring has affected the result in net interest income by a net SEK -1,020 million, SEK 1,578 million of which refers to dividends received and SEK -2,598 million refers to impairment losses.

Proposed appropriation of profits
The Parent Company
The following earnings are at the disposal of the Annual General Meeting:

(SEK)	
Retained earnings	17,191,922,922
Profit/loss for the year	-265,688,122
	16,926,234,800

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

To be carried forward	16,926,234,800
	16,926,234,800

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	2017	2016
Net sales	5	25,740	25,492
Other operating revenues		33	80
Total revenues		**25,773**	**25,572**
Raw materials and consumables [1]		-2,140	-2,088
Goods for resale		-5,557	-5,230
Personnel costs	6, 7	-6,490	-6,424
Other external costs	7, 8, 9	-7,045	-6,954
Depreciation, amortization and impairment losses [1]	14, 15	-3,956	-4,251
Profit or loss from participations in associated companies and joint ventures	10	71	108
Other operating expenses		-31	-2
EBITA		**625**	**731**
Items related to acquisitions, divestments and close-downs together with amortization/impairment losses of group excess values [1]	11	-2,049	-101
		-2,049	-101
Operating profit/loss [1]		**-1,423**	**630**
Interest income		12	20
Interest expenses		-202	-227
Other financial income and expenses		-15	-25
Net financial income/expenses from participations in associated companies and joint ventures	10	-7	-7
Net financial income/expenses	12	**-212**	**-239**
Profit/loss before tax [1]		**-1,635**	**391**
Tax [1]	13	-604	-115
Profit/loss for the year [1]		**-2,239**	**276**
Profit/loss for the year attributable to:			
-Shareholders of the Parent Company [1]		-2,268	277
-Non-controlling interests		29	-1

Consolidated Statements of Comprehensive Income

SEK million

	2017	2016
Profit/loss for the year [1]	**-2,239**	**276**
Other comprehensive income		
Items which are not reclassified to profit or loss		
Revaluation of defined benefit pension plans	-134	-27
Revaluation of defined benefit pension plans in associated companies and joint ventures	-	-4
Items which may subsequently be reclassified to profit or loss		
Translation differences [1]	87	5
Cash flow hedges	19	-4
Translation differences attributable to participations in associated companies and joint ventures	0	23
Other comprehensive income for the year, net after tax [1]	**-29**	**-7**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR [1]	**-2,268**	**269**
Total comprehensive income attributable to:		
-Shareholders of the Parent Company [1]	-2,302	269
-Non-controlling interests [1]	34	-1

[1] The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

Consolidated Statements of Financial Position

SEK million

	Note	Dec. 31, 2017	Dec. 31, 2016
ASSETS			
Non-current assets			
Intangible assets	14		
Goodwill		7,680	8,828
Film and program rights		2,168	1,955
Other intangible assets [1]		1,329	1,359
		11,176	12,141
Property, plant and equipment	15		
Buildings and land		106	28
Plants and machinery		114	235
Equipment, tools, fixtures and fittings		284	297
Construction in progress and advances		19	25
		524	585
Financial assets			
Non-interest-bearing			
Participations in associated companies and joint ventures	17	550	552
Long-term receivables	18	338	136
		889	688
Interest-bearing			
Derivatives	19	-	3
Long-term receivables	18	81	47
		81	50
Deferred tax assets [1]	13	1,565	1,960
Total non-current assets [1]		**14,235**	**15,424**
Current assets			
Non-interest-bearing			
Inventories [1]	20	1,822	1,732
Account receivables	21	2,798	2,705
Other short-term receivables	22	308	358
Prepaid expenses and accrued income [1]		1,294	1,343
		6,222	6,138
Interest-bearing			
Derivatives	19	54	52
Other short-term receivables	22	304	626
Prepaid expenses and accrued income		26	35
Cash and cash equivalents	23	472	274
		856	986
Total current assets [1]		**7,078**	**7,124**
TOTAL ASSETS [1]		**21,312**	**22,548**

[1] The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

Consolidated Statements of Financial Position

SEK million

	Note	Dec. 31, 2017	Dec. 31, 2016
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Parent Company			
Share capital	24	300	300
Other contributed capital		232	232
Reserves [1]	24	-29	-129
Retained earnings including profit/loss for the year [1]		3,281	5,425
Total equity attributable to shareholders of the Parent Company [1]		**3,784**	**5,828**
Non-controlling interests [1]	24	137	88
Total equity [1]		**3,921**	**5,916**
Non-current liabilities			
Interest-bearing			
Liabilities to credit institutions	25	1,488	2,911
Derivatives	19	0	0
Provisions for pensions	26	2,426	2,285
Provisions	27	93	112
Other non-current liabilities	28	347	283
		4,353	5,591
Non-interest-bearing			
Deferred tax liabilities	13	312	292
Provisions	27	38	389
Derivatives	19	108	162
		459	843
Total non-current liabilities		**4,812**	**6,434**
Current liabilities			
Interest-bearing			
Liabilities to credit institutions	25	2,057	2,039
Derivatives	19	9	32
Provisions	27	116	59
Other current liabilities	29	2,916	643
Accrued expenses and deferred income	30	39	49
		5,137	2,821
Non-interest-bearing			
Account payables		1,942	2,104
Subscription liabilities and other advances from customers		990	1,048
Current tax liabilities		41	42
Provisions	27	411	45
Other current liabilities	29	688	708
Accrued expenses and deferred income	30	3,388	3,430
		7,443	7,376
Total current liabilities		**12,580**	**10,198**
TOTAL EQUITY AND LIABILITIES [1]		**21,312**	**22,548**

For information concerning the Group's pledged assets and contingent liabilities, see Note 31.

[1] The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

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, 2016	**300**	**232**	**-153**	**5,863**	**6,242**	**69**	**6,311**
Adjustment for changed accounting policies, and correction of errors. 1)				-352	**-352**	**-**	**-352**
Adjusted opening balance, Jan. 1, 2016 1)	**300**	**232**	**-153**	**5,511**	**5,890**	**69**	**5,959**
Comprehensive income							
Profit/loss for the year 1)				277	**277**	-1	**276**
Other comprehensive income							
Cash flow hedges			-6		**-6**	-	**-6**
Translation differences 1)			5		**5**	0	**5**
Revaluation of defined benefit pension plans				-34	**-34**	-	**-34**
Other comprehensive income attributable to participations in associated companies and joint ventures			23	-5	**17**	-	**17**
Tax on items in other comprehensive income			1	9	**10**	-	**10**
Total other comprehensive income, after tax 1)			23	-30	**-7**	0	**-7**
Total comprehensive income 1)			**23**	**246**	**269**	**-1**	**269**
Transactions with shareholders:							
Dividends to owners of the Parent Company				-280	**-280**		**-280**
Dividends to non-controlling interests						-7	**-7**
Change in conjunction with acquisitions and divestments of non-controlling interests				-3	**-3**	26	**23**
Change in value of options attributable to acquisitions of non-controlling interests				-4	**-4**	-	**-4**
Group contributions				-58	**-58**	-	**-58**
Tax on group contributions				13	**13**	-	**13**
Total transactions with shareholders				**-332**	**-332**	**20**	**-313**
Closing balance, Dec. 31, 2016 1)	**300**	**232**	**-129**	**5,425**	**5,828**	**88**	**5,916**

	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**

1) The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

Consolidated Statements of Cash Flow

SEK million

	Note	2017	2016
Operating activities			
Profit/loss before tax [1)]		-1,635	391
Adjustments for items in cash flow [1)]	32	6,134	3,984
Paid income tax		-161	-125
Cash flow from operating activities before change in working capital [1)]		**4,338**	**4,250**
Change in inventories [1)]		-317	-307
Change in account receivables		-123	308
Change in other short-term receivables [1)]		-16	-15
Change in account payables		-146	68
Change in subscription debt and advances from customers		-41	-167
Change in other current liabilities		-24	-128
Change in working capital		**-667**	**-242**
Cash flow from operating activities		**3,671**	**4,008**
Investing activities			
Acquisition of shares in subsidiaries, net debt effect	16	-641	-288
Reversal of net debt items in the acquisition of shares in subsidiaries that are not cash or cash equivalents		91	97
Investments in other financial assets		-141	-88
Acquisition of property, plant and equipment		-166	-217
Acquisition of intangible assets [1)]		-3,973	-4,303
Divestments of shares in subsidiaries, net debt effect		0	252
Reversal of net debt items on divestments of shares in subsidiaries and other financial assets that are not cash or cash equivalents		-4	2
Divestments of other financial assets		26	12
Divestments of buildings and land		-	240
Divestments of property, plant and equipment		5	0
Divestments of intangible assets		1	2
Cash flow from investing activities [1)]		**-4,803**	**-4,291**
Financing activities			
Divestments to non-controlling interests, net debt effect		642	-
Repayments/lending of interest-bearing receivables		313	96
Change in current financing		2,262	-516
Borrowings		1,585	957
Amortization of debt		-3,021	-196
Group contributions		-58	-
Dividends paid		-322	-286
Cash flow from financing activities		**1,401**	**54**
CASH FLOW FOR THE YEAR		**270**	**-229**
Cash and cash equivalents at the beginning of the year		274	583
Translation differences in cash and cash equivalents		-72	-80
Cash and cash equivalents at the end of the year		**472**	**274**

[1)] The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

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 Atlasmuren 1, 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 Holding AB, Corporate Registration No. 556576-7463, a subsidiary of Albert Bonnier AB, which is owned by more than 85 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 accounting policies and correction of errors

At a review of the Group's accounting for development expenses and future publishing rights, it has been emerged that a more true and fair picture, from actual conditions, is to recognize expenditures between intangible assets and inventories. As an effect the comparable figures have been adjusted and the retained earnings have been reduced with SEK 158 million before tax (related among increased amortization) and the profit for 2016 has been reduced with SEK 52 million before tax. In relation to this were also errors in the accounting identified in the UK and U.S.-based book operations. These have reduced the retained earnings with SEK194 million and the profit for 2016 has been reduced with SEK 115 million.

Changed standards which are effective in 2017

New requirements in IAS 7 Statement of Cash Flows have been adopted, which means that from 2017 a reconciliation between opening balance and closing balance of the changes in liabilities arising from the financing activities in the Groups statement of cash flows, have to be disclosed. The changes of the liabilities are divided in cash and non-cash changes, such as foreign exchange gains or losses, acquired and divested operations. The reconciliation is presented in note 32 Cash Flow. No comparatives are presented. Other amended standards have had no material effect on the Bonnier Group consolidated financial statements.

New and revised standards and interpretations but 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 may have an effect on the consolidated financial statements, when applied for the first time.

IFRS 9 "Financial Instruments" is intended to replace IAS 39 "Financial Instruments: Recognition and Measurement", and is effective for financial years beginning on or after 1 January 2018. The Group has performed an assessment to evaluate the effects on the financial statements according to IFRS 9. Based on the analysis, the opening balance, as per 1 January 2018, other investments (equity instruments) and presentation of hedging of film and program rights will be adjusted. The effect of fair value measurement of other investments will impact the opening balance as per 1 January 2018 with SEK 53 million. The changes in fair value will from here on be presented in "Net financial income/expenses" in the line "Other financial income and expenses". The Group using cash flow hedging for purchase of film and program rights. According to the earlier principle in IAS 39, cumulative amount in the hedging reserve should be retained in equity and reclassified to profit or loss during the useful life. According to IFRS 9, the accumulated amount in the hedging reserve would be included in the initial cost of the film and program rights. As per 1 January 2018 SEK 7 million is removed from the hedging reserve and reduced the cost of film and programs rights, the deferred tax related to these items amounts to SEK 2 million and increased the deferred tax assets. The comparatives, according to IFRS 9, for 2017 or earlier will not be adjusted in the future financial reports.

IFRS 15 "Revenue from Contracts with Customers" supersedes all previous standards and interpretations addressing revenue recognition. The new standard is effective for financial years beginning on or after 1 January 2018. The Group has performed an assessment to evaluate the effects on the financial statements. The assessment is that IFRS 15 will not have a major impact on the financial statements, except for new disclosures.

IFRS 16 "Leases": The new standard for the accounting of leases means for the Group as lessee, that all lease contracts, with exception for 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 Balance sheet total will increase. Income statement will also be affected due to that 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 for each lease agreement a front-loaded effect on profit or loss. According to IAS 17 lease payments for operational leases are recognized as "Other operating expenses", included in EBITA, on straight-line basis in. There will also be some new disclosures. The Group has started a calculation of which effect the new lease standard will have on the financial statements. IFRS 16 will be effective for financial years beginning on or after 1 January 2019.

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

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.

NOTE 2 **cont.**

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 profit or loss 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 profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are classified to profit or loss 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 or joint venture are eliminated. Dividends received from associated companies or joint ventures reduce the carrying amount of the investment.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for value added tax, provisions for returns, discounts and advertising tax.

The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that the economic benefits associated with the transaction will flow to the Company and when the criteria described below have been met.

Revenue from sales of goods is recognized when the goods are delivered and title has passed. Revenue from subscriptions of newspapers and magazines, which is invoiced in advance, is recognized upon delivery, i.e. the revenue is distributed evenly over the subscription period. Revenue from movie rentals is recognized in accordance with the licensing agreement and is based on the number of visitors and the cinema's film revenue. Revenue from

NOTE 2 **cont.**

advertisements is recognized during the period in which the advertisements are actually shown. In the event that a portion of the revenue is variable, this is recognized when the revenue can be reliably estimated. Other revenue from sale of services is recognized during the period in which the services are rendered.

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 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.

NOTE 2 **cont.**

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 licence period or views and is maximum three 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
A financial asset or financial liability is recognized in the statement of financial position when the Company becomes a party to the contractual provisions or the instrument. A financial asset or a component 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 component of a financial liability is derecognized when the obligations have been discharged, cancelled or they expire.

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.

Financial assets and financial liabilities that are not subsequently measured at fair value through profit and loss are initially carried at fair value with addition and deduction for transaction cost. Financial assets and financial liabilities that are subsequently measured at fair value through profit and loss are initially carried at fair value. Financial instruments are subsequently carried at amortized cost or fair value, depending on the instrument's initial categorization in accordance with IAS 39.

Accounts receivables and accounts payables
Accounts receivables and accounts payables are recognized at nominal amount without any discounting. Accounts receivables are recognized net of bad debt.

Liabilities to credit institutions and other borrowings
Interest-bearing bank loans, credit lines and other liabilities are categorized as "Financial liabilities measured at amortized cost" and 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.

Derivative instruments
The Group enters into derivative transactions to manage foreign exchange risk and interest risks. When possible, the Group applies hedge accounting and the derivative instruments are therefore, depending on the purpose, categorized as "Derivative instruments used for hedging purposes". 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. Unrealized gains or losses on derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income.

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.

NOTE 2 cont.

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 53.

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 2,426 million (2,285). For more information, see Note 26 Pensions.

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, 2017, the Group achieved its liquidity goals, cash and cash equivalents, and unutilezed credit facility amounting to SEK 6,955 million (5,148).

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, 2017, the maturity structure[2)] was 24% (6) within 12 months and 29% (26) within 24 months. The Group complies with these goals. The Group's external loans include financial covenants which as of December 31, 2017 are complied with.

Information on current loans and credit facilities is also provided in Note 25 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, 2017. 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, 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**	**4,022**	**1,516**	**504**	**8,951**

Matutity structure of financial liabilities Dec. 31, 2016

SEK million	Within 3 months	3-12 months	1-5 years	More than 5 years	Total
Liabilities to credit institutions	1,209	859	2,368	579	5,015
Derivatives	32	0	162	-	194
Other interest-bearing liabilities	172	471	362	19	1,024
Account payables	2,042	59	3	0	2,104
Total	**3,455**	**1,389**	**2,896**	**598**	**8,339**

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, 2017, the fixed interest period was 11 months (22) after consideration of derivative instruments and the average interest rate was 1.99% (3.00). 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, 2017, it was 6.79 (5.82).

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 following table shows the nominal and carrying amounts (corresponding to fair value) for all derivative instruments referring to interest rate risk.

Outstanding derivative instruments relating to interest rate risks

SEK million	Dec. 31, 2017		Dec. 31, 2016	
Interest rate swaps, cash flow hedges	**Nominal amount**	**Carrying amount**	**Nominal amount**	**Carrying amount**
-Assets	-	-	-	-
-Liabilities	2,200	109	2,600	162

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	Dec. 31, 2017		Dec. 31, 2016	
SEK million	**Profit/loss impact**	**Equity impact**	**Profit/loss impact**	**Equity impact**
Effect on future financial expenses +1%	-4	-	-14	-
Effect on future financial expenses -1%	4	-	14	-
Revaluation effect + 1%	-	38	-	61
Revaluation effect - 1%	-	-39	-	-63

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.

NOTE 4 Cont.

Hedge accounting
The Group applies cash flow hedging according to IAS 39 for firm commitments and forecasted commercial cash flows in foreign currencies. As of December 31, 2017, the Group had outstanding foreign currency derivative instruments to hedge commercial cash flows with a total market value of SEK 3 million (6) in assets and SEK 1 million (0) 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.

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, 2017		Dec. 31, 2016	
SEK million	Profit/loss impact	Equity impact	Profit/loss impact	Equity impact
EUR/SEK + 10%	-1	3	-	-
EUR/SEK - 10%	1	-3	-	-
USD/SEK + 10%	14	13	-6	3
USD/SEK - 10%	-13	-12	5	-2
USD/EUR + 10%	-1	-	6	-2
USD/EUR - 10%	2	-	3	-3

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 11 million (0). 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 21.

The Group's maximum exposure to credit risks is deemed to correspond to the carrying value of all financial assets and, on December 31, 2017, amounted to SEK 4,355 million (4,199).

Outstanding derivatives - Maturity structure

Fair value	Dec. 31, 2017		Dec. 31, 2016	
SEK million	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives				
Within 3 months	-	1	-	0
Between 3-12 months	-	-	-	-
Between 1-5 years	-	108	-	162
More than 5 years	-	-	-	-
Total	**-**	**109**	**-**	**162**
of which cash flow hedges	-	109	-	162
Currency derivatives				
Within 3 months	51	6	46	32
Between 3-12 months	3	2	5	0
Between 1-5 years	-	-	3	0
More than 5 years	-	-	-	-
Total	**54**	**9**	**55**	**32**
of which cash flow hedges	3	1	6	-

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, 2017		Dec. 31, 2016	
SEK million	Assets	Liabilities	Assets	Liabilities
Gross value of derivatives recognized in the statement of financial position	54	117	55	195
Offset amount	-37	-37	-15	-15
Net position	17	80	40	180

NOTE 4 **Cont.**

Carrying amounts and fair values of financial assets and liabilities

SEK million		Dec. 31, 2017 Carrying amount	Dec. 31, 2016 Carrying amount
ASSETS			
Financial assets at fair value			
Derivatives held for trading - through profit or loss (Note 19)[1]	Level 2	51	49
Derivatives used for hedge accounting - through other comprehensive income (Note 19)[2]	Level 2	3	6
		54	55
Loans and receivables			
Long-term interest-bearing receivables	Level 2	81	47
Long-term non-interest-bearing receivables	Level 2	338	136
Account receivables	Level 2	2,798	2,705
Other short-term interest-bearing receivables	Level 2	304	626
Other short-term non-interest-bearing receivables	Level 2	308	358
		3,829	3,871
Cash and cash equivalents (Note 23)	Level 2	472	274
Total financial assets		**4,355**	**4,199**
LIABILITIES			
Financial liabilities at fair value			
Derivatives held for trading - through profit or loss(Note 19)[1]	Level 2	6	32
Derivatives used for hedge accounting - through other comprehensive income Note 19)[2]	Level 2	110	162
Other interest-bearing liabilities (Note 28)	Level 3	107	77
		223	271
Financial liabilities measured at amortized cost			
Non-current liabilities to credit institutions (Note 25)	Level 2	1,488	2,911
Current liabilities to credit institutions (Note 25)	Level 2	2,057	2,039
Other interest-bearing current liabilities	Level 2	2,880	622
Account payables	Level 2	1,924	2,104
Other non-interest-bearing current liabilities	Level 2	688	708
		9,037	8,384
Total financial liabilities		**9,260**	**8,654**

[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 24 million (17) 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 -62 million (-70), see Note 12 for more information. Ineffective cash flow hedges reported in Financial income and expenses amount to SEK -2 million (-2).

[3] The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

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

Liabilities attributable to put options in non-controlling interests are not included in the table shown above given that they are measured at fair value through equity, and items related to acquisitions, divestments and close-downs together with amortization/impairment losses of Group excess values. The liabilities refer to Level 3.

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 conditional considerations and liabilities attributable to put options in non-controlling interests ascribed to 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 in respect of which the fair value amounts to SEK 1,203 million (1,205). 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.

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, 2017, to SEK 8,553 million (7,376) and equity amounted to SEK 3,921 million (5,916 [3]).

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

NOTE 5 **Distribution of net sales**

SEK million	2017	2016
Advertising	8,134	8,402
Subscriptions	4,317	4,262
Goods, film & TV distribution	11,612	11,354
Other	1,678	1,474
Total	**25,740**	**25,492**

NOTE 6 Personnel

Average number of employees	2017 Number of employees	2017 of whom women, %	2016 Number of employees	2016 of whom women, %
Bonnier AB	**45**	**51**	**45**	**52**
Subsidiaries				
Sweden	4,443	49	4,194	50
Denmark	768	52	792	53
Finland	592	65	627	65
Germany	591	74	576	75
United States	522	51	578	52
United Kingdom	353	65	285	61
Poland	266	42	247	53
Estonia	203	73	206	74
Norway	133	61	143	65
Lithuania	128	70	97	72
Slovenia	104	67	101	64
Malta	83	30	77	26
France	59	54	47	51
Australia	32	81	36	78
Austria	9	22	-	-
Croatia	6	33	-	-
China	3	67	-	-
Luxembourg	3	33	4	50
Canada	-	-	10	40
Subsidiaries	**8,298**	**54**	**8,019**	**55**
Group	**8,343**	**54**	**8,065**	**55**

Board members and senior executives	Dec. 31, 2017 Number of employees	Dec. 31, 2017 of whom women, %	Dec. 31, 2016 Number of employees	Dec. 31, 2016 of whom women, %
Bonnier AB				
Board members	10	30	10	30
CEO and other senior executives	11	18	11	18
Group total				
Board members	664	25	646	26
CEO and other senior executives	479	37	451	38

Wages, salaries, other remuneration and social security costs

	2017				2016			
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	70	22	5	14	61	20	7	24
Subsidiaries	4,665	1,012	81	443	4,593	1,009	80	475
Group total	**4,735**	**1,035**	**85**	**457**	**4,655**	**1,029**	**87**	**499**

Remuneration to Board members, CEO, and other employees

	2017			2016		
SEK million	Board members and CEO	(of which variable salaries)	Other employees	Board members and CEO	(of which variable salaries)	Other employees
Bonnier AB	13	4	57	11	2	50
Subsidiaries	210	45	4,455	212	41	4,382
Group total	**223**	**49**	**4,512**	**223**	**43**	**4,432**

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.

Of the Parent Company's pension costs, SEK 2.2 million (1.9) refers to the current CEO, and SEK 0.9 million (8.1) to the Board of Directors and former CEOs (including deputy CEO). The Parent Company's pension commitments to these individuals amounts to SEK 89.7 million (93.7).

The Group's pension costs for the Board of Directors and CEO amount to SEK 26 million (30). The Group's pension commitments to these individuals amount to SEK 199 million (181).

NOTE 7 **Items affecting comparability**

SEK million	2017	2016
Restructuring costs, employees	124	74
Restructuring costs, other	32	-
Total	**156**	**74**

NOTE 8 **Lease agreements**

Operational lease agreements

Operational lease agreements, costs for the year

SEK million	2017	2016
Minimum lease fees	702	555
Total	**702**	**555**

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, 2017	Dec. 31, 2016
Within 1 year	604	579
Between 1-5 years	1,418	1,331
More than 5 years	424	317
Total	**2,446**	**2,227**

Financial lease agreements

The Group has a financial lease contract for the Strandboulevarden 130 property in Copenhagen. Bonnier Publications A/S held an option to buy back the property at a fixed price on June 30, 2016, which was utilized. The property was later sold and is now leased back in accordance with an operating lease agreement.

Assets which the Group rents on the basis of financial leasing and which are recognized as property, plant and equipment amount to:

SEK million	Dec. 31, 2017	Dec. 31, 2016
Cost	-	147
Accumulated depreciation	-	-5
Less	-	-142
Carrying amount	**-**	**-**

NOTE 9 Fees to auditors

SEK million	2017	2016
PricewaterhouseCoopers		
Audit assignment	21	24
Audit-related activities in addition to audit assignment	1	2
Tax advice	1	1
Other services	10	7
Other auditors		
Audit assignment	3	3
Audit-related activities in addition to audit assignment	0	0
Tax advice	2	2
Other services	0	0
Total	**39**	**40**

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

	Operating profit or loss		Net financials		Tax		Total	
SEK million	2017	2016	2017	2016	2017	2016	2017	2016
Associated companies								
Borås Tidning Tryckeri AB	7	6	0	0	-2	-1	5	4
Other	17	44	0	0	-8	-1	9	43
	24	**50**	**0**	**-1**	**-9**	**-2**	**15**	**47**
Joint ventures								
Cappelen Damm Holding AS	46	58	-7	-7	-11	-12	29	39
	46	**58**	**-7**	**-7**	**-11**	**-12**	**29**	**39**
Total associated companies and joint ventures	**71**	**108**	**-7**	**-7**	**-20**	**-14**	**44**	**87**

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

SEK million	2017	2016
Capital gains on divestments and close-downs of operations	23	227
Capital losses on divestments and close-downs of operations	-	-54
Transaction costs on acquisitions	-4	-9
Change of future consideration	36	-12
Restructuring costs attributable to acquisitions	-16	-29
Impairment losses of operations during close-downs [1]	-372	-
Depreciation, amortization and impairment losses of group excess values	-122	-16
Impairment losses of goodwill [2]	-1,627	-1
Other [3]	33	-207
Total [3]	**-2,049**	**-101**

Of the total revenue and expenses from acquisitions, divestments and close-downs, SEK -8 million (-12) is attributable to personnel costs.

[1] In 2017, impairment losses have been 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 are mainly attributable to inventory. The impaiment losses are mainly due to that the operations in Australia and France are under the process of close-down.

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

[3] The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

NOTE 12 Financial income and expenses

SEK million	2017	2016
Interest income on loan receivables and account receivables	12	20
Interest income	**12**	**20**
Interest expenses on financial liabilities measured at accrued cost	-77	-92
Interest expenses on derivatives designated as hedging instruments	-62	-70
Interest expenses on pensions, net	-63	-64
Other interest expenses	-	0
Interest expenses	**-202**	**-227**
Net interest income/expenses	**-190**	**-206**
Derivatives, non-hedge accounting, changes in fair value	18	2
Ineffective cash flow hedges	-2	-2
Impairment losses on financial assets	-11	0
Other	-21	-25
Other financial income and expenses	**-15**	**-25**
Net financial income/expenses from participations in associated companies and joint ventures	**-7**	**-7**
Net financial income/expenses	**-212**	**-239**

NOTE 13 Tax

SEK million	2017	2016
Current tax		
Current tax on profit/loss for the year	-97	-147
Adjustment of current taxes for previous years	-6	18
Total current tax	**-104**	**-129**
Deferred tax		
Deferred tax attributable to the year's temporary differences [1]	-79	5
Deferred tax on the year's capitalized loss carry-forward	51	56
Deferred tax from revaluation of deferred tax assets	-11	22
Deferred tax on used loss carry-forward	-150	-52
Deferred tax attributable to changes in tax rates	-56	-
Deferred tax referring to previous year's temporary differences	-235	-3
Total deferred tax [1]	**-480**	**29**
Share of joint ventures and associated companies' tax	-20	-14
Total tax [1]	**-604**	**-115**

Reconciliation of tax expense

SEK million	2017	2016
Profit/loss before tax [1]	-1,635	391
Reversal of capital gains	-23	-173
Reversal of profit or loss from participations in associated companies and joint ventures	-64	-101
Non-taxable income	-196	-190
Non-deductible expenses [1]	2,216	451
Taxable profit/loss	**298**	**379**
Income tax calculated according to the Swedish tax rate (22%)	-66	-83
Difference in tax rates in foreign subsidiaries	-20	-34
Utilization of previously non-reported loss carry-forwards	2	10
Revaluation due to changes of tax rate	-56	-
Other [1]	-204	-9
Total	-343	-115
Adjustments reported in the current year relating to prior years' taxes	-241	15
Tax related to associated companies and joint ventures	-20	-14
Recognized tax expense [1]	**-604**	**-115**

Tax related to components of other comprehensive income

SEK million	2017	2016
Deferred tax		
Revaluation of defined benefit pension plans	31	8
Cash flow hedges	-5	1
Other comprehensive income attributable to participations in associated companies and joint ventures	-	1
Total tax recognized directly in other comprehensive income	**26**	**10**

[1] The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

Deferred tax assets

SEK million	Dec. 31, 2017	Dec. 31, 2016
Intangible assets	28	261
Property, plant and equipment	84	126
Inventories [1]	9	49
Account receivables and other receivables	5	2
Pension obligations	337	312
Other provisions	48	43
Derivatives	2	-
Account payables and other liabilities	44	45
Loss carry-forward	1,008	1,129
Offset	-1	-5
Carrying amount [1]	**1,565**	**1,960**

Deferred tax liabilities

SEK million	Dec. 31, 2017	Dec. 31, 2016
Intangible assets	221	207
Inventories	3	0
Account receivables and other receivables	1	-
Other provisions	-	2
Derivatives	-	4
Untaxed reserves	88	85
Offset	-1	-5
Carrying amount	**312**	**292**
Deferred tax assets/tax liabilities, net	**1,253**	**1,629**

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, 2017, tax loss carry-forwards amounted to SEK 4,316 million (4,596) 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 2017, deferred tax related to valued losses amounting to SEK 55 million was written down because of an uncertainty as to the extent these can be used before tax loss carry-forwards are expired. Impairment has also been made on deferred tax asset attributable to temporary differences of SEK 225 million.

NOTE 14 **Intangible assets**

SEK million	Goodwill 2017	Goodwill 2016	Film and program rights 2017	Film and program rights 2016	Other intangible assets 2017	Other intangible assets 2016	Total 2017	Total 2016
Cost								
Opening balance	9,003	8,418	4,581	3,718	2,671	2,240	16,255	14,376
Adjustment for changed accounting policy 1)	-	-	-	-	-	100	-	100
Adjusted opening balance 1)	9,003	8,418	4,581	3,781	2,671	2,340	16,255	14,476
Investments1)	603	312	3,545	3,924	428	379	4,576	4,615
Sales and disposals	-	-	-4,502	-3,182	-220	-130	-4,722	-3,312
Acquisitions and divestments of companies	-	-	-	-	12	23	12	23
Reclassifications	-	-	55	-	16	13	71	13
Translation differences1)	-140	273	71	121	-7	46	-76	440
Closing balance1)	**9,465**	**9,003**	**3,750**	**4,581**	**2,900**	**2,671**	**16,115**	**16,255**
Amortization								
Opening balance			-2,626	-2,020	-1,279	-1,013	-3,905	-3,033
Sales and disposals			4,502	3,179	188	43	4,690	3,222
Acquisitions and divestments of companies			-	-	-3	-4	-3	-4
Amortization for the year1)			-3,405	-3,693	-348	-276	-3,753	-3,969
Reclassifications			-	-	7	-3	7	-3
Translation differences1)			-53	-93	5	-25	48	-118
Closing balance1)			**-1,582**	**-2,626**	**-1,430**	**-1,279**	**-3,012**	**-3,905**
Impairment								
Opening balance	-175	-173	0	0	-33	-20	-208	-193
Sales and disposals	-	-	-	-	31	87	31	87
Acquisitions and divestments of companies	-	0	-	-	-1	-5	-1	-5
Impairment losses for the year	-1,627	-1	-	-	-138	-94	-1,765	-95
Reclassifications	-	-	-	-	-	-1	-	-1
Translation differences	16	-1	-	-	0	0	16	-1
Closing balance	**-1,785**	**-175**	**0**	**0**	**-141**	**-33**	**-1,927**	**-208**
Carrying amount, December 31 1)	**7,680**	**8,828**	**2,168**	**1,955**	**1,328**	**1,358**	**11,176**	**12,141**

The Group's contractual commitments regarding future payments for contractual rights amounted to SEK 8,435 million (8,388) as of December 31, 2017. The carrying amount of intangible assets with indefinite useful lives, excluding goodwill, amounted to SEK 421 million (451). 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.

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:

Business area	Goodwill Dec. 31, 2017	Goodwill Dec. 31, 2016
Books	1,016	810
Broadcasting	4,673	4,643
Growth Media	27	358
Magazines	899	2,291
Business to Business 2)	519	593
News 2)	545	133
Carrying amount	**7,680**	**8,828**

1) The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

2) In 2017, goodwill was transferred from Business to Business to News attributable to a transfer between the business areas.

Business area	Trademark Dec. 31, 2017	Trademark Dec. 31, 2016
Broadcasting	350	350
Growth Media	71	101
Carrying amount	**421**	**451**

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 assumptions 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 8% (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 1% (2) is applied, which agrees with the Group's long-term assumptions regarding inflation and the long-term growth in the market.

During 2017 goodwill has been written off, mostly related to the business areas Magazines and Growth Media. For Magazines the

NOTE 14 **Cont.**

write off amounts to SEK 1,268 million and for Growth Media to SEK 320 million. For Growth Media also trademarks have been impaired with SEK 30 million. The impairment for Magazines is due to changed market conditions in the US market. For Growth Media, the impairment is due to a restructuring in the business area as per 1 January 2018, see also note 34 Events after the balance date. As per 31 December 2017 the recoverable amount, which is based on the value in use, amounts to SEK 899 million for Magazines and for Growth Media to SEK 27 million. The discount rate which has been used is the same as earlier periods. The operations in Australia, which are being closed down, impairment of goodwill amounts to SEK 23 million. The impairment is presented in line *"Items related to acquisitions, divestments and close-downs together with amortization/impairment losses of group excess values"* in the Income statement.

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	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Cost										
Opening balance	48	344	2,642	2,698	1,152	1,156	25	14	3,867	4,211
Investments	21	8	18	39	102	148	26	22	166	217
Sales and disposals	-4	-312	0	-109	-69	-160	0	-	-74	-580
Acquisitions and divestments of companies	0	2	0	-1	3	-3	-	2	3	0
Reclassifications	232	0	-169	-5	-52	-14	-32	-13	-20	-32
Translation differences	1	6	9	19	-4	25	0	0	5	51
Closing balance	**298**	**48**	**2,499**	**2,642**	**1,131**	**1,152**	**19**	**25**	**3,948**	**3,867**
Depreciation										
Opening balance	-20	-94	-1,639	-1,645	-846	-869			-2,505	-2,608
Sales and disposals	4	79	0	107	61	150			66	336
Acquisitions and divestments of companies	0	-1	0	0	-2	0			-2	-1
Depreciation for the year	-26	-5	-50	-82	-106	-106			-183	-192
Reclassifications	-149	0	80	-2	62	2			-7	-1
Translation differences	0	0	-8	-16	3	-22			-5	-39
Closing balance	**-192**	**-20**	**-1,616**	**-1,639**	**-827**	**-846**			**-2,635**	**-2,505**
Impairment										
Opening balance	0	0	-769	-769	-9	-8	0	0	-777	-777
Sales and disposals	-	-	0	2	5	8	-	-	5	10
Acquisitions and divestments of companies	-	-	-	-	-	0	-	-	0	0
Impairment losses for the year	-	-	-	-2	-16	-8	-	-	-16	-10
Translation differences	-	-	-	0	1	0	-	-	1	0
Closing balance	**0**	**0**	**-769**	**-769**	**-19**	**-9**	**0**	**0**	**-788**	**-777**
Carrying amount December 31	**106**	**28**	**114**	**235**	**284**	**297**	**19**	**25**	**524**	**585**

For information regarding property, plant and equipment related to finance leases, see Note 8.

NOTE 16 **Business combinations and divestments**

Business combinations

In 2017, the Bonnier AB Group acquired a number of minor business combinations. The acquisitions correspond to net assets of SEK 157 million (0).The table below specifies the effect of the acquisitions on the Group's statement of financial position, cash flow statement and income statement in summary. Acquisition-related costs amounting to SEK 4 million (9) 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	2017	2016
Non-current assets	23	36
Interest-bearing current assets	102	28
Interest-bearing non-current liabilities	-4	-17
Non-interest-bearing non-current liabilities	-3	-
Interest-bearing current liabilities	-11	-10
Non-interest-bearing operating capital, net	57	-36
Deferred tax liabilities	-8	0
Net assets acquired	**157**	**0**
Non-controlling interests	-8	-27
Goodwill	603	312
Fair value on previously owned share	-26	-24
Total consideration	**726**	**261**
Consideration paid in cash	-644	-198
Consideration paid in cash for non-controlling interests	-9	-21
Less cash and cash equivalent balances acquired	103	28
Net cash flow	**-550**	**-191**
Net debt items, excluding cash and cash equivalents, and contingent consideration and put options	-13	-27
Transaction costs	-4	-9
Changes in contingent consideration and put options	-75	-61
Net debt effect	**-641**	**-288**

Impact of acquisitions on the profit or loss of the Group

The Group's revenues for the year include SEK 287 million (125) attributable to business combinations in 2017, and these acquisitions have contributed SEK -4 million (29) to the Group's profit or loss. If the acquisitions had been made on January 1, 2017, the Group's revenues would have amounted to SEK 25,969 million (25,653) and the Group's profit or loss to SEK -2,247 million (433).

Divestments of operations

In 2017, Bonnier AB Group has not made any divestments. Divestments from previous year resulted in a capital gain of SEK 182 million. The net debt effect from previous year divestments amounted to SEK 252 million.

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

	Associated companies		Joint ventures		Total	
SEK million	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Carrying amount, opening balance	302	293	250	193	552	486
Profit/loss before tax	24	49	40	52	64	101
Tax	-9	-2	-11	-12	-20	-14
Other comprehensive income	0	1	-14	17	-14	19
Dividends	-20	-22	-	-	-20	-22
Acquisitions	52	30	-	-	52	30
Divestments	-14	0	-	-	-14	0
Reclassifications	-49	-48	0	-	-49	-48
Other	0	-	-	-	0	-
Carrying amount, closing balance	**285**	**302**	**265**	**250**	**550**	**-552**

Participations in associated companies

	Dec. 31, 2017 Ownership	Dec. 31, 2016 Ownership	Dec. 31, 2017 Carrying amount	Dec. 31, 2016 Carrying amount
Borås Tidning Tryckeri AB, Sweden	50%	50%	33	32
Other associated companies			252	271
Participations in associated companies			**285**	**302**

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

SEK million	Dec. 31, 2017 Borås Tidning Tryckeri AB	Dec. 31, 2016 Borås Tidning Tryckeri AB
Non-current assets	10	14
Current assets	86	79
Non-current and current liabilities	-31	-22
Net assets (100%)	**65**	**71**
Ownership	50%	50%
The Group's share of net assets	**33**	**35**

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

SEK million	2017 Borås Tidning Tryckeri AB	2016 Borås Tidning Tryckeri AB
Revenues	137	140
Amortization and depreciation	-5	-4
Interest income	0	0
Interest expenses	0	0
Tax	-3	-3
Profit or loss for the year	10	10
Other comprehensive income	-	-
Total comprehensive income for the year (100%)	**10**	**10**
Ownership	50%	50%
The Group's share of total comprehensive income for the year	**5**	**5**
Dividends received	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, 2017 Ownership	Dec. 31, 2016 Ownership	Dec. 31, 2017 Carrying amount	Dec. 31, 2016 Carrying amount
Cappelen Damm Holding AS, Norway	50%	50%	265	250
Participations in joint ventures			**265**	**250**

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	Dec. 31, 2017	Dec. 31, 2016
SEK million	Cappelen Damm Holding AS	Cappelen Damm Holding AS
Current assets	653	699
Non-current assets	718	738
Current liabilities	625	712
Non-current liabilities	65	58
Net assets (100%)	**682**	**664**
Ownership	50%	50%
The Group's share of net assets	**341**	**332**

The Group's share of profit in significant joint ventures	2017	2016
SEK million	Cappelen Damm Holding AS	Cappelen Damm Holding AS
Revenues	1,627	1,482
Amortization and depreciation	-37	-36
Interest income	1	3
Interest expenses	-14	-16
Tax	-21	-24
Profit or loss for the year	59	79
Other comprehensive income	-	-11
Total comprehensive income for the year (100%)	**59**	**68**
Ownership	50%	50%
The Group's share of total comprehensive income for the year	**29**	**34**
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 **Long-term receivables**

	Other investments, shares and participations		Other long-term receivables		Long-term receivables, total	
SEK million	2017	2016	2017	2016	2017	2016
Cost						
Opening balance	178	141	73	123	251	264
Investments	91	56	38	15	129	70
Divestments/amortization	6	-17	-2	-23	3	-41
Reclassification	122	-1	-2	-44	120	-45
Other	0	0	1	2	1	2
Closing balance	**397**	**178**	**107**	**73**	**504**	**251**
Impairment						
Opening balance	-42	-48	-26	-26	-68	-74
Impairment losses for the year	-11	0	-	-	-11	0
Other	-6	6	0	0	-6	6
Closing balance	**-58**	**-42**	**-26**	**-26**	**-84**	**-68**
Carrying amount	**338**	**136**	**81**	**47**	**419**	**183**
of which						
Non-interest-bearing					338	136
Interest-bearing					81	47
Closing balance					**419**	**183**

NOTE 19 **Derivatives**

	Dec. 31, 2017		Dec. 31, 2016	
SEK million	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Interest rate swaps				
-Assets	-	-	-	-
-Liabilities	2,200	-109	2,600	-162
Foreign exchange derivatives				
-Assets	3,076	54	2,185	56
-Liabilities	262	-9	2,279	-32
Carrying amount, net		**-63**		**-139**

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

	Dec. 31, 2017	Dec. 31, 2016
Financial assets	-	3
Current assets	54	52
Non-current liabilities	-108	-162
Current liabilities	-9	-32
Carrying amount, net	**-63**	**-139**

For more information regarding derivative instruments, see Note 4.

NOTE 20 **Inventories**

SEK million	Dec. 31, 2017	Dec. 31, 2016
Raw materials and consumables	42	47
Semi-finished goods[1)]	280	352
Finished goods	426	367
Goods for resale	509	567
Advance payments to suppliers	565	401
Carrying amount	**1,822**	**1,732**

[1)] The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

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

NOTE 21 Account receivables

SEK million	Dec. 31, 2017	Dec. 31, 2016
Account receivables, gross	3,219	3,090
Reserve for doubtful debt	-192	-178
Reserve for returned products	-229	-207
Carrying amount	**-2,798**	**2,705**

Reserve for doubtful debt

SEK million	2017	2016
Reserve for doubtful debt, opening balance	178	200
Reported reserves for doubtful debt	55	64
Reversal of unutilized reserves	-16	-22
Utilized reserves	-25	-65
Reserve for doubtful account receivables, closing balance	**192**	**178**

Reserve for returned products

SEK million	2017	2016
Reserve for returned products, opening balance	207	205
Reserve for the year	212	187
Reversal for the year	-191	-185
Reserve for returned products, closing balance	**229**	**207**

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	0	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**

Age analysis	**Dec. 31, 2016**			
SEK million	**Gross**	**Reserve for doubtful debt**	**Reserve for returned products**	**Account receivables**
Not overdue	2,327	-6	-184	2,137
Overdue 1-7 days	188	-9	0	179
Overdue 8-30 days	226	-15	-2	209
Overdue 31-90 days	136	-18	-1	118
Overdue > 90 days	212	-130	-21	62
Total	**3,090**	**-178**	**-207**	**2,705**

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.

NOTE 22 Other short-term receivables

SEK million	Dec. 31, 2017	Dec. 31, 2016
Non-interest-bearing		
Receivables from Group companies	1	3
Receivables from associated companies	5	13
Receivables from joint ventures	0	0
Tax receivables	115	97
Other receivables	188	246
Carrying amount, non-interest-bearing	**308**	**358**

SEK million	Dec. 31, 2017	Dec. 31, 2016
Interest-bearing		
Receivables from Group companies	0	286
Receivables from associated companies	0	16
Receivables from joint ventures	125	158
Other receivables	179	166
Carrying amount, interest-bearing	**304**	**626**

NOTE 23 Cash and cash equivalents

SEK million	Dec. 31, 2017	Dec. 31, 2016
Short-term investments	0	0
Cash and bank balances	472	274
Carrying amount	**472**	**274**

Credit facility

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

NOTE 24 Equity

Information regarding shares (quantity)	Dec. 31, 2017	Dec. 31, 2016
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).

Dividend

No proposed dividend for 2017.

SEK million	2017-12-31	2016-12-31
Class A-shares, Class C-shares	-	280

SEK	2017-12-31	2016-12-31
Reported dividend per share	-	46.60

[1] The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

NOT 24 Cont.

Reserves

SEK million	2017	2016
Translation reserves		
Opening balance	-32	-60
Transferred to profit or loss	0	4
Translation differences for the year [1]	82	1
Translation differences on participations in associated companies and joint ventures	0	23
Closing balance [1]	**49**	**-32**
Hedging reserve		
Opening balance	-97	-92
Transferred to intangible assets	0	1
Transferred to profit or loss	-26	19
Change in value during the year	50	-25
Translation differences for the year	-	0
Tax attributable to changes during the year	-5	1
Closing balance	**-78**	**-97**
Carrying amount, December 31 [1]	**-29**	**-129**

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	Dec. 31, 2017	Dec. 31, 2016
Opening balance	88	69
Share of profit or loss	29	-1
Share of other comprehensive income for the year, net after tax [1]	5	0
Dividends to non-controlling interests	-43	-7
Change in conjunction with acquisitions and divestments of non-controlling interests	58	26
Closing balance [1]	**137**	**88**

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 25 **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, 2017 Carrying amount	Dec. 31, 2016 Carrying amount
Private placement	2017	250 MSEK	250	SEK	Variable		250
Private placement	2017	20 MEUR	20	EUR	Variable		191
Commercial paper	2018			SEK	Variable	599	1,598
Private placement	2018	250 MSEK	250	SEK	Variable	250	250
Bond loan	2018	896 MSEK	896	SEK	Fixed	896	896
Bond loan	2018	300 MSEK	300	SEK	Variable	300	300
Private placement	2019	250 MSEK	250	SEK	Variable	250	250
Syndicated bank loan	2019	6,500 MSEK	-	SEK	Variable	-	-
Private placement	2021	250 MSEK	250	SEK	Variable	250	250
Private placement	2025[2]	100 MEUR	100	EUR	Variable	984	957
Other bank loans						4	8
Less short-term portion of long-term loans						-2,045	-2,039
Non-current liabilities to credit institutions, total						**1,488**	**2,911**
Short-term portion of long-term loans						2,045	2,039
Short-term loans						12	0
Current liabilities to credit institutions, total						**2,057**	**2,039**
Liabilities to credit institutions, total						**3,545**	**4,950**

[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 1.76% (1.45). The fair value equals the carrying amount for all liabilities to credit institutions, except for the bond loans where the fair value is SEK 1,203 million.

See Note 4 for more information regarding the Group's exposure to interest rate risk.

NOTE 26 **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's ITP 2 commitment is financed internally, i.e., the Group disposes of the pension capital until such time as the pension payments are due. The intention is that the Group will use the pension capital as a long-term source of funding while simultaneously securing employee pensions.

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, 2017	Dec. 31, 2016
Present value of funded obligations	981	1,057
Present value of unfunded obligations	2,305	2,052
Total present value of defined pension obligations	**3,287**	**3,109**
Fair value of plan assets	-569	-569
Less advance for pension insurance premiums	-40	-36
Less liabilities for special payroll tax included in other current liabilities[1]	-252	-219
Reported liabilities for pension obligations	**2,426**	**2,285**

[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	2017	2016
Current service costs	62	85
Past service costs	-5	1
Net interest income/expenses	63	64
Total	**120**	**150**

NOT 26 **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	2017	2016
Revaluations:		
Return on plan assets[1]	14	25
Actuarial gains and losses arising from changes in demographic assumptions	-	-
Actuarial gains and losses arising from changes in financial assumptions	-208	-167
Actuarial gains and losses arising from experience gains/losses	28	108
Reported in other comprehensive income, total	**-166**	**-34**

[1] Excluding amounts included in net interest expenses

Changes in obligations for defined benefit pension plans

SEK million	2017	2016
Obligations for defined benefit plans, opening balance	3,109	2,996
Current service costs, incl. special payroll tax	62	85
Net interest expense	78	80
Past service cost, previous year	-5	1
Actuarial gains (-) and losses (+) relating to:		
Changes in demographic assumptions	-	-
Changes in financial assumptions	208	167
Experience gains/losses	-28	-108
Pension payments, incl. special payroll tax	-123	-125
Exchange rate differences	3	4
Other	-16	8
Obligations for defined benefit plans, closing balance	**3,287**	**3,109**

Changes in plan assets' fair value

SEK million	2017	2016
Plan assets' fair value, opening balance	569	558
Net interest expense	15	16
Actuarial gains (-) and losses (+) relating to:		
Return on plan assets, excluding amounts included in net interest expense	14	25
Pension payments	-29	-29
Fair value of plan assets, closing balance	**569**	**569**

Plan assets divided by class of assets

	Dec. 31, 2017	Dec. 31, 2016
(%)	Share	Share
Shares[1]	40	37
Interest-bearing securities[2]	47	53
Properties	3	1
Risk capital and hedge funds	9	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, 2017	Dec. 31, 2016
Discount rate	2.6	2.7
Future salary growth	1.8-3.8	1.6-3.6
Pension growth	1.8	1.6
Mortality assumptions used	DUS14 tjm	DUS14 tjm
Inflation	1.8	1.6

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, 2017	Dec. 31, 2016
Discount rate - increase of 1%	-572	-537
Discount rate - decrease of 1%	752	705
Inflation - increase of 0.5%	390	324
Inflation - decrease of 0.5%	-341	-286

Funding

The weighted average maturity for the defined benefit obligation is 19 years. Expected pension payments for the upcoming year amount to SEK 91 million (88).

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 2017 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 56 million (57). 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 0.32% (0.33) and 0.36% (0.38).

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 155%.

If Alecta's collective consolidation level is below 125% or above 155%, 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 2017, Alecta's surplus at the collective consolidation level amounted to 154% (149).

NOT 26 **Cont.**

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	**2017**	**2016**
Expenses for defined contribution pension plans	400	413

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

Defined contribution pension obligations covered by company-owned endowment policies amounts to SEK 141 million (135) at the end of the year. These have been reported net in the statement of financial position.

NOTE 27 **Provisions**

	Restructuring		**Other provisions**		**Total**	
SEK million	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Opening balance	71	138	533	274	604	412
Provisions during the year [1)]	167	74	2	308	169	383
Utilization during the year	-119	-132	-89	-49	-208	-181
Reversals during the year	0	-	-7	-1	-8	-1
Reclassification	-	-9	98	-	98	-9
Other, incl. acquisitions and divestments of operations	0	-	3	0	3	0
Translation differences	-1	0	1	1	0	1
Closing balance [1)]	**117**	**71**	**540**	**533**	**658**	**604**
of which						
Long-term provisions						
Interest-bearing					93	112
Non-interest-bearing [1)]					38	389
Short-term provisions						
Interest-bearing					116	59
Non-interest-bearing					411	45
Closing balance					**658**	**604**

The restructuring costs refer to the business areas Broadcasting, Magazines, News och Other. The restructuring reserve will, for the most part, be utilized during 2018.

[1)] The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

NOTE 28 Non-current liabilities, interest-bearing

	Contingent consideration		Liabilities attributable to put options in non-controlling interests		Total	
SEK million	2017	2016	2017	2016	2017	2016
Opening balance	77	55	227	192	304	248
Additional	105	27	12	42	117	69
Settled	-36	-16	-6	-22	-42	-38
Changes in fair value	-39	9	38	8	-1	17
Translation differences	0	1	5	7	5	8
Closing balance	**107**	**77**	**276**	**227**	**383**	**304**
Less short-term portion (Note 29)	-31	-2	-5	-19	-35	-21
Other non-current liabilities, closing balance	**76**	**75**	**271**	**208**	**347**	**283**

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 interests 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 29 Other current liabilities

SEK million	Dec. 31, 2017	Dec. 31, 2016
Interest-bearing liabilities		
Liabilities to Group companies	2,874	614
Liabilities to associated companies	6	7
Contingent considerations and liabilities attributable to put options in non-controlling interests (Note 28)	35	21
Carrying amount, interest-bearing	**2,916**	**643**

SEK million	Dec. 31, 2017	Dec. 31, 2016
Non-interest-bearing liabilities		
Liabilities to Group companies	23	68
Liabilities to associated companies	34	47
Personnel-related liabilities	254	247
Value added tax	223	154
Other liabilities	155	192
Carrying amount, non-interest-bearing	**688**	**708**

NOTE 30 Accrued expenses and deferred income

SEK million	Dec. 31, 2017	Dec. 31, 2016
Interest-bearing		
Accrued interest expenses	39	49
Carrying amount	**39**	**49**

SEK million	Dec. 31, 2017	Dec. 31, 2016
Non-interest-bearing		
Personnel-related	1,154	1,095
Accrued royalties	609	529
Accrued distribution expenses	96	94
Accrued marketing expenses	78	67
Program rights	128	255
Deferred income	466	481
Other	858	910
Carrying amount	**3,388**	**3,430**

NOTE 31 Pledged assets and contingent liabilities

Pledged assets

SEK million	Dec. 31, 2017	Dec. 31, 2016
Other pledged assets	2	-
Total	**2**	**-**

Contingent liabilities

SEK million	Dec. 31, 2017	Dec. 31, 2016
Guarentee commitments, FPG/PRI	37	32
Guarantee commitments to associated companies[1]	6	6
Guarantees, other	36	29
Total	**79**	**67**

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

NOTE 32 Cash flow

Adjustments for items in cash flow

SEK million	2017	2016
Depreciation, amortization and impairment losses [1]	3,956	4,251
Profit or loss from participations in associated companies and joint ventures	-64	-101
Capital gains/losses	-23	-173
Impairment losses of goodwill	1,627	1
Depreciation, amortization and impairment losses of group excess values	122	16
Impairment losses of operations during close-downs	372	-
Acquisition and divestment related items	-65	51
Accrued interests	-	-2
Translation differences	189	-57
Dividends from participations in associated companies	20	23
Other [1]	-1	-25
Adjustments for items included in the cash flow	**6,134**	**3,984**

SEK million	2017	2016
Paid interests	128	140
Received interests	25	27

[1] The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

Change in liabilities within financing activities

SEK million	Dec. 31, 2017	Liabilities to credit institutions	Liabilities to Group companies	Liabilities to associated companies
Cash items	Opening balance	4,950	614	7
	Amortization of debt	-3,019	-	-1
	Borrowings	1,585	-	-
	Change in current financing	2	2,260	-
Non-cash items	Remitted debt	-5	-	-
	Acquisitions of companies	4	-	-
	Translation differences	27	0	-
	Closing balance	**3,545**	**2,874**	**6**

NOTE 33 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	2017	2016
Albert Bonnier AB	1	-
AB Boninvest	0	-
Bonnier Fastigheter AB, incl. subsidiaries	3	1
Bonnier Holding AB, incl. subsidiaries	7	13
Associated companies	90	106
Joint ventures	11	13
Total	**111**	**133**

Expenses

SEK million	2017	2016
Bonnier Fastigheter AB, incl. subsidiaries	145	138
Bonnier Holding AB, incl. subsidiaries	24	24
Associated companies	469	437
Joint ventures	-	0
Total	**639**	**600**

Receivables from related parties

SEK million	Dec. 31, 2017	Dec. 31, 2016
Bonnier Fastigheter AB incl. subsidiaries	1	0
Bonnier Holding AB, incl. subsidiaries	0	289
Associated companies	36	33
Joint ventures	125	158
Carrying amount	**162**	**481**

Liabilities to related parties

SEK million	Dec. 31, 2017	Dec. 31, 2016
Albert Bonnier AB	7	9
AB Boninvest	207	149
Bonnier Fastigheter AB, incl. subsidiaries	195	106
Bonnier Holding AB, incl. subsidiaries	2,488	418
Associated companies	40	54
Carrying amount	**2,937**	**736**

Bonnier Holding AB provides a guarantee for AB Bonnier Finans' credit facility (AB Bonnier Finans is a subsidiary of Bonnier AB), see Note 23.

NOTE 34 Events after balance sheet date

In the end of 2017 an agreement was entered with the listed gaming company Mr Green, to divest Evoke Gaming, including the gaming sites Redbet, Vinnarum casino, Bertil and MamaMia, to Mr Green. The transaction was completed in the first quarter 2018.

From 2018 the group has eight business areas; Books, e-Commerce, Broadcasting, Film Studios, Ventures, Magazines, Business to Business and News, compared to previous six business areas. E-commerce, which includes the Adlibris Group, was previously included in business area Books. The business area Ventures has changed name from Growth Media, and Film Studios, which is a new business area from 1 January 2018, was previously included in Growth Media.

The Parent Company's Income Statements

SEK million

	Note	2017	2016
Net sales	2,3	42	24
Other operating revenues		-	0
Total revenues		**42**	**24**
Other external costs	3,4,5	-271	-217
Personnel costs	6	-115	-114
Depreciation, amortization and impairment losses of intangible assets and property, plant and equipment		-1	-1
Operating loss		**-344**	**-308**
Profit or loss from shares in Group companies	7	-265	291
Interest income and similar items	8	2	9
Interest expenses and similar items	9	-65	-67
Profit/loss after financial items		**-672**	**-75**
Appropriations	10	406	366
Profit/loss before tax		**-266**	**291**
Tax	11	0	0
PROFIT/LOSS FOR THE YEAR		**-266**	**291**

The Parent Company's Statements of Comprehensive Income

SEK million

	2017	2016
Profit/loss for the year	**-266**	**291**
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-266**	**291**

The Parent Company's Balance Sheets

SEK million

	Note	Dec. 31, 2017	Dec. 31, 2016
ASSETS			
Non-current assets			
Intangible assets			
Other intangible assets	12	-	0
Property, plant and equipment			
Equipment	13	3	3
Financial assets			
Shares in Group companies	14, 25	19,570	20,590
Receivables from Group companies	15	-	191
Deferred tax assets	11	35	35
Other long-term receivables	16	28	25
Total non-current assets		**19,636**	**20,843**
Current assets			
Short-term receivables			
Receivables from Group companies		793	659
Current tax assets		5	-
Other receivables		22	12
Prepaid expenses and accrued income	17	9	18
Total current assets		**829**	**689**
TOTAL ASSETS		**20,465**	**21,532**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		300	300
Statutory reserves		92	92
		392	**392**
Non-restricted equity			
Retained earnings		17,192	17,180
Profit/loss for the year		-266	291
		16,926	**17,471**
Total equity		**17,318**	**17,863**
Untaxed reserves			**0**
Provisions			
Provisions for pensions and similar obligations	18	178	181
Other provisions		37	32
Total provisions		**216**	**213**
Non-current liabilities			
Liabilities to credit institutions	19	500	750
Liabilities to Group companies		-	0
Total non-current liabilities	20	**500**	**750**
Current liabilities			
Liabilities to credit institutions	19	250	441
Account payables		50	35
Liabilities to Group companies		2,054	2,156
Current tax liabilities		3	6
Other liabilities		9	13
Accrued expenses and deferred income	21	65	55
Total current liabilities	**20**	**2,431**	**2,706**
TOTAL EQUITY AND LIABILITIES		**20,465**	**21,532**

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, 2016	**300**	**92**	**16,295**	**1,165**	**17,852**
Comprehensive income					
Profit/loss for the year[1)]				291	291
Total comprehensive income				**291**	**291**
Appropriation of profit			1,165	-1,165	0
Transactions with shareholders					
Dividends			-280		-280
Total transactions with shareholders			**-280**		**-280**
Closing balance, Dec. 31, 2016	**300**	**92**	**17,180**	**291**	**17,863**
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**

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

The Parent Company's Cash Flow Statement

SEK million

	Note	2017	2016
Operating activities			
Profit/loss after financial items		-672	-75
Adjustments for items in cash flow	23	1,017	-39
Paid income tax		-	-
Cash flow from operating activities before change in working capital		**345**	**-114**
Change in other short-term receivables		-388	29
Change in account payables		15	18
Change in other current liabilities		7	22
Cash flow from operating activities		**-20**	**-45**
Investing activities			
Divestments of shares in subsidiaries		-	120
Acquisition and sales of non-current assets		-	-2
Shareholder contribution provided		-13	-2
Increase of financial assets		-	-3
Amortization received		482	314
Cash flow from investing activities		**470**	**427**
Financing activities			
Amortization of debt		-536	-546
Dividends		-280	-280
Group contributions		366	340
Cash flow from financing activities		**-449**	**-486**
CASH FLOW FOR THE YEAR		**0**	**-104**
Cash and bank from merger		-	**13**
Cash and cash equivalents at the beginning of the year		-	**91**
Cash and cash equivalents at the end of the year		-	**-**

Additional information to cash flow statement	**2017**	**2016**
Dividends received	755	239
Interests received	2	10
Paid interests	58	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 24 Group companies.

Changed standards which are effective in 2017
New requirements in IAS 7 Statement of Cash Flows have been adopted, which means that from 2017 a reconciliation between opening balance and closing balance of the changes in liabilities arising from the financing activities in the Parent Company´s Statements of Cash Flows has to be disclosed. The changes of the liabilities are divided in cash and non-cash changes, such as foreign exchange gains or losses. The reconciliation is presented in note 23 Cash Flow. No comparatives are presented. Other amended standards have had no material effect on the Parent Company´s financial statements.

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.

Regarding IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, performed assessments conclude there willl be no effect on the accounting.

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	2017	2016
Sweden	40	24
Other countries	2	0
Total	**42**	**24**

NOTE 3 Purchases and sales within the same Group

	2017	2016
Purchases	26,9%	24.4%
Sales	95,3%	98.6%

NOTE 4 Lease agreements

Lessee
Operational lease agreements costs for the year

SEK million	2017	2016
Minimum lease fees	17	19
Total	**17**	**19**

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	2017	2016
Within 1 year	7	21
Between 1-5 years	16	31
More than 5 years	-	-
Total	**24**	**52**

Lessor
Operational lease agreements
The Parent Company previously leased premises to internal parties. The lease period was between the years 2016-2017. Future minimum lease payments related to non-terminable operating leases have the following terms to maturity:

SEK million	2017	2016
Within 1 year	-	12
Between 1-5 years	-	12
More than 5 years	-	-
Total	**0**	**24**

NOTE 5 Fees to auditors

SEK million	2017	2016
PricewaterhouseCoopers AB		
Audit fees	4	3
Tax advisory services	0	0
Other fees	8	2
Total	**12**	**5**

NOTE 6 **Personnel**

Wages and salaries, other remuneration and social security costs

SEK million	2017	2016
Wages, salaries and remuneration	70	61
Social security costs	22	20
Special payroll tax and tax return on pension	5	7
Pension costs	14	24
Total	**111**	**112**

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

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

SEK million	2017	2016
Subsidiaries		
Dividends	2,332	239
Impairment losses	-2,598	-23
Profit or loss on divestment of shares in Group companies	1	75
Total	**-265**	**291**

NOTE 8 **Interest income and similar items**

SEK million	2017	2016
Interest income from Group companies	2	9
Total	**2**	**9**

All interest income refers to items that are not recognized at fair value through profit or loss.

NOTE 9 **Interest expenses and similar items**

SEK million	2017	2016
Interest expenses, Group companies	-45	-41
Other interest expenses	-21	-25
Exchange rate differences	1	-1
Total	**-65**	**-67**

All Interest expenses refers to items that are not recognized at fair value through profit or loss.

NOTE 10 **Appropriations**

SEK million	2017	2016
Group contributions received	406	366
Change in tax allocation reserve	-	0
Total	**406**	**366**

NOTE 11 **Tax**

SEK million	2017	2016
Current tax		
Current tax on profit or loss for the year	0	-
Adjustment for previous years	0	-
Total current tax	0	-
Deferred tax		
Deferred tax attributable to temporary differences	0	0
Total deferred tax	**0**	**0**
Total tax	**0**	**0**

Reconciliation of effective tax

SEK million	2017	2016
Profit/loss before tax	-266	291
Income tax calculated according to the Swedish tax rate (22%)	58	-64
Tax effect of:		
-Non-deductible expenses	-572	-9
-Non-taxable income	513	70
Other	0	3
Tax expenses for the year	**0**	**0**

Deferred tax assets

SEK million	Dec. 31, 2017	Dec. 31, 2016
Provisions	35	35
Total	**35**	**35**

NOTE 12 **Other intangible assets**

SEK million	2017	2016
Cost		
Opening balance	0.5	0.5
Closing balance	**0.5**	**0.5**
Amortization		
Opening balance	-0.4	-0.3
Amortization for the year	-0.1	-0.1
Closing balance	**-0.5**	**-0.4**
Carrying amount, Dec. 31	**-**	**0.1**

NOTE 13 **Equipment**

SEK million	2017	2016
Cost		
Opening balance	16	13
Investments	-	2
Closing balance	**16**	**16**
Depreciation		
Opening balance	-13	-12
Depreciation for the year	-1	-1
Closing balance	**-13**	**-13**
Carrying amount, Dec. 31	**3**	**3**

NOTE 14 **Shares in Group companies**

SEK million	2017	2016
Cost		
Opening balance	33,460	33,529
Received distribution in kind	358	-
Shareholder contribution provided	14,500	23
Divestments	-27,985	-92
Closing balance	**20,333**	**33,460**
Impairment		
Opening balance	-12,870	-12,880
Divestments	14,706	33
Impairment for the year	-2,598	-23
Closing balance	**-763**	**-12,870**
Carrying amount, 31 Dec.	**19,570**	**20,590**

For more information, see Note 25 Group companies.

NOTE 15 **Receivables from Group companies**

SEK million	Dec. 31, 2017	Dec. 31, 2016
Cost		
Opening balance	191	228
Exchange rate difference	-8	9
Amortization received	-184	-46
Closing balance	**0**	**191**
Carrying amount, Dec. 31	**0**	**191**

NOTE 16 **Other long-term receivables**

SEK million	Dec. 31, 2017	Dec. 31, 2016
Cost		
Opening balance	25	20
Additional	4	1
Deductible	-	-1
Merger	-	5
Closing balance	**28**	**25**
Carrying amount, Dec. 31	**28**	**25**

NOTE 17 **Prepaid expenses and accrued income**

SEK million	Dec. 31, 2017	Dec. 31, 2016
Prepaid rents	2	5
Accrued interest income	0	1
Accrued interest income from Group companies	-	1
Other	7	12
Carrying amount, Dec. 31	**9**	**18**

NOTE 18 **Provisions for pensions and similar obligations**

SEK million	Dec. 31, 2017	Dec. 31, 2016
PRI-pensions	57	56
Other pensions	121	125
Carrying amount, Dec. 31	**178**	**181**

Changes in obligations for defined benefit pension plans

SEK million	2017	2016
Obligations for defined benefit plans, opening balance	181	173
Service costs	1	13
Net interest expense	7	7
Pension payments	-11	-11
Carrying amount, Dec. 31	**178**	**181**

Of which SEK 13 million (11) refer to expenses for defined contribution pension plans (including Alecta) and SEK 1 million (13) refers to a positive change in defined benefit pension plans.

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

NOTE 19 **Liabilities to credit institutions**

Non-current liabilities		**Dec. 31, 2017**	**Dec. 31, 2016**
SEK million	**Due**	**Carrying amount**	**Carrying amount**
Private placement	2018	-	250
Private placement	2019	250	250
Private placement	2021	250	250
Carrying amount, Dec. 31		**500**	**750**

Current liabilities		**Dec. 31, 2017**	**Dec. 31, 2016**
SEK million	**Due**	**Carrying amount**	**Carrying amount**
Private placement	2017	-	441
Private placement	2018	250	-
Carrying amount		**250**	**441**
Liabilities to credit institutions, total		**750**	**1,191**

See Note 25 Liabilities to credit institutions for the Group for more information.

NOTE 20 Maturity structure of financial liabilities

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	510	-	769
Liabilities to Group companies	2,401	11	-	-	2,412
Account payables	50	-	-	-	50
Total	**2,704**	**16**	**510**	**-**	**3,231**

Maturity structure of financial liabilities Dec. 31, 2016

SEK million	Within 3 months	3-12 months	1-5 years	More than 5 years	Total
Liabilities to credit institutions	4	453	766	-	1,223
Liabilities to Group companies	2,136	25	0	-	2,161
Account payables	35	-	-	-	35
Total	**2,175**	**477**	**766**	**-**	**3,419**

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

NOTE 21 Accrued expenses and deferred income

SEK million	Dec. 31, 2017	Dec. 31, 2016
Vacation pay liability	11	9
Accrued salaries	9	4
Accrued interest expenses from Group companies	19	20
Other	27	23
Carrying amount	**65**	**55**

NOTE 22 Pledged assets and contingent liabilities

Pledged assets

SEK million	Dec. 31, 2017	Dec. 31, 2016
Endowment insurance	28	25
Total	**28**	**25**

Contingent liabilities

SEK million	Dec. 31, 2017	Dec. 31, 2016
Guarantee commitments to subsidiaries	6,008	7,152
Guarantee commitments to associated companies[1]	-	110
Guarantee commitments, FPG/PRI	4	4
Contingent liabilities, other	30	27
Total	**6,041**	**7,293**

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

NOTE 23 Cash flow

Adjustments for items not included in cash flow

SEK million	2017	2016
Depreciation, amortization and impairment losses of assets	2,599	24
Profit or loss on divestment of shares in Group companies	-	-75
Dividends from Group companies	-1,578	-
Accrued interests	-1	2
Unrealized exchange rate differences	-	-9
Other	-3	19
Adjustments for items not included in cash flow	**1,017**	**-39**

Change in liabilities within financing activities

SEK million	Dec. 31, 2017	Liabilities to credit institutions	Liabilities to Group companies
	Opening balance	1 191	2 131
cash items	Amortization of debt	-441	-96
non-cash items	Translation differences	0	0
	Closing balance	**750**	2 035

NOTE 24 Transactions with related parties

Sales of goods and services

SEK million	2017	2016
Bonnier Holding AB	0	0
Albert Bonnier AB Group	2	1
Subsidiaries in the Group	38	23
Total	**40**	**24**

Purchases of goods and services

SEK million	2017	2016
Bonnier Holding AB	38	29
Subsidiaries in the Group	40	24
Associated companies	0	0
Total	**78**	**53**

Receivables from related parties

SEK million	Dec. 31, 2017	Dec. 31, 2016
Bonnier Holding AB	-	286
Bonnier Fastigheter AB	1	-
Subsidiaries in the Group	792	564
Carrying amount	**792**	**850**

Liabilities to related parties

SEK million	Dec. 31, 2017	Dec. 31, 2016
Subsidiaries in the Group	2,053	2,156
Carrying amount	**2,053**	**2,156**

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, 2017 Carrying amount, SEK million
1.	**Bonnier Finans, AB**	**556026-9549**	**Stockholm**	**100**	**1 000 000**	**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**
	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	97 [1)]		
	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 AB	556233-3111	Stockholm	100		
	Bonnier Books Culture (Bejing) CO., LTD	91110108MA00964G9E	Beijing	100		
	Bonnier Books Kauppa Suomi Oy	2699781-4	Helsinki	100		
	Bonnier Books Nova AB	559080-9090	Stockholm	100		
	Bonnier Books Polska Sp. z o.o.	0000565742	Warsaw	100		
	Wydawnictwo Jaguar Sp. z o.o.	0000627127	Warsaw	70 [1)]		
	Wydawnictwo Marginesy Sp. z o.o.	0000416091	Warsaw	51		
	Bonnier Kirjat Suomi Oy	0599340-0	Helsinki	100		
	Kustannusosakeyhtiö Tammi	2628236-8	Helsinki	100		
	Porvoon Kirjakeskus Oy	2405922-6	Porvoo	100		
	Readme.fi Oy	2160350-5	Helsinki	100		
	Werner Söderström Oy	1522079-4	Helsinki	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		
	Elcy SARL	451335749	Paris	75		
	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		
	Wahlström & Widstrand, AB	556043-7724	Stockholm	100		
	BookBeat AB	556560-4583	Stockholm	100		
	BookBeat Oy	1655221-3	Helsinki	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		
	Samdistribution Logistik Sverige AB	556042-9887	Stockholm	100		
	SEMIC International AB	556046-1336	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.	0000024847	Warsaw	100		

NOTE 25 **Cont.**

Company	Corp. Reg. No.	Reg. Office	Holdings, %	Number of shares	Dec. 31, 2017 Carrying amount, SEK million
Informedia Polska Sp. z o.o.	0000223380	Warsaw	100		
Prawomaniacy Sp. z o.o.	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		
Bonnier Business Sustainability AB	559018-0641	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	60 [1)]		
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		
KnowledgeFox GmbH	382929 g	Vienna	95		
Lexnet UAB	300518138	Vilnius	65		
Medibas AB	556617-5518	Stockholm	87 [1,2)]		
Medicine Today Poland Sp. z o.o.	0000099422	Warsaw	100		
Netdoktor.se AB	556615-8472	Stockholm	100		
Norsk Helseinformatikk AS	976516397	Trondheim	73 [1)]		
Verslo Zinios, UAB	110682810	Vilnius	73		
Äripäev, AS	10145981	Tallinn	100		
IT Koolituskeskuse OÜ	10974878	Tallinn	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		
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		
R. Piper & Co. Verlag GmbH	020.4.900.429-9	Zürich	100		
Thienemann-Esslinger Verlag GmbH	HRB 3287	Stuttgart	70		
Ullstein Buchverlage GmbH	HRB 91717 B	Berlin	100		
Gesinform GmbH	HRB 713116	Freiburg	100		
Bonnier Entertainment AB	556047-0667	Stockholm	100		
Bonnier MultiMedia AB	556031-8775	Stockholm	100		
Evoke Gaming Holding AB	556096-9411	Stockholm	100		
Bonnier Lottery AB	556525-5535	Stockholm	100		
Svenska Lotteribolaget AB	559111-6172	Stockholm	100		
Soft Capital Holding Ltd.	C 45931	Valletta	100		
BGG Affiliates Ltd.	1692517	Br. Virgin Island	100		
Evoke Gaming Ltd.	C 38582	Valletta	100		
Internet and Media Consulting Ltd.	1451981	Br. Virgin Island	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		
SF Studios Production AB	556600-3397	Stockholm	100		
SF Studios Production Talent AB	559062-1024	Stockholm	100		
Svensk Filmindustri International AB	556540-3937	Stockholm	100		

NOTE 25 Cont.

Company	Corp. Reg. No.	Reg. Office	Holdings, %	Number of shares	Dec. 31, 2017 Carrying amount, SEK million
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		
Nyhetsbolaget Sverige AB	556273-6032	Stockholm	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		
C More Group AB	556630-5180	Stockholm	100		
Bonnier Holding Norway AS	990212880	Oslo	100		
adlibris.com AS	990335214	Oslo	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 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 Magazines & Brands AB	556012-7713	Stockholm	100		
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 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		
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		
Weldon Owen Publishing, Inc.	52-2098266	Delaware	100		
Weldon Owen Proprietary, Ltd.	003733720	Sydney	100		
Bonnier Ventures AB (former Bonnier Growth Media AB)	556707-0007	Stockholm	100		
Keep In Touch Media AB	556980-8404	Stockholm	67		
Keep In Touch Media Sverige AB	559136-6108	Stockholm	100		
Spoon Publishing Holding AB	556630-6808	Stockholm	100		
Brand Publishing i Stockholm AB	556206-2868	Stockholm	100		
Oh My Interactive AB	556708-6433	Piteå	70		
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		

NOTE 25 **Cont.**

	Company	Corp. Reg. No.	Reg. Office	Holdings, %		Number of shares	Dec. 31, 2017 Carrying amount, SEK million
	Sural AB	556158-9531	Stockholm	100			
	Bink AB	556166-2023	Stockholm	100			
	Bonnier Annons AB	556458-9124	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 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	93	[1]		
	HittaHem bostadsförmedling i Malmö AB	556909-4518	Malmö	100			
	Svenska Patientpoolen AB	559056-0990	Ljusdal	70			
	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			
	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	70			
	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			
	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			
3.	**Investeringshuset i Stockholm AB**	**556102-7169**	**Stockholm**	**100**		**4 840**	**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			
	Redovisat värde						**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.

In 2017, a restructuring was carried out by companies within Bonnier AB. See the annual report from 2016 for comparative figures.

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.

The Annual Report and consolidated financial statements were approved for issue by the Board of Directors on May 17, 2018. 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 17, 2018.

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, May 17, 2018

Carl-Johan Bonnier
Chairman

Peder Bonnier
Board member

Christian Caspar
Board member

Maria Curman
Board member

Arne Karlsson
Board member

Kerstin Mogull
Board member

Jens Müffelmann
Board member

Mikael Falk
Employee representative

Martin Harris
Employee representative

Sara Stenman
Employee representative

Tomas Franzén
Chief executive officer

Our audit report was issued on May 17, 2018

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 2017 with the exception of the sustainability report found on pages 5-11.

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 2016 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 2016 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 5-11. 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 5-11 in the annual accounts and information found in the "Bonnier Annual Review 2017".

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 5-11 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 May 17, 2018

PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

Multi-year Summary

In the following summary, 2012-2017 are prepared in accordance with IFRS. The figures for 2008-2011 are accounted for in accordance with the Swedish Accounting Standards Board (BFN). However, in the first table, revenue and EBITA have been adjusted for 2008-2011 as follows: Joint ventures are accounted for using the equity method and income has been adjusted for advertising tax.

From the income statement

	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	Adjusted BFN figures			
SEK million	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Net sales	25,740	25,492	25,906	23,702	24,354	26,931	27,579	28,086	29,149	28,625
EBITA	625	731	1,008	1,103	1,172	918	1,301	2,174	1,206	2,436
EBITA margin	2.4%	2.9%	3.9%	4.7%	4.8%	3.4%	4.7%	7.7%	4.1%	8.5%

From the income statement

	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	BFN	BFN	BFN	BFN
SEK million	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Net sales	25,740	25,492	25,906	23,702	24,354	26,931	29,819	29,824	30,080	29,518
Growth	1.0%	-1.6%	9.3%	-2.7%	-9.6%	-2.4%	0.0%	-0.9%	1.9%	1.1%
EBITA	625	731	1,008	1,103	1,172	918	1,304	2,151	1,206	2,436
EBITA margin	2.4%	2.9%	3.9%	4.7%	4.8%	3.4%	4.4%	7.2%	4.0%	8.3%
Operating profit/loss [2]	-1,423	630	939	892	2,888	802	1,019	1,522	212	1,816
Operating margin [2]	5.5%	2.5%	3.6%	3.8%	11.9%	3.0%	3.4%	5.1%	0.7%	6.2%
Profit/loss before tax [2]	-1,635	391	709	527	2,591	500	664	1,000	-228	1,533
Profit/loss for the year [2]	-2,239	276	43	310	2,204	289	463	711	-381	1,052

From the statements of financial position

	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	BFN	BFN	BFN	BFN
December 31, SEK million	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Operating capital [2]	12,473	13,292	12,924	12,002	13,554	13,833	15,018	14,784	15,632	16,852
Return on operating capital [2]	-11.0%	4.8%	7.5%	7.0%	21.1%	5.9%	6.8%	9.8%	1.3%	13.1%
Net debt	8,553	7,376	6,613	5,395	6,526	9,271	7,437	7,207	8,497	8,690
Equity incl. non-controlling interests [2]	3,921	5,916	6,311	6,607	7,028	4,562	7,581	7,577	7,135	8,162
Total assets [2]	21,312	22,548	22,560	21,624	21,166	22,281	24,188	24,062	25,129	27,078
Net debt / equity, multiple [2]	2.18	1.25	1.05	0.82	0.93	2.03	0.98	0.95	1.19	1.06

From change in net debt

	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	BFN	BFN	BFN	BFN
SEK million	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Cash flow after operating investments	-740	-354	87	1,609	1,547	-30	-30	496	162	1,463
Net acquisitions and divestments of operations, shares and participations	-116	128	-615	941	928	-206	264	907	310	-2,860
Cash flow after acquisitions and divestments	-856	-226	-528	2,550	2,475	-236	234	1,403	472	-1,397
Change in net debt (–=increased debt)	-1,177	-763	-1,218	1,131	2,745	-611	-230	1,290	193	-1,999

From the business areas' financial reports

	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	BFN	BFN	BFN	BFN
SEK million	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Net sales										
Books	8,098	7,690	6,969	6,472	6,254	6,301	6,266	6,263	6,711	5,917
Broadcasting	7,497	7,397	7,738	6,448	6,388	6,655	8,014	7,699	7,210	6,038
Growth Media	1,806	1,806	2,159	1,962	2,054	2,527	3,987	3,970	4,270	3,928
Magazines	3,441	3,782	4,045	3,944	4,342	4,910	5,251	5,502	5,604	6,202
Business to Business [1]	1,130	1,111	1,141	977	959	1,039	1,093	1,113	1,252	1,711
News [1]	4,890	4,679	4,856	4,874	4,737	4,708	5,393	5,490	5,202	5,992
Other and eliminations [1]	-1,121	-973	-1,002	-974	-381	792	-185	-213	-169	-270
Bonnier AB net sales, total	**25,740**	**25,492**	**25,906**	**23,702**	**24,354**	**26,932**	**29,819**	**29,824**	**30,080**	**29,518**

	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	BFN	BFN	BFN	BFN
SEK million	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
EBITA										
Books	105	427	422	437	402	363	656	766	710	584
Broadcasting	423	373	417	589	770	461	716	1,131	936	1,237
Growth Media	-106	-205	-127	-189	-47	4	83	298	257	274
Magazines	167	267	250	310	306	167	176	177	-9	483
Business to Business [1]	131	164	165	123	92	79	55	28	-27	21
News [1]	303	294	369	341	236	326	320	422	-189	230
Other	-397	-589	-488	-508	-588	-482	-702	-671	-472	-393
Bonnier AB EBITA, total	**625**	**731**	**1,008**	**1,103**	**1,172**	**918**	**1,304**	**2,151**	**1,206**	**2,436**

1) In 2017, business was transferred from Business to Business to News. Comparative figures for 2013 - 2016 have therefore been adjusted.
2) The comparative figures for 2016 have been adjusted due to a reevaluation of the Group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.

Bonnier AB
SE-113 90 Stockholm, Sweden
+46 8 736 40 00
www.bonnier.se