



Q2 Results

New strategic plan

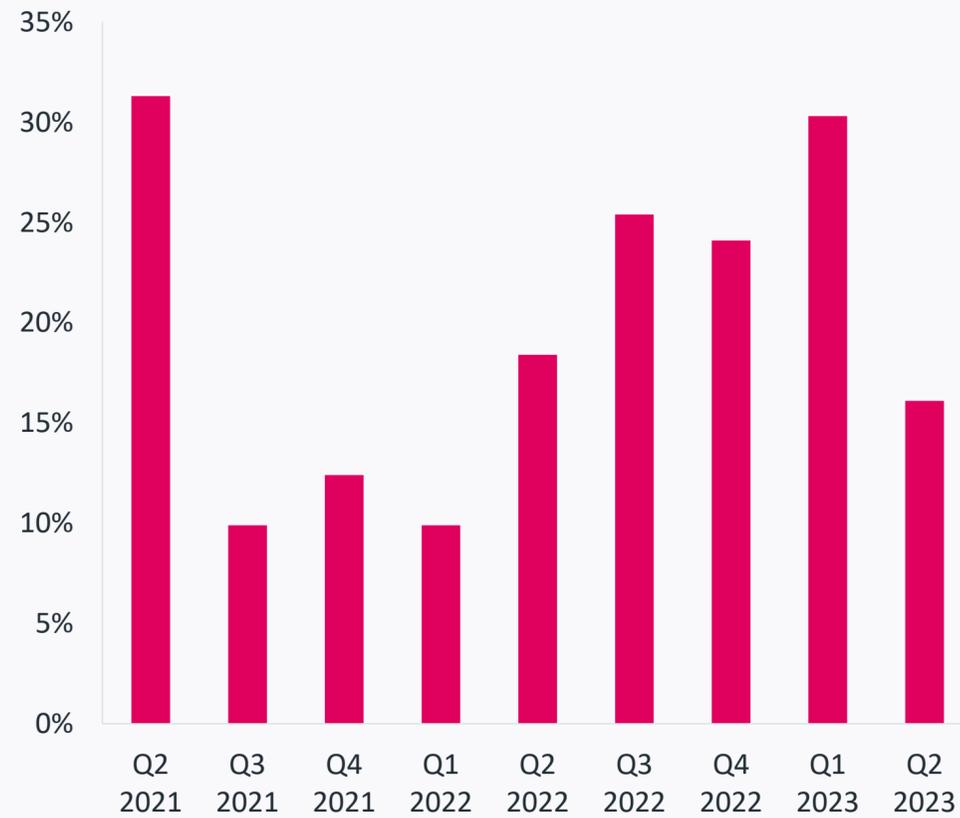
20 July 2023



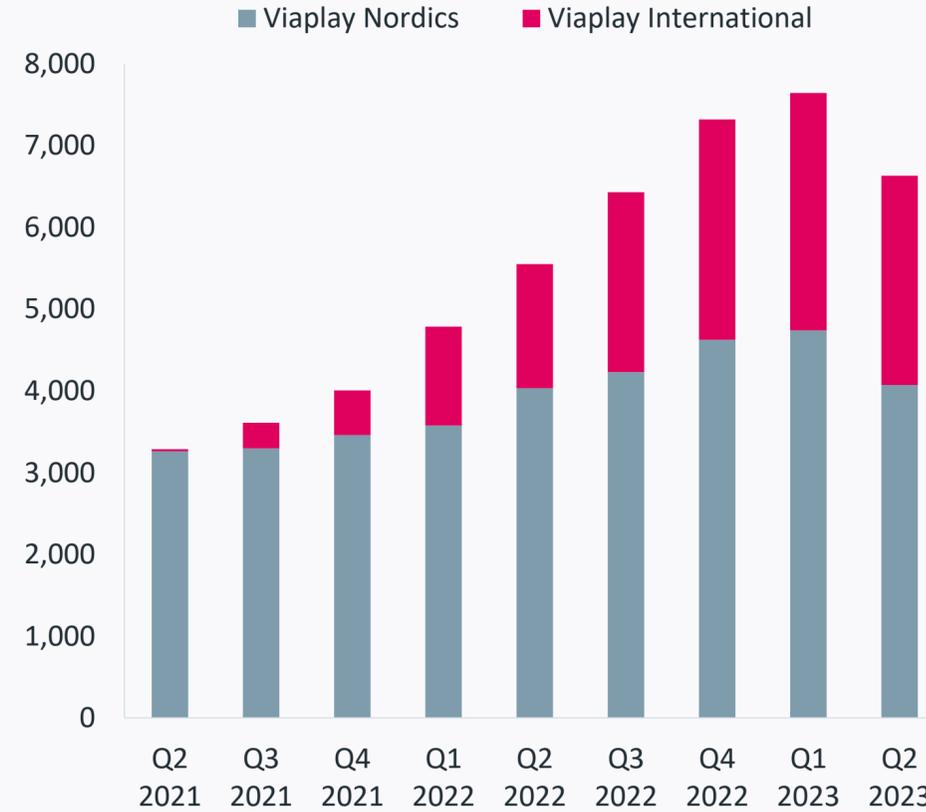
Q2 Results

Group Performance Q2

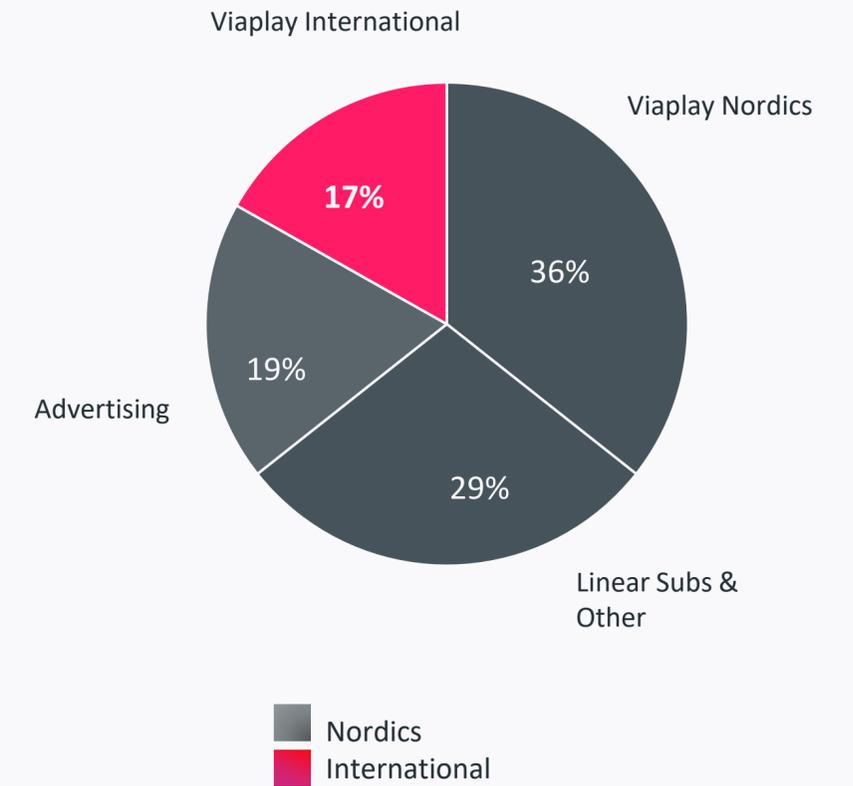
Organic sales growth



Subscriber base (000s)

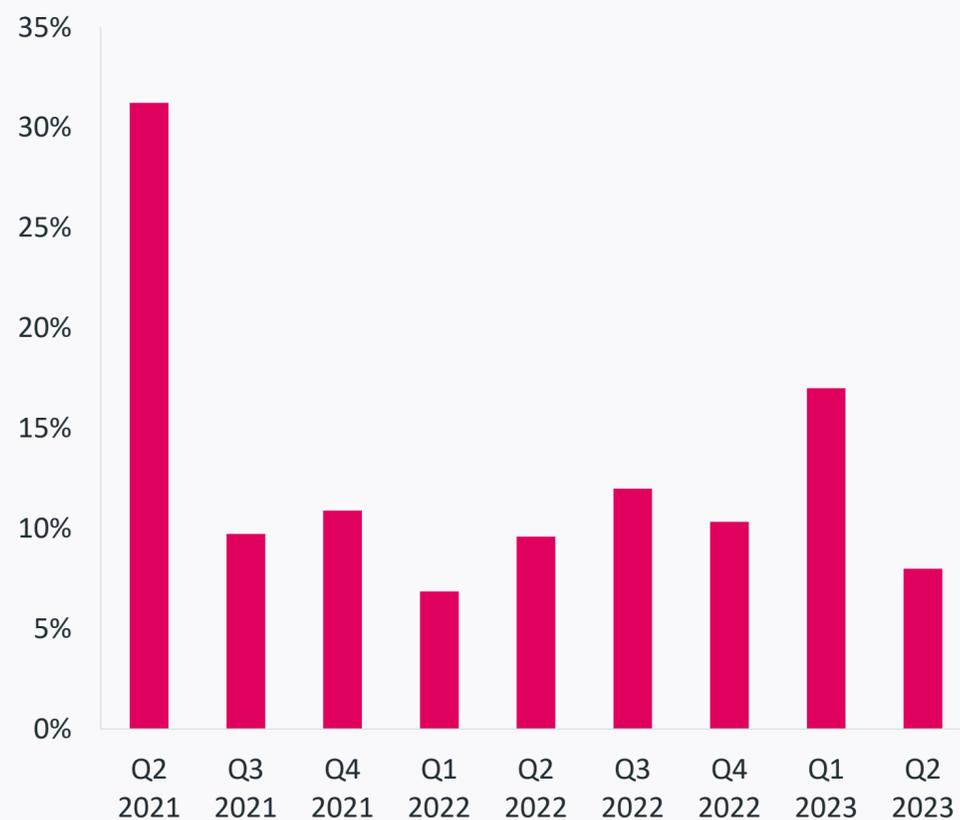


Group sales by segment

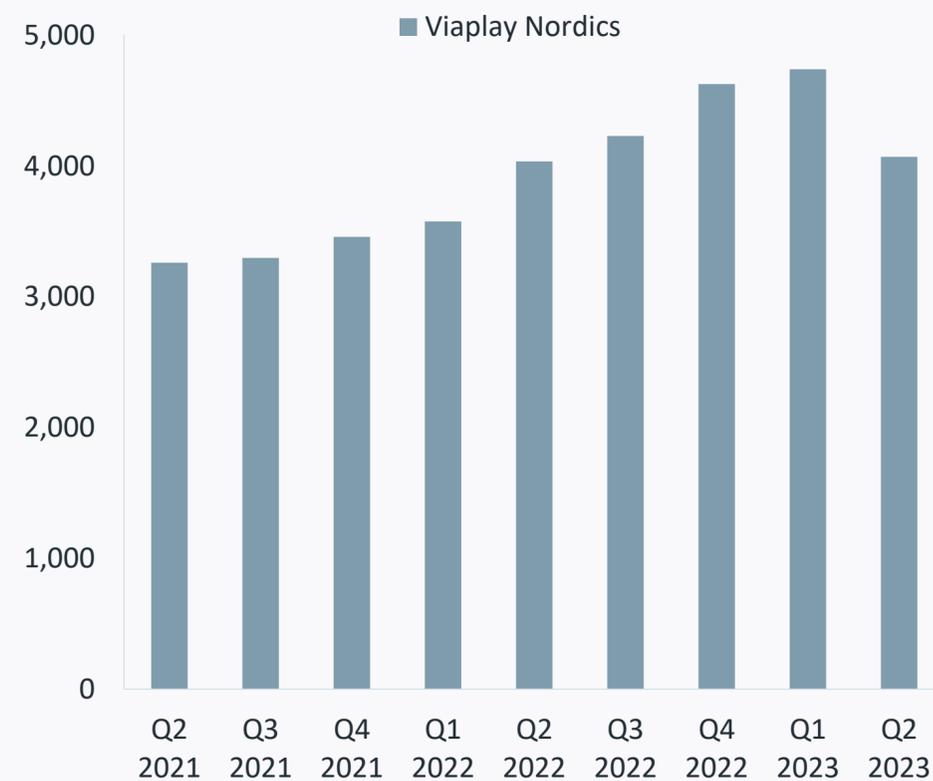


Performance by operating segment: NORDICS

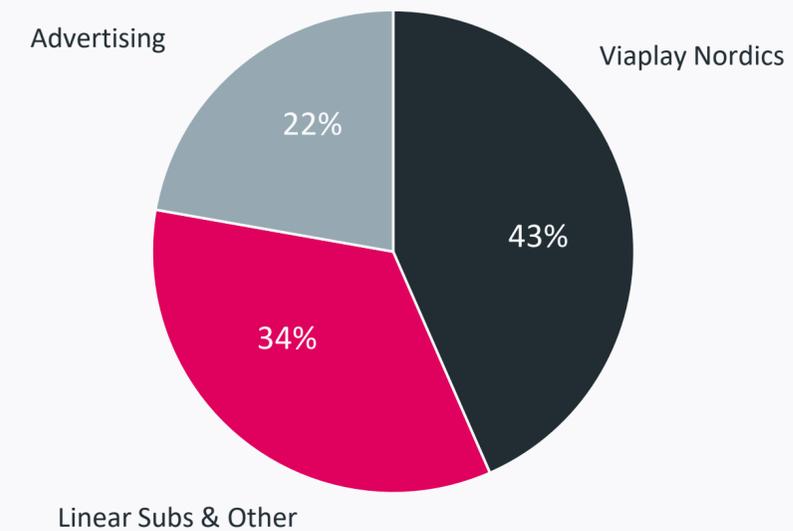
Organic sales growth



Subscriber base (000s)



Group sales by category



8% organic sales growth | 5.4% operating margin | 4,070k subscribers

Viaplay

- Organic growth of 26% YoY - Representing 43% of sales
- Flat YoY subscriber growth ending the quarter with 4,070k subscribers in Nordics
- ~14% subscriber base decrease QoQ following phasing out of ARPU dilutive partner campaigns
- Higher churn due to sports off season

Linear Subscriptions & other

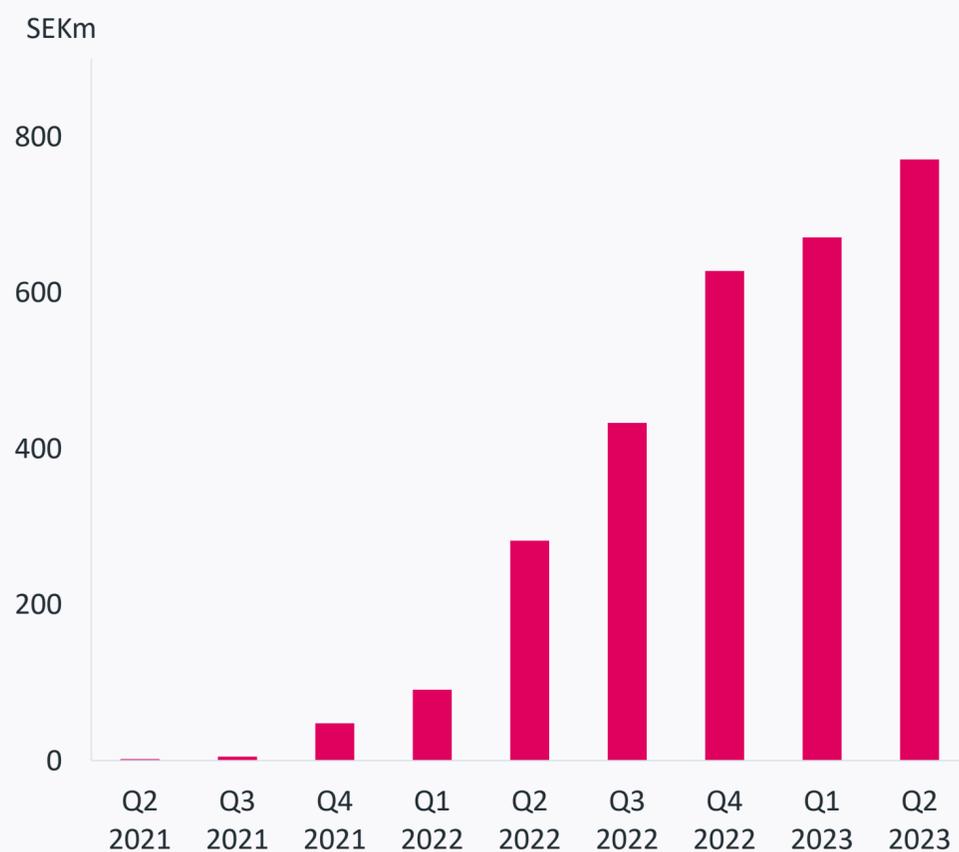
- Up 9% YoY on organic basis to account for 34% of sales in Nordics
- Driven by sublicensing sales
- Wholesale channel sales and external Studio sales also up

Advertising

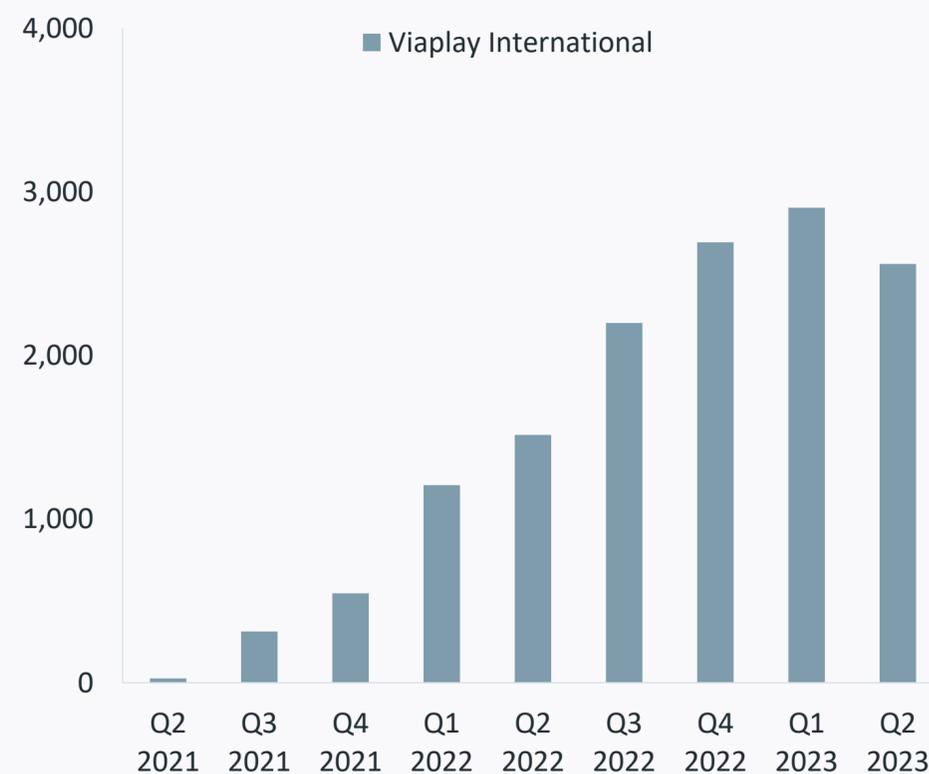
- Down 16% YoY on organic basis to account for 22% of sales
- TV & Radio ad markets down in each country
- Outlook for advertising markets challenging for rest of 2023

Performance by operating segment: INTERNATIONAL

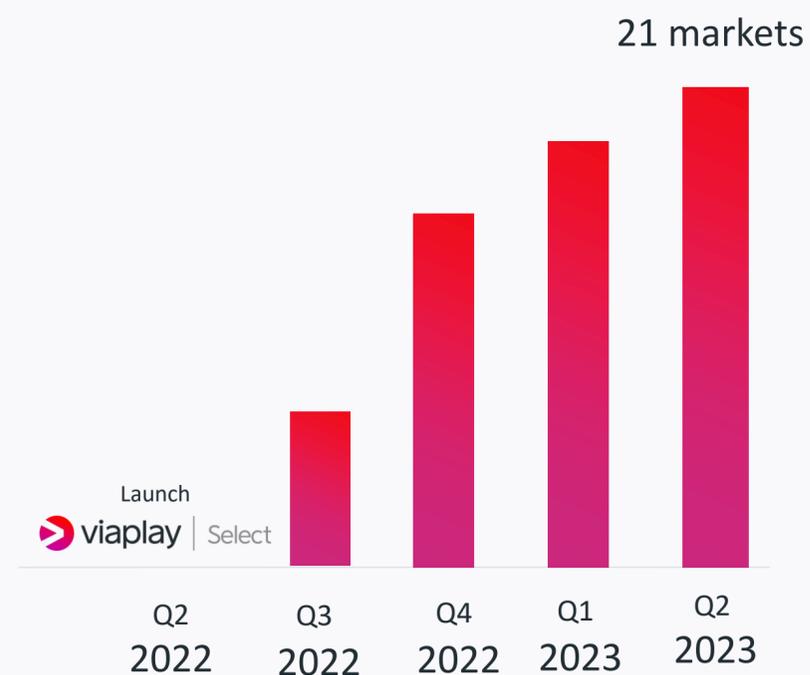
Sales



Subscriber base (000s)



Select markets



115% organic sales growth | EBIT of SEK -481m | 2,561k subscribers

Viaplay

- Organic growth of 115% YoY
- 69% YoY subscriber growth to 2,561k subscribers
- ~12% Subscriber decrease QoQ due to phasing out of dilutive partnership campaigns

Viaplay Select

- New deal with Deutsche Telecom's Magenta in Germany
- Viaplay Select present in 21 markets

Our sustainability priorities

Sustainable production & storytelling

Implementation of the newly launched Sustainable Production Program, including a guide, trainings, and third-party sustainability audits, to ensure climate-conscious and responsible productions. A roadshow has been conducted, engaging over 400 key suppliers in the Nordic markets.

Continued initiatives and engagement with suppliers to decarbonize the supply chain, such as the collaboration with the Nordic knowledge hub 'Green Producers' Club'. This collaboration offers a climate tool, support, and training to suppliers in measuring and reducing emissions.

Driving sustainability, diversity, and inclusion by investing in Viaplay Series and Films such as 'Halfway Home' and the ecological thriller 'The Swarm'.

Recognition & compliance

Viaplay Group has been recognized as one of Europe's 500 Climate Leaders by the Financial Times. This recognition validates Viaplay Group's continuous efforts to reduce carbon emissions, ensure the future sustainability of our business, and contribute to global endeavors to limit global warming to 1.5°C.

As an ongoing response to the war in Ukraine, Viaplay Group has taken measures to exclude Russian content from our platforms. We are also diligently screening contracts and counterparties to ensure that no payments are made to entities in Russia.

Allente update

SEKm	Q2 2023
EBITDA before IAC	194
Depreciation & amortisation	-126
EBIT before IAC	69
Items affecting comparability	-27
EBIT	42
Net Income	9
Viaplay Group 50% share	5
Net debt position	1,909
# subscribers ('000)	983

Comments

- Negative impact from slower subscriber growth and currency effects
- Restructuring costs taken in Q2 after implementation of cost reduction programme & new operating model

Cash flow and financial position

SEKm	Q2 2023	Q2 2022	FY22
Cash flow from operations	-198	82	304
Change in working capital	506	373	-3,305
Net operating cash flow	308	455	-3,001
Capital expenditure	-46	-39	-186
Operating FCF ¹	262	416	-3,187

SEKm	Q2 2023
Total borrowings	3,547
Cash & cash equivalents	1,648
Net debt (including net lease liabilities)	2,229
Net lease liabilities	350
Financial net debt (excluding net lease liabilities)	1,879

Comments

- Cashflow from operations includes SEK 100m dividend from Allente
- Change in working capital as expected - reflected seasonality of sports payments



New strategic plan

Our key challenges in 2023

1

Macroeconomic environment

Significant FX headwinds (SEK vs EUR, USD and NOK)

Weak advertising markets (TV & Radio)

Slowing D2C subscriber market growth (penetration, churn, de-stacking)

2

Company specific - sales

Subscriber growth driven by low ARPU B2B deals

Limited exposure to digital advertising market

Original scripted content not generating sufficient viewing

3

Company specific - Costs

Fixed inflation in long term sports rights

High cost of amortising original scripted content investments

International markets not moving to profitability quickly enough

The leading Nordic entertainment provider

1

• **Top-line re-focus**

- Increase D2C pricing to reflect unique customer value proposition
- Enhance B2B partnership model to improve unit economics
- Increase digital ad inventory

2

• **Content ROI focus**

- Focus on relevant, popular and commercially successful content
- Focus on Select sales
- Write down underperforming shows & accelerate amortisation of scripted content

3

• **Right-size & price sports rights**

- Focus around core sports rights to reduce costs
- Sublicensing of selected sports rights
- Premium monetisation of key sports rights with partners

4

• **Portfolio optimisation**

- Exit TM in international markets
- Sell/partner/close Baltics, Poland, UK, US & Canada
- Strategic review of Allente and other assets

5

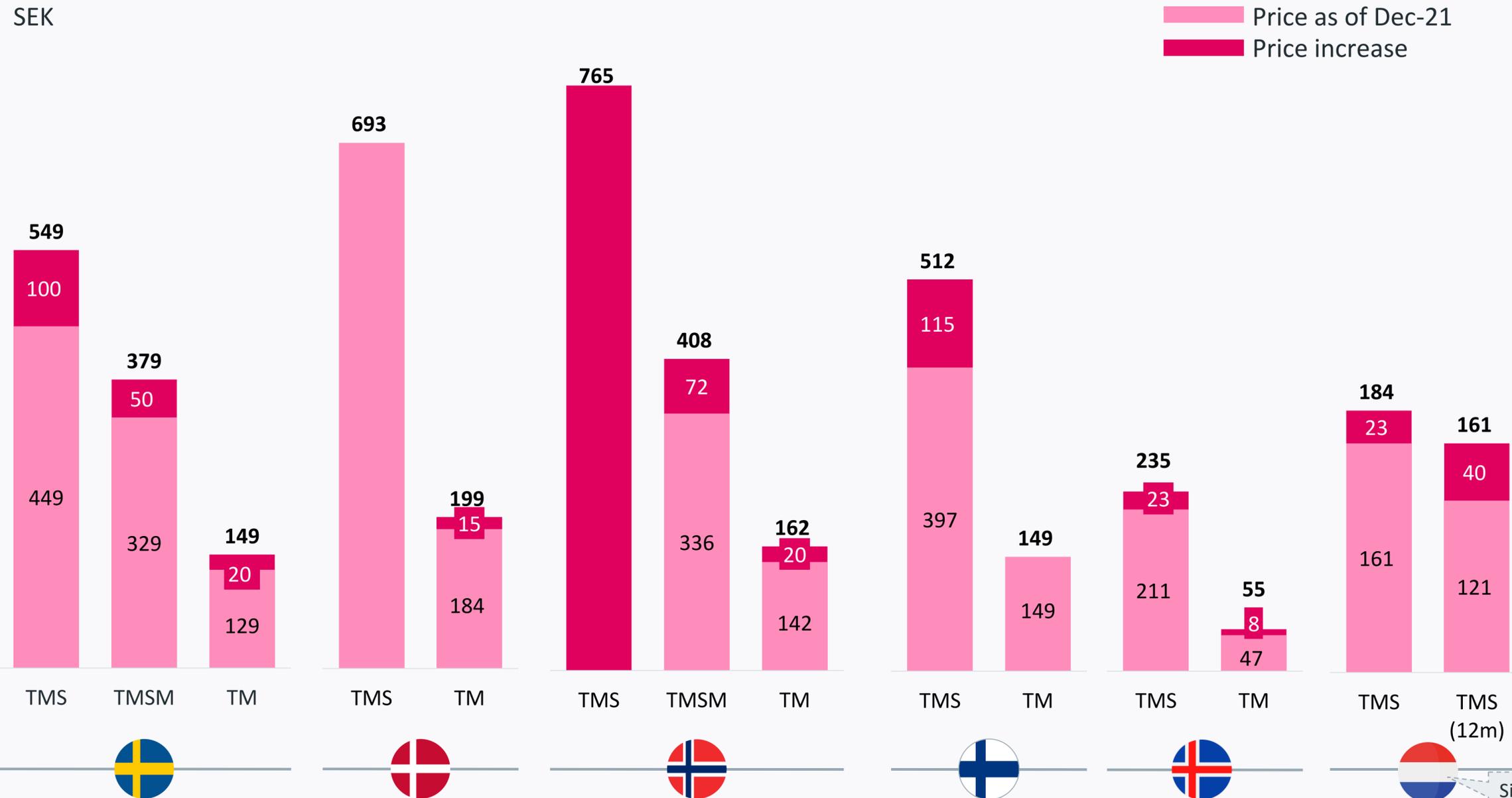
• **Organisational restructuring**

- Significant reduction of FTEs
- Country vs central structure
- Localised editorial, marketing, sales and support to ensure effective & accountable decision-making

New Viaplay Group will deliver sustainable growth, margin expansion and cash flow generation all based on disciplined capital allocation

1 Top-line re-focus

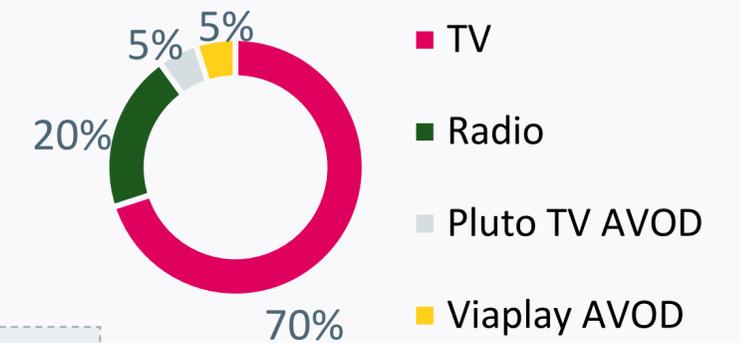
Current actions on DTC package pricing



Future actions

- Further annual price increases
- Initiatives against account sharing (lower ARPU packages)
- Re-pricing B2B deals
- Increasing digital ad inventory

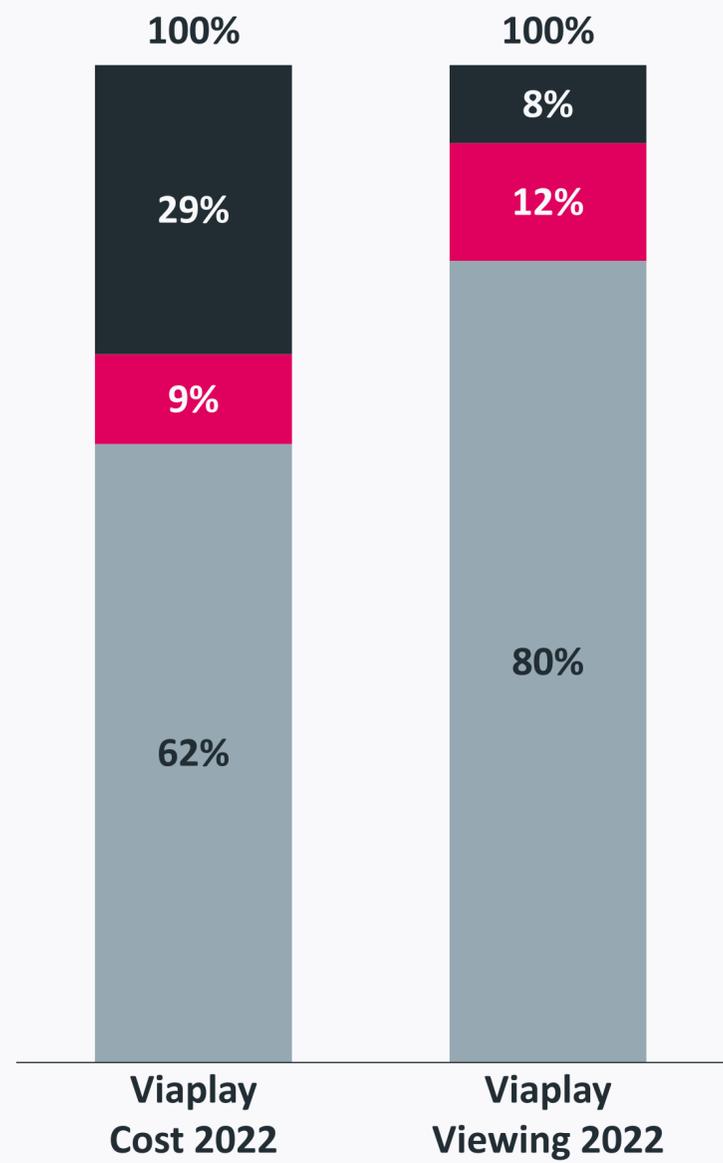
Advertising sales mix



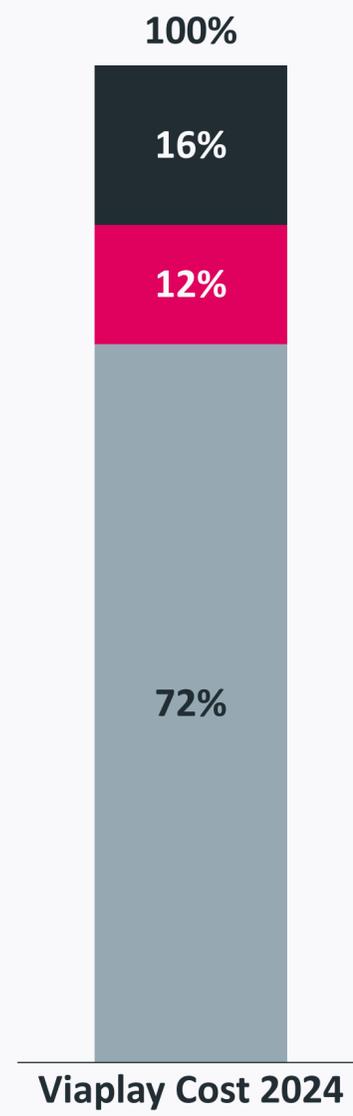
Since launch in March '22

2 Content ROI focus – Re-focusing content spending to align with customer behaviour

Current position



Future actions



- **Scripted, own-produced content**
 - Significantly reduced volume
 - Output better aligned with marketing and commercial endeavours to maximise value creation
 - Amortisation model to be accelerated to mirror viewing/value pattern
- **Non-scripted, own-produced content**
 - Increased output
 - Proven cost effective across platforms, driving sales and retention
 - Output to be built around top formats, further increasing profitability and the number of episodes
- **Acquired content**
 - Output to increase in alignment with major studios sub-licensing strategies

■ Scripted, own-produced content ■ Non-scripted, own-produced content ■ Acquired content

3 Right-sizing & pricing sports rights portfolio

Current actions

Maturity of selected sports rights

	2024	2025	2026	2028
	 CHAMPIONS LEAGUE	 EUROPA LEAGUE		
	 CHAMPIONS LEAGUE	 EUROPA LEAGUE		
	 CHAMPIONS LEAGUE	 EUROPA LEAGUE		
	 CHAMPIONS LEAGUE	 EUROPA LEAGUE		
	 CHAMPIONS LEAGUE	 EUROPA LEAGUE		

Current & future actions

- Sublicensing / non-renewal of non-key rights
- Enhance rights monetisation through premium content partnerships
- SEK 7.7bn total P&L cost of sports rights in Nordics in 2023 & SEK 8.6bn in 2024

Top viewed content¹

All Markets



Nordics



International



4 Portfolio optimisation – re-focus the portfolio on the Nordic business and Viaplay Select

Current actions

- We will exit the below regions to re-focus the footprint on the Nordics (multiple tiers) and Netherlands (sports only)

- Exit Poland, Baltics, UK, US and Canada



- Exit in the form of disposal, partnering or winding down the businesses

- Focus on Viaplay Select sales as part of the international strategy



Future actions

- Strategic review of Allente and other assets

- Exit of Allente at the right time and value

allente

5 Organisational restructuring – creating a decentralised model with increased transparency and accountability

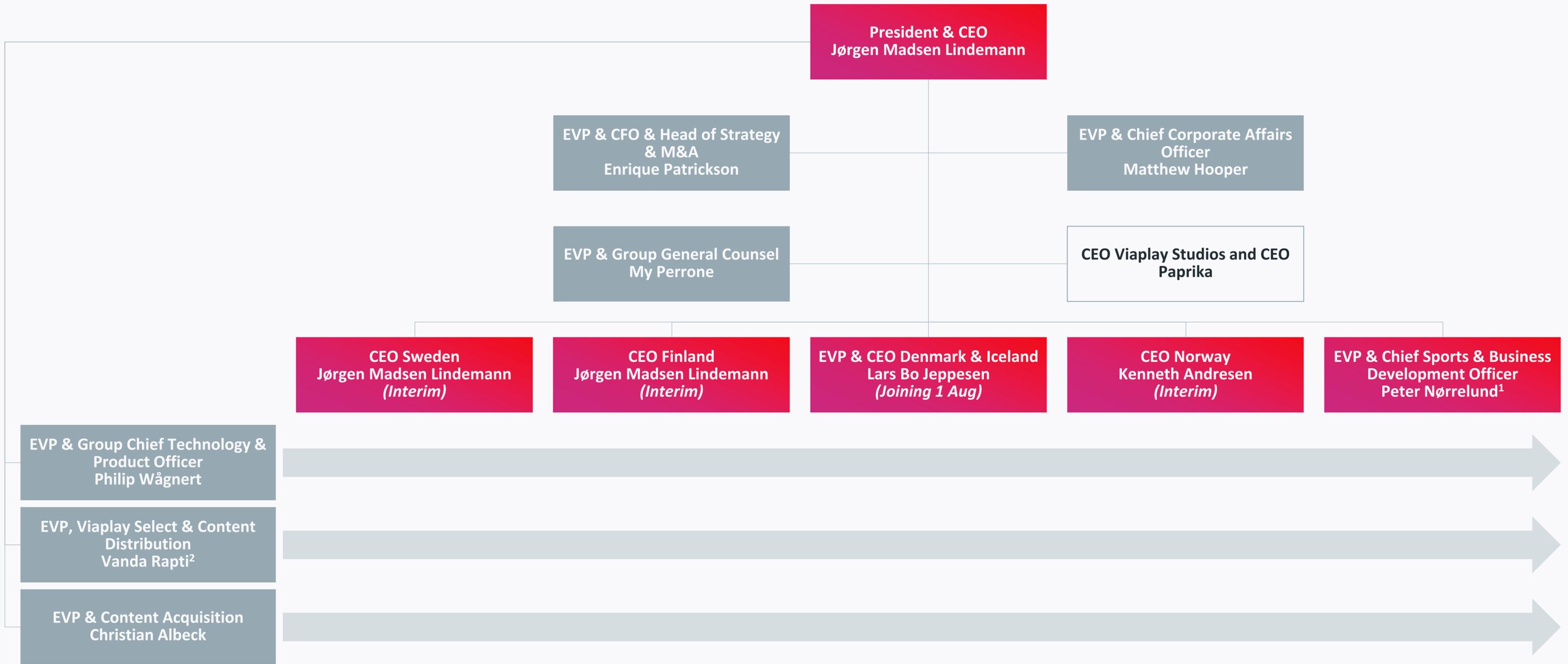
Current actions

- **Reorganisation to a country based model to increase efficiency and be closer to the customer**
 - Decentralised model to increase transparency and accountability
 - Reduction mainly in central functions → 25% overall headcount reduction
- **Localised editorial, marketing, sales and support to ensure effective decision-making**
 - Increased focus on locally relevant storytelling and healthy return on investment

Future actions

- **Appointment of country CEOs for:**
 - Sweden, Norway and Finland
 - New incentive structure for management
- **Appointment of new Board member(s) and permanent Chair**

5 Group executive management – new and experienced executive team



 New Appointments

What has this cost us in Q2?

**Sports & non-sports
content write-offs**

SEK 5.2bn
40% cash

Restructuring costs

SEK 45m
100% cash
*(majority of costs to
come as IAC in Q3)*

**Exit of Baltics &
goodwill write-offs**

SEK 1.0bn
50% cash

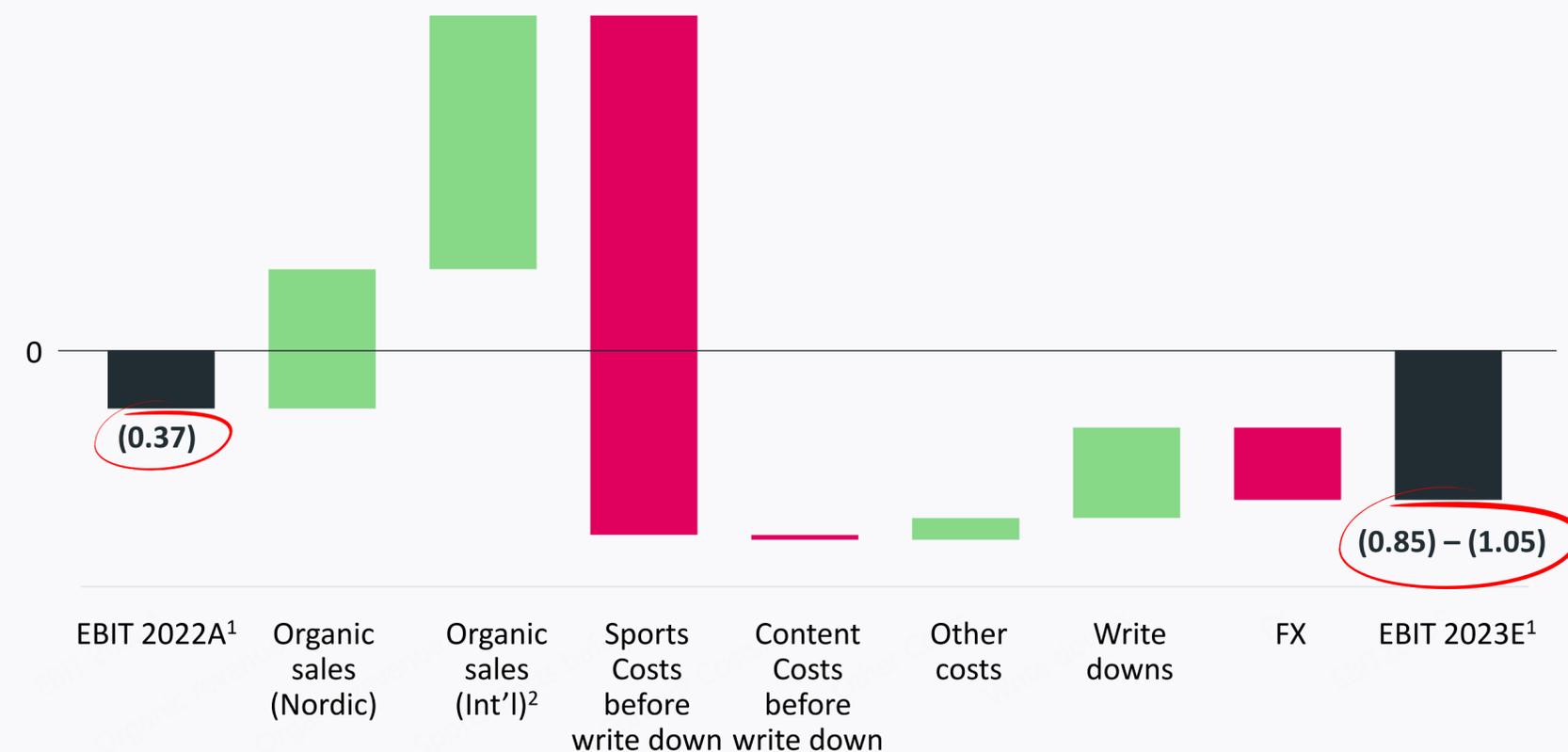
Group guidance and EBIT bridge from 2022 to 2023 FY

Group guidance (2023)

- **Group sales: SEK 18.5-18.8bn**
 - Nordics sales: SEK 15.2-15.5bn
 - International sales: SEK 3.1-3.4bn
- **Group EBIT: Loss of SEK 0.85-1.05bn**
 - Nordic Operations: SEK 0.45-0.6bn
 - International operations: Loss of SEK 1.4-1.5bn

EBIT bridge

SEK bn



Negative FCF³ 2023E of SEK 2.5-3.0bn - resulting in financial net debt of approx. SEK 4.0-4.5bn

Our ambitions for the new Group in 2024

Ambition for the new Group

2024 sales

- **SEK 18.2-18.8bn in Group sales**
 - New Group to be Nordic + Netherlands + Select
 - All other international operations assumed to have been sold or closed

2024 profitability

- **Loss of SEK150m – Profit of SEK150m in Group EBIT (pre IAC and ACI)**
 - Nordic operations to be a loss-making due to sports cost inflation
 - Netherlands & Select operations to offset Nordic loss

2024 cash flow

- **Negative FCF¹ of SEK 1.5-2.0bn**
 - Year end financial position to be impacted by operating cash flow, funding and monetisation measures
- **Financial net debt of SEK 6.0-6.5bn**
 - Excludes proceeds from M&A

What we want to achieve post 2024

Levers to enhance profitability and cash flow



Price increases



Content cost rationalisation



Sports rights renewals and sublicensing



B2B partnership model amendments

Long-term ambitions



4-6% organic sales growth p.a.



Double-digit EBIT (before ACI & IAC) margin



Free cash flow generation



Strong balance sheet

We have an action plan to improve our liquidity and funding situation as well as capital structure

Current liquidity situation

- SEK 1,648m of cash available at Q2 close and SEK0.5bn of SEK 4.0bn RCF drawn post Q2 close¹
- Net debt (ex IFRS leases) to LTM Nordic EBITDA (incl. Allente adjustments) of 1.5x as of Q2 2023
- Ongoing discussions with banks to alleviate covenant pressure (potential breach in the next 6 months in absence of further actions)
- Key sports rights guaranteed by banks with rolling year-end 12-month renewal

Short-term liquidity actions

- Sales driven earnings improvements from package pricing adjustments, modifying partnership model, digital ad inventory creation
- Cost driven earnings improvements from country exits / disposals, content savings and redundancy programmes

Medium-term liquidity actions

- Ongoing and constructive discussions with lending banks regarding amending and extending current debt facilities, prior to bond holder engagement
- Options that are considered to raise funding include:
 - Asset disposals, content sublicensing, and/or equity raise
 - Ongoing strategic review

Viaplay's current debt profile

Viaplay debt maturity profile

SEK m



Short-term priorities

1 Adjustment to operating model and footprint

2 Execute on initiatives to rapidly improve profitability and return on investment

3 Strengthen capital structure and liquidity

4 Exploration of strategic alternatives

We are on a journey to transform Viaplay

**New Viaplay:
The leading Nordic
entertainment
platform**

**Defend leading
market position with
focus on the Nordic
core**

**New economic
country-based
model**

**Focus on value over
volume & quality
over quantity with
new content
strategy**

**Transformation
initiatives to re-
focus top-line &
optimise cost base**

**Deliver sustainable
growth, profitability,
capital structure,
capital allocation
and cash flow
generation**

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