viaplay GROUP

Q3 2023 Results

PRESENTATION

Recapitalisation of Viaplay Group

1-DECEMBER-2023

viaplay GROUP

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SEK 4 billion

Capital injection

SEK 14.6 billion

Financing package

Self-help measures

Background to today's announcement

- In conjunction with the announcement of Viaplay Group's new operating model, the business plan was revisited and a **large capital requirement was identified**
- Based on the updated plan, the Group would otherwise **breach debt covenants**
- Debt holder conversations led to conclusion that **large equity injection and significant cost reductions were required** in order for guarantee commitments to be renewed
- Major guarantees towards right owners fall due in coming weeks and **banks required a solution to the funding need prior to issuing such guarantees**
- **A wide range of initiatives were considered in order to** minimise the new capital requirement
- **Bids received for non-core operations were below expectations and would not have recovered sufficient value**
- Following the Q2 announcement, **3 investors took substantial ownership positions in Viaplay Group**
- Group has worked tirelessly to put together a **package to satisfy requirements from all stakeholders, including equity holders, debt holders and rights owners**

Significant progress has been made since change of management in June

- Workforce reduced from 1,800 to 1,200
- Business reorganised to country-based set-up
- Reset budget and implemented a wide range of initiatives focused on driving and sustaining revenue, profit and cashflow
- Renegotiated distribution contracts and refocused from volume (subscriber growth) to value (ARPU growth)
- Increased SVOD prices
- Cleaned up balance sheet through extensive write-offs of underperforming assets and content
- Prolonged sports rights contracts at lower cost
- Conducted overhaul of content spending to move away from high-cost original productions back towards highly popular acquired formats
- Signed innovative new partnership with F1 to secure profitability in the Netherlands

➢ **The above measures, combined with initiatives announced in conjunction with the Q2 report**

These initiatives have improved the financial situation of the company, yet there is still a significant capital need given the projected negative free cash flow of SEK 4-5bn in 23 and 24, as highlighted in the Q2 report*

**Guidance updated per pg.25*

During the summer Viaplay Group explored a sale of its international markets – the UK, Poland and Baltics

- The conclusion of this process has been underwhelming and leaves no option to exit any market at a breakeven value
- As a result, and due to the deterioration in the operating performance of the international operations, the Group was left with a committed net cash outflow for the international exit markets in 2024-2029
- The cashflow effect in this scenario would be locked in – with no upside – as the Group would enter into sublicensing agreements with partners in each respective market
- **Through incremental self-help measures and liquidity enhancing actions, the Group already expects to be able to limit the net cash outflow from the international exit markets to SEK ~2.2bn in 2024-2028**

  - Commercial deals with sports rights owners

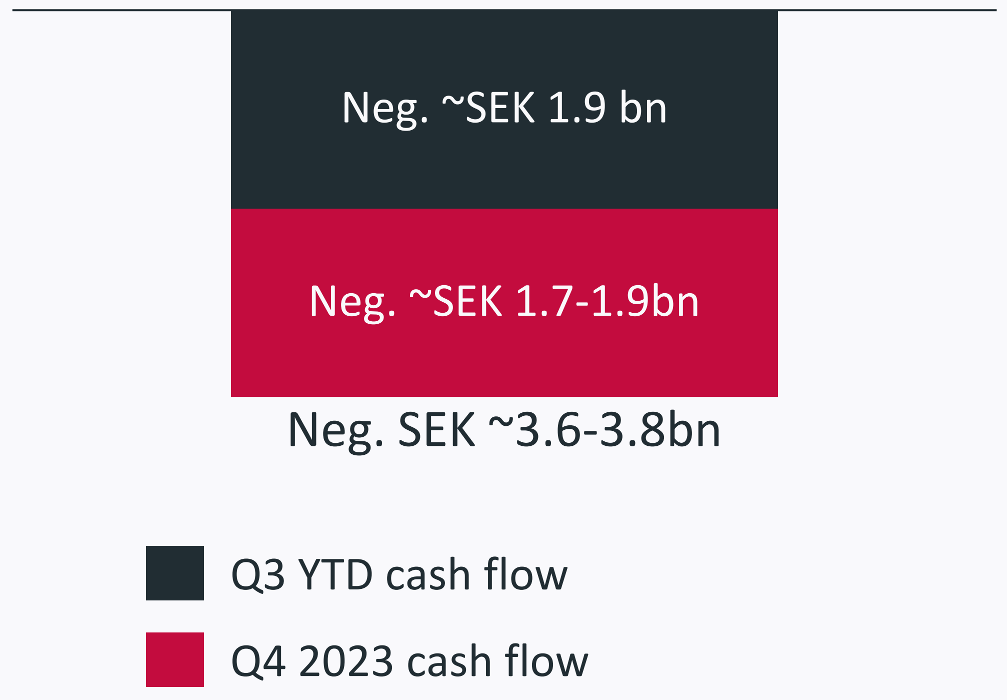
  - Sale of UK operation and sublicensing

  - Non-sports content sales

Cash flow profile and capital requirement

Free cashflow*

2023 total operations



- Total operations for 2023 assumed to have a negative cash flow of SEK ~3.6-3.8bn

2024 total operations

- Total operations for 2024 assumed to have a negative cash flow of SEK ~1.7-2.2bn

International exit markets 2024-2028

- Cash flow after self-help measures concluded to date
- Total negative cash flow from international markets of neg. SEK ~2.2bn for the period 2024-2028

Key points

- Cash of SEK 1.7bn at end of Q3
- SEK 4bn credit facility now fully drawn and provides additional temporary funding
- Extensive discussions have been held with strategic shareholders, lending banks and bondholders to enable refinancing
- Management has pursued self-help measures through M&A, content sub-licencing, sales and partnering
- Refinancing would result in significantly higher borrowing costs but lower borrowing levels

*Guidance updated per pg.25

Equity

- Equity injection of SEK 4bn supported by shareholders including Canal+ and PPF
  - Approx. SEK 3.1bn directed share issue and approx. SEK 0.9bn rights issue
- Pre-money equity value, based on issue price of SEK 1 per share, to be close to zero, which is a condition for banks and bondholders to accept write-downs

Debt

- Debt write-down of SEK 2bn, 25% of which will be converted to equity
- Debt tenors prolonged to 2028 to cover period until cash flow break even and major sports rights renegotiations
- Guarantee facility extended to 2028 to cover period until major sports rights renegotiations
- No further funding or renegotiation requirements until 2028

Self-help measures

- Commercial deals with content owners and sale of assets

Equity injection & creditor renegotiation

Intensive discussions and negotiations have been conducted with the three new major shareholders and the Group's creditors

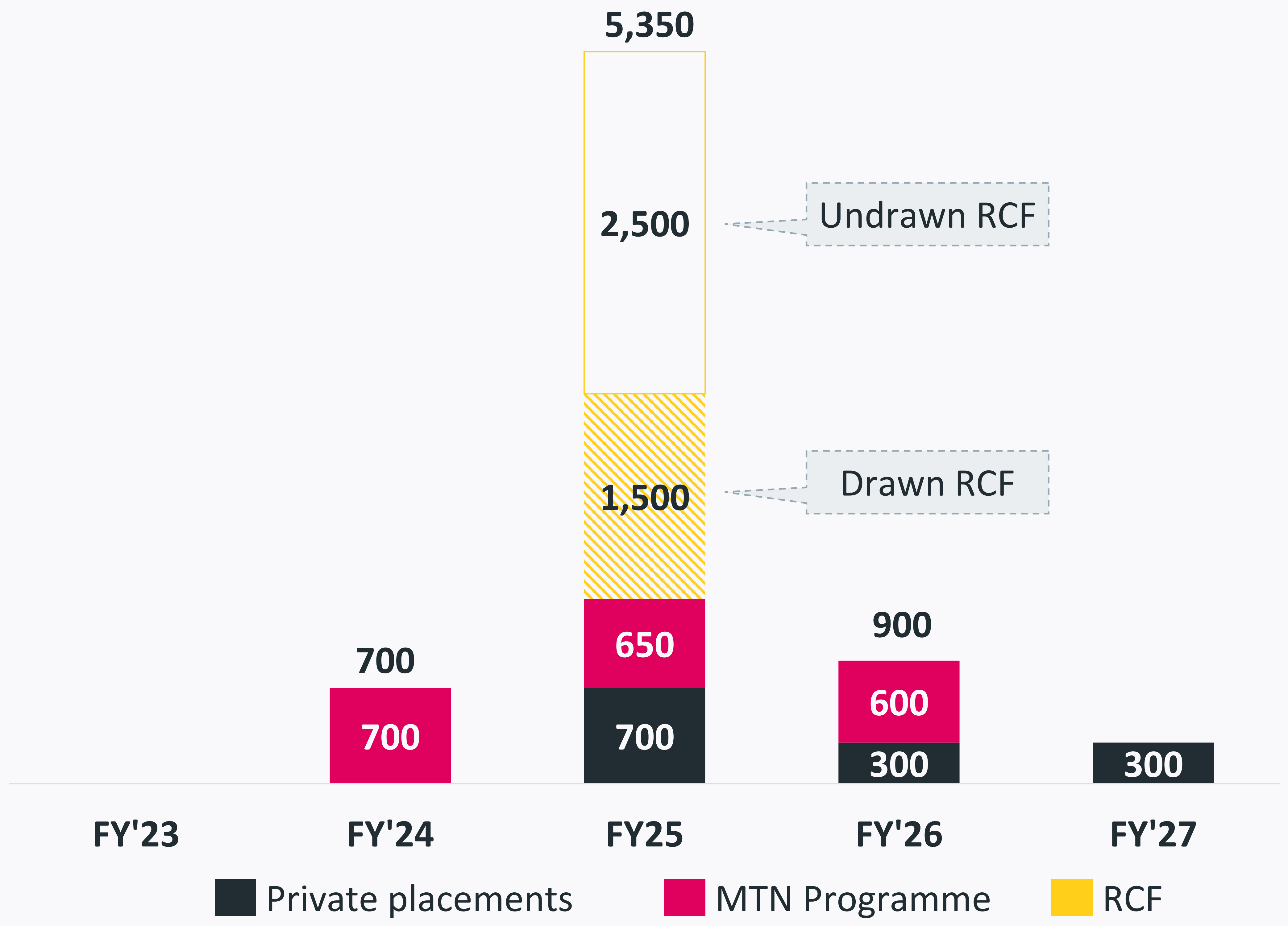
- Discussions with debtholders (Banks and bondholders) were initiated in July
- Discussions with the larger shareholders (Canal+ and PPF among others) began in September
- Varying views among stakeholders on operating outlook and capital requirement, but common view that stakeholders must take write-downs, Group must deliver self-help measures, and that a long-term solution must be in place by end of November
- The end November deadline is due to some of the Group's contracts with certain key sports rights holders relying on bank guarantees, which are renewed annually and may be subject to withdrawal if Group liquidity is not seen as sufficient to meet commitments

Our larger shareholders support a new equity injection; while lenders and bondholders support with tenor extensions, partial write-downs and debt for equity swaps; and commercial deals are being put in place with content owners – this is the best way forward given the circumstances and alternatives

Debt maturity profile

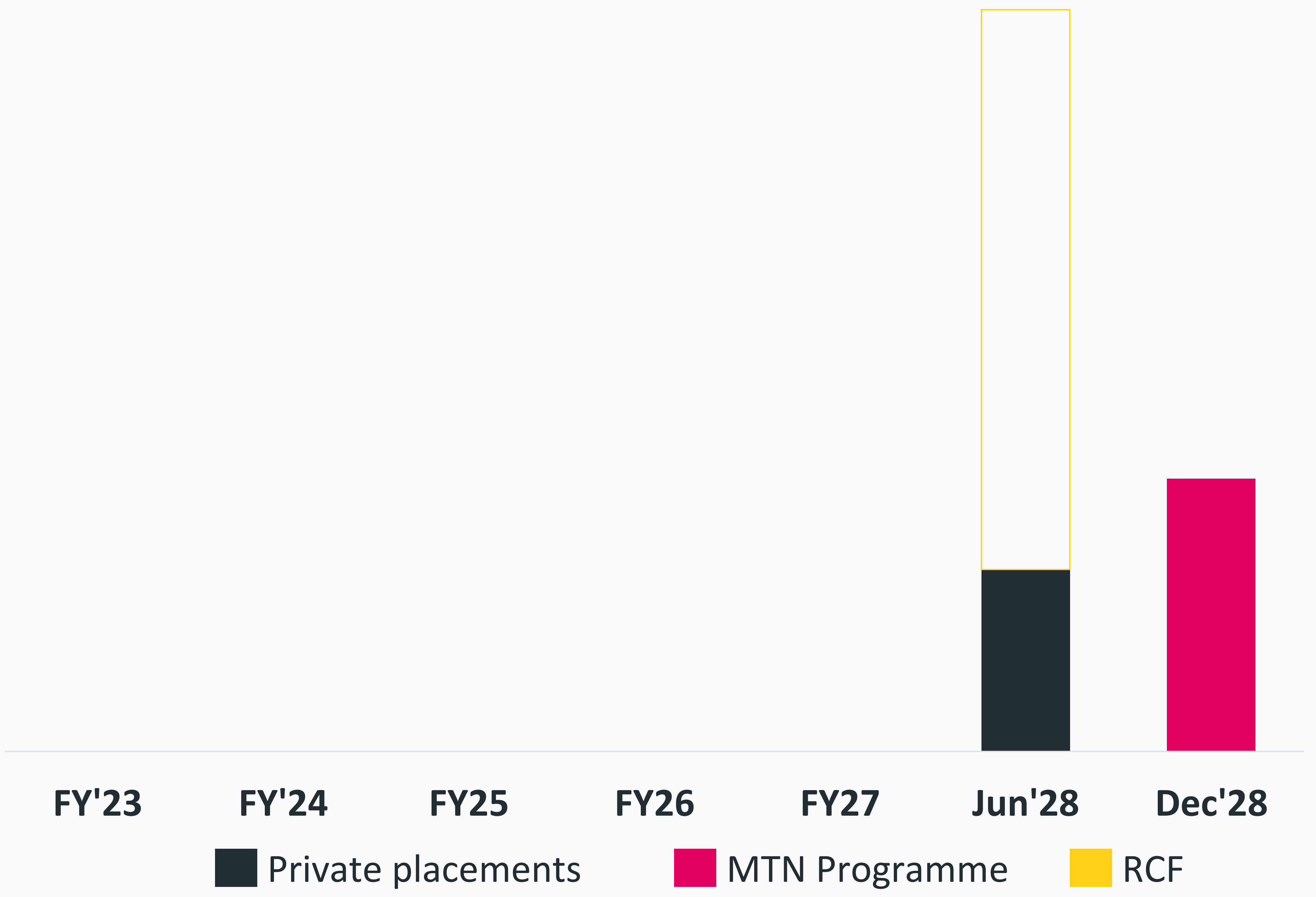
Q3 2023

SEK 7,250m excl. guarantee facilities

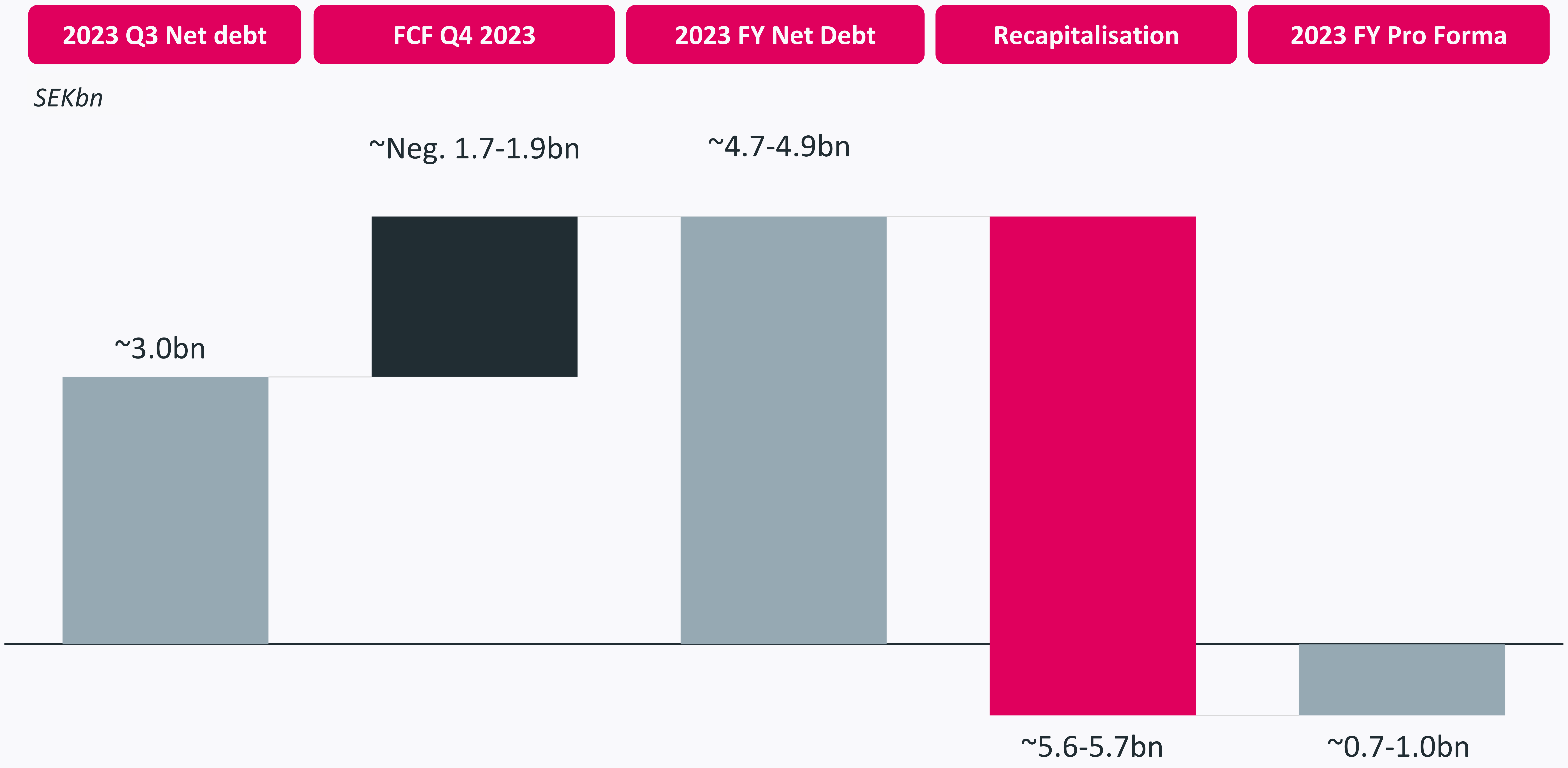


Post transaction

SEK 5,250m excl. guarantee facilities



Pro forma financial net debt



Key points

- Significant financial net debt reduction through the gross equity raise proceeds of SEK 4,000m coupled with a debt write-down and conversion of in total SEK 2,000m
- Restored balance sheet to cater for:
  - Operating losses incurred in 2023
  - The unwind of certain international markets
  - The turnaround of remaining businesses (cash flow and profitability)

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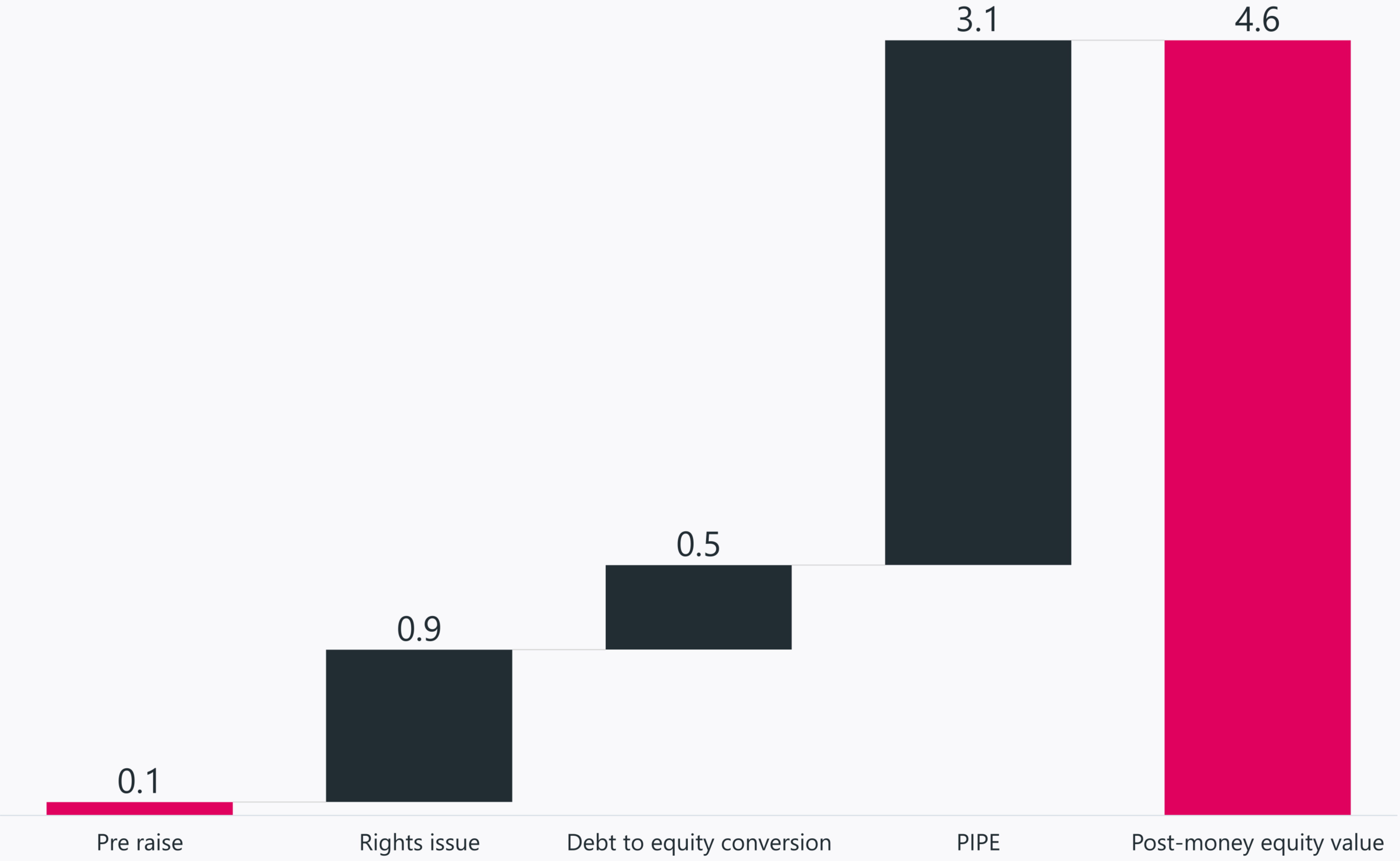
Impact from the recapitalisation

Illustrative



Nr. of shares	79m	+	0.9bn	+	0.5bn	+	3.1bn	=	4.6bn

- Pre-money equity value, based on the issue price, for the listed shares in Viaplay of SEK 79m at the proposed issue share price of SEK 1 per share
- The rights issue adds approx. SEK 0.9bn and 0.9bn new shares
- The debt to equity conversion adds approx. 0.5bn new shares
- The PIPE adds approx. SEK 3.1bn and 3.1bn new shares
- The new company following the recapitalization will have received SEK 4.5bn in additional equity (of which SEK 4bn in cash injection) and 4.5bn new shares

Indicative transaction timeline

29 December	▪ Bondholders' meeting
10 January	▪ EGM
15 January	▪ Last day of trading in Viaplay Group shares including the right to participate in the rights issue
16 January	▪ Publication of the prospectus
17 January	▪ Record date for participation in the rights issue, i.e. holders of shares who are registered in the share register on this day will receive subscription rights for participation in the rights issue
19 January – 2 February	▪ Subscription period
9 February	▪ Settlement of the directed share issue, the debt-to-equity swaps, and completion of the recapitalization

We are on a journey to transform Viaplay Group

New Viaplay:
The leading Nordic entertainment platform

Develop leading market position with focus on the Nordic core

New country-based organisation, content and partnering strategy

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

Focus areas	Long-term ambitions
ARPU growth	4-6% organic sales growth p.a.
Commercial content strategy	Double-digit EBIT (before ACI & IAC) margin
Refocused premium sports rights portfolio	Healthy free cash flow generation
Value over volume B2B partnering	Strong balance sheet

1. All stakeholders are providing concessions in order to provide a sustainable future for the Group, and management have already executed on a wide range of self-help measures

2. Transaction subject to written procedures with bondholders and EGM approval by shareholders

3. This is the best available solution to enable the rebuilding of a healthy financial position, and provide the Group with the resources to achieve significant and sustainable value creation

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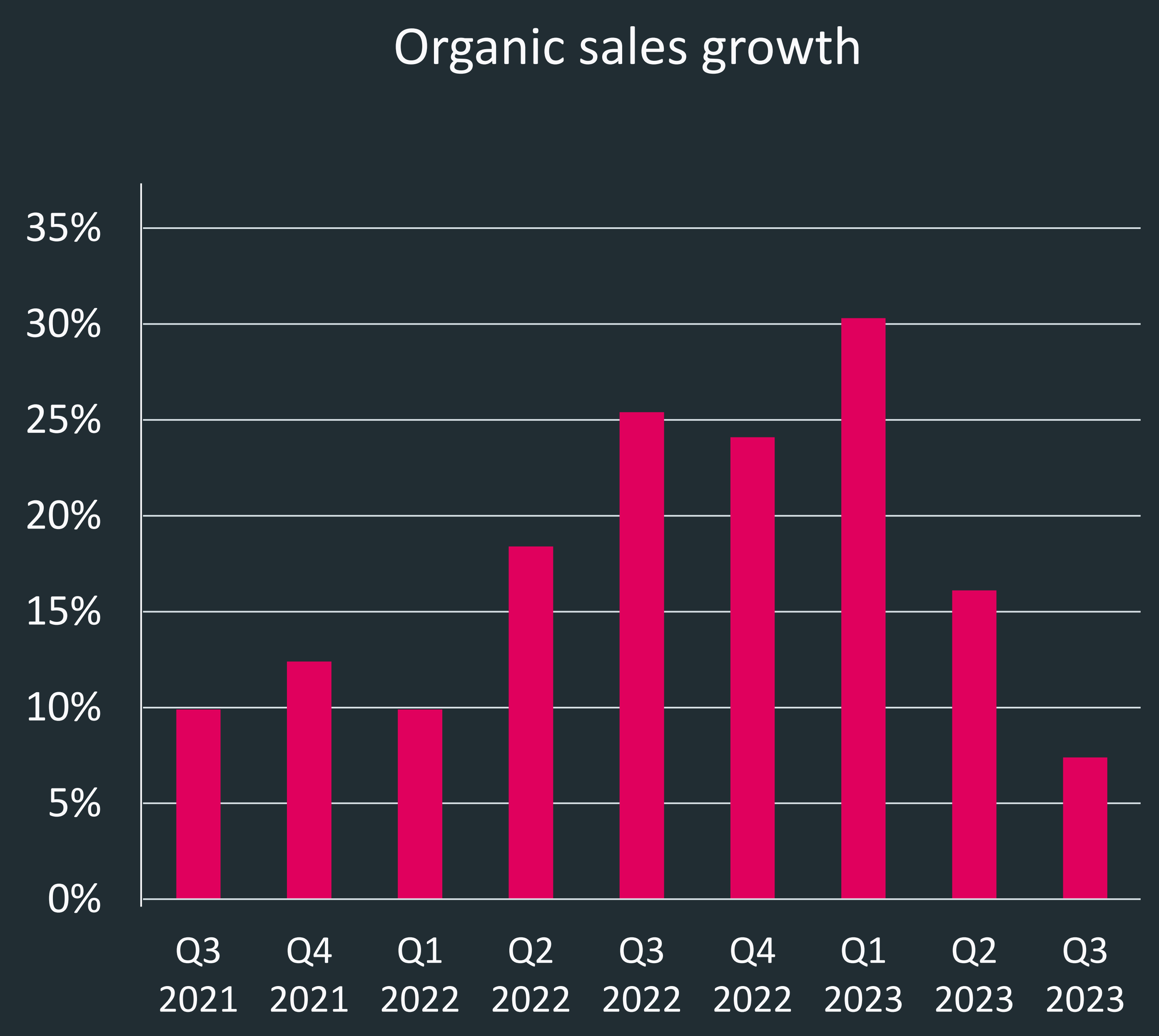
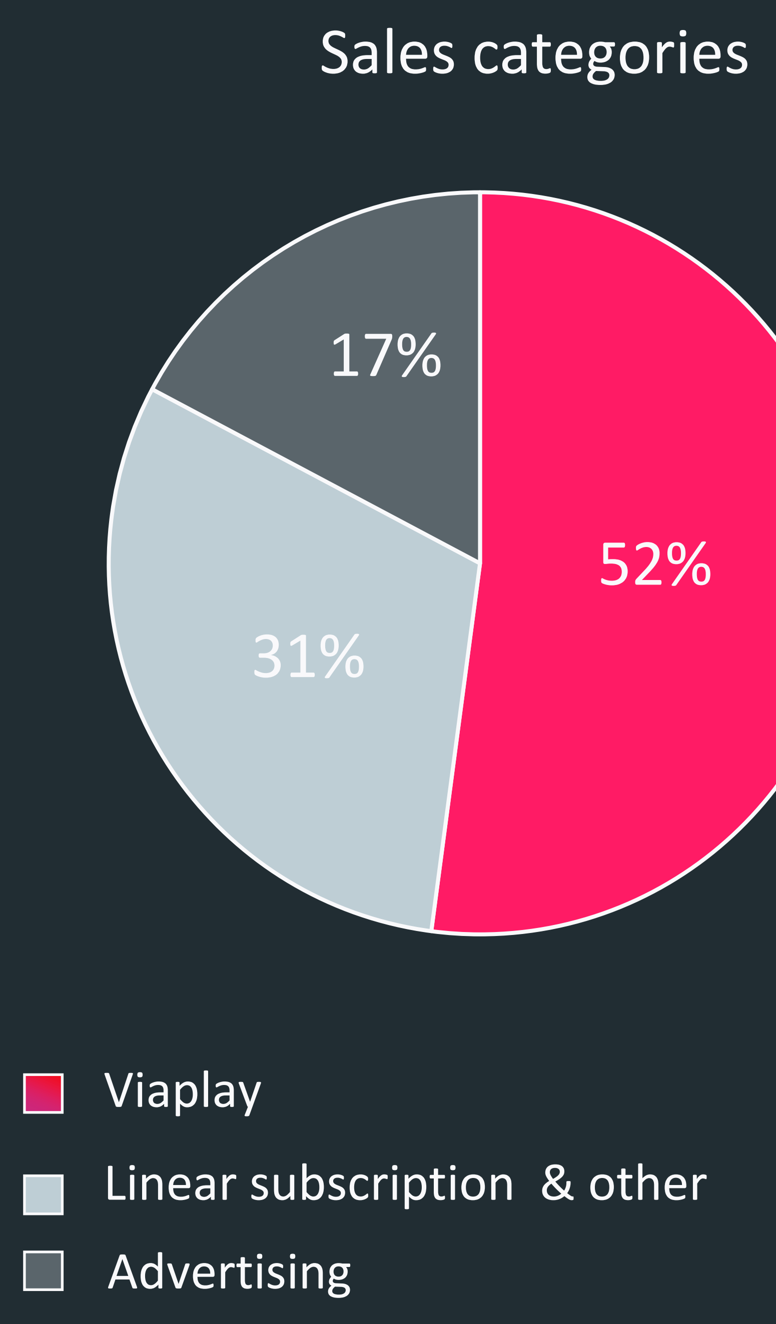
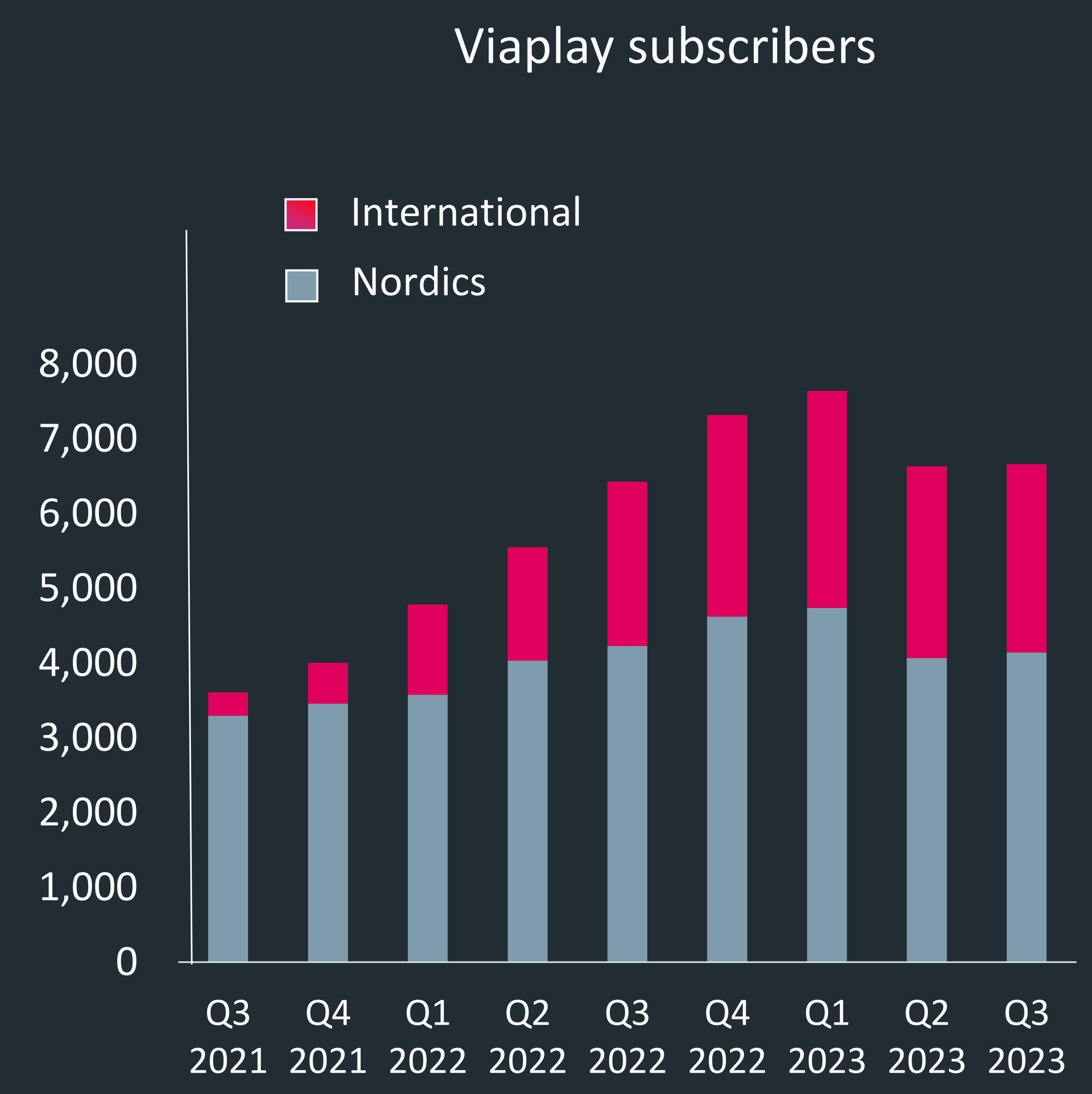
Group performance

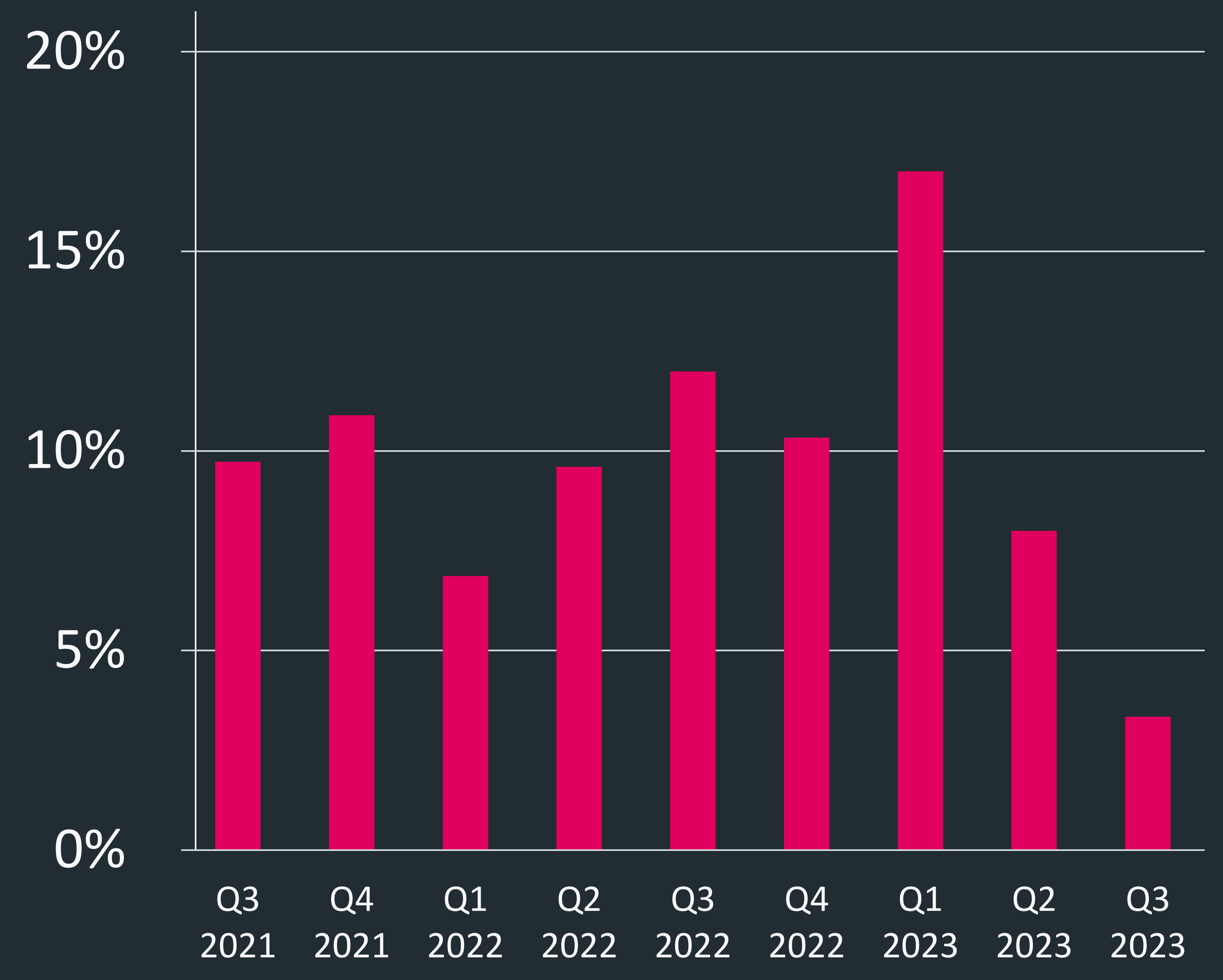




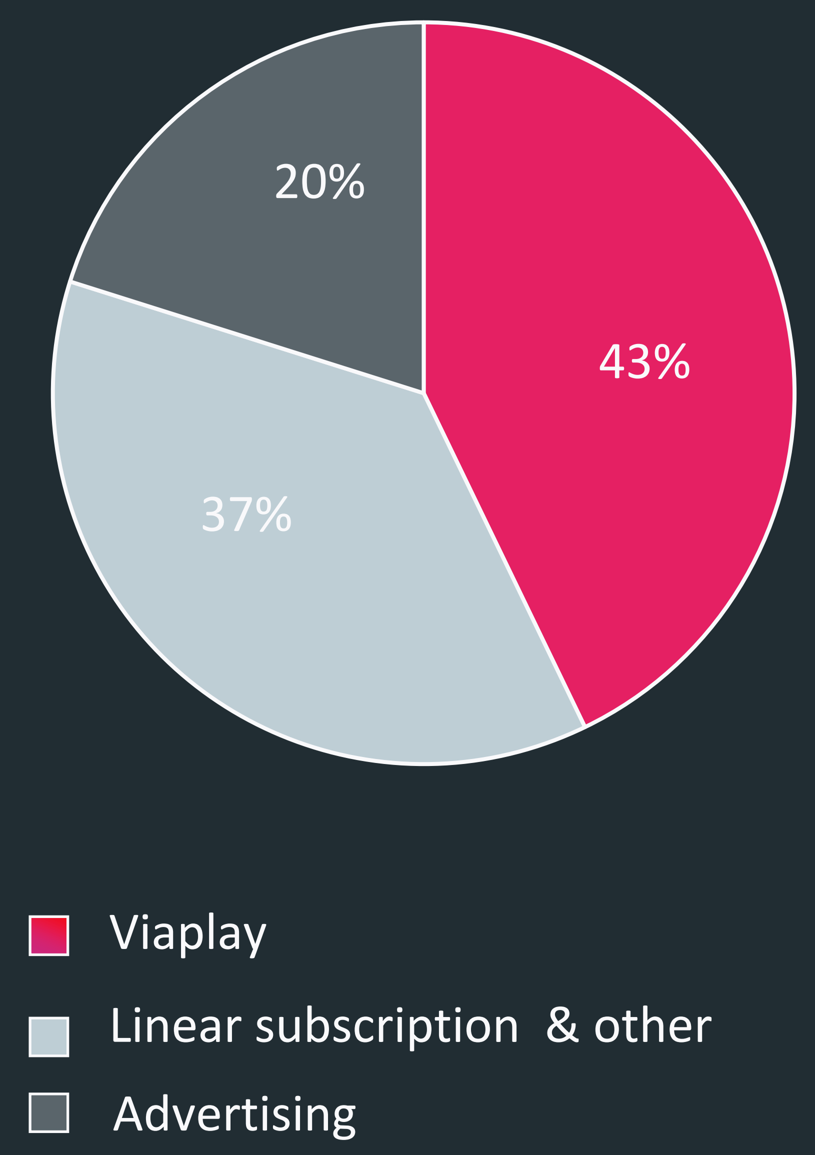


Segmental performance: NORDICS

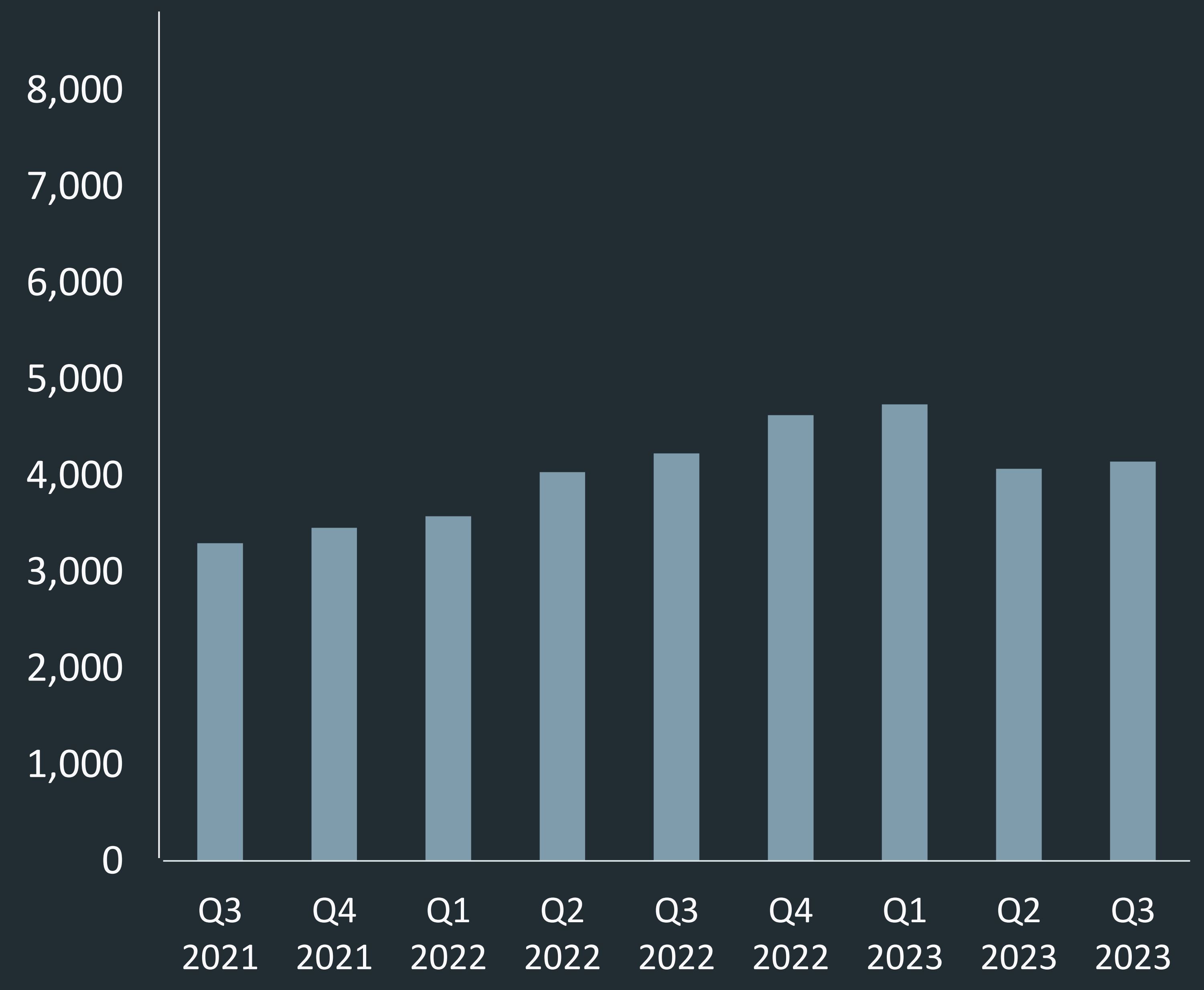
Organic sales growth



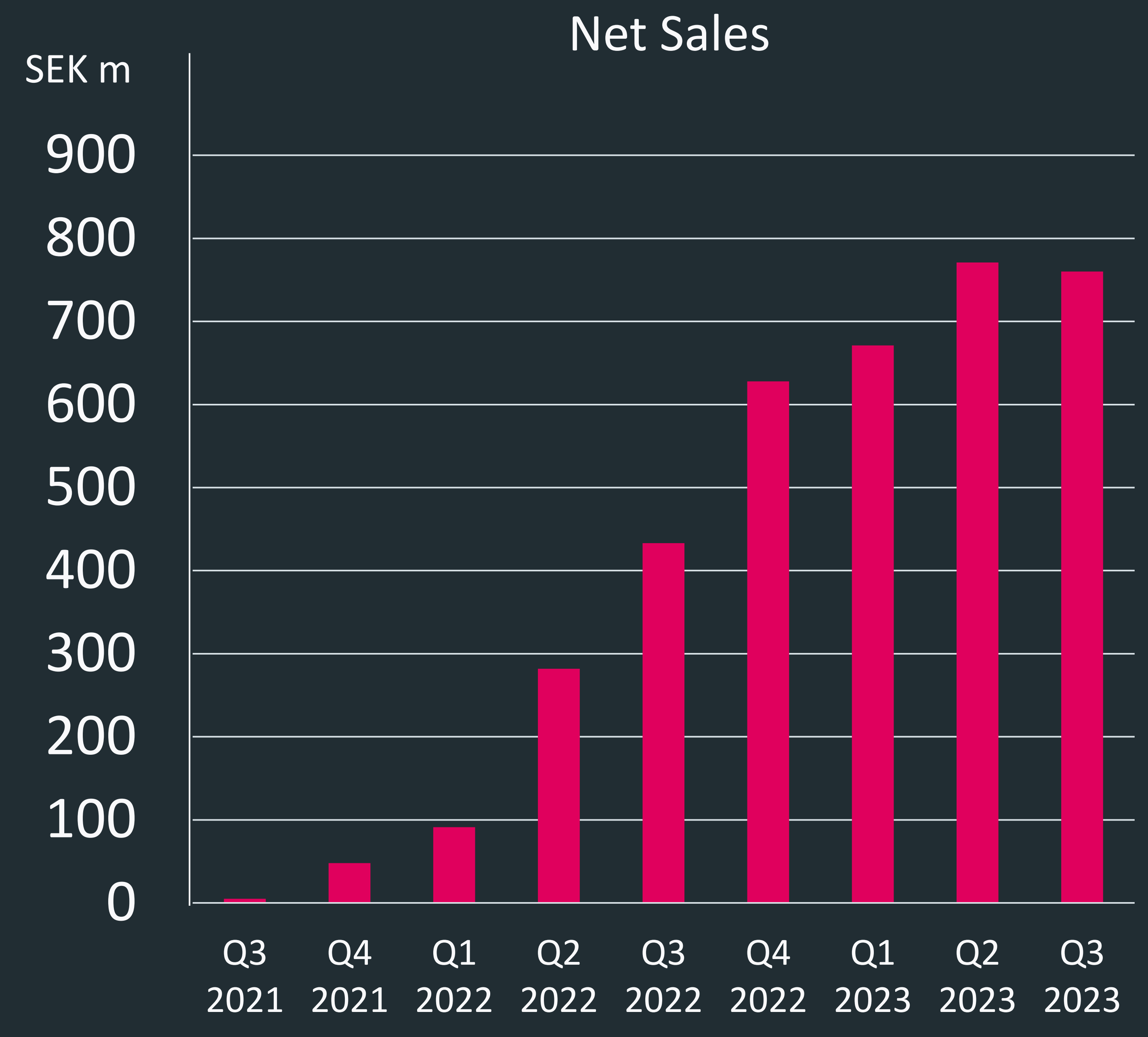
Sales categories

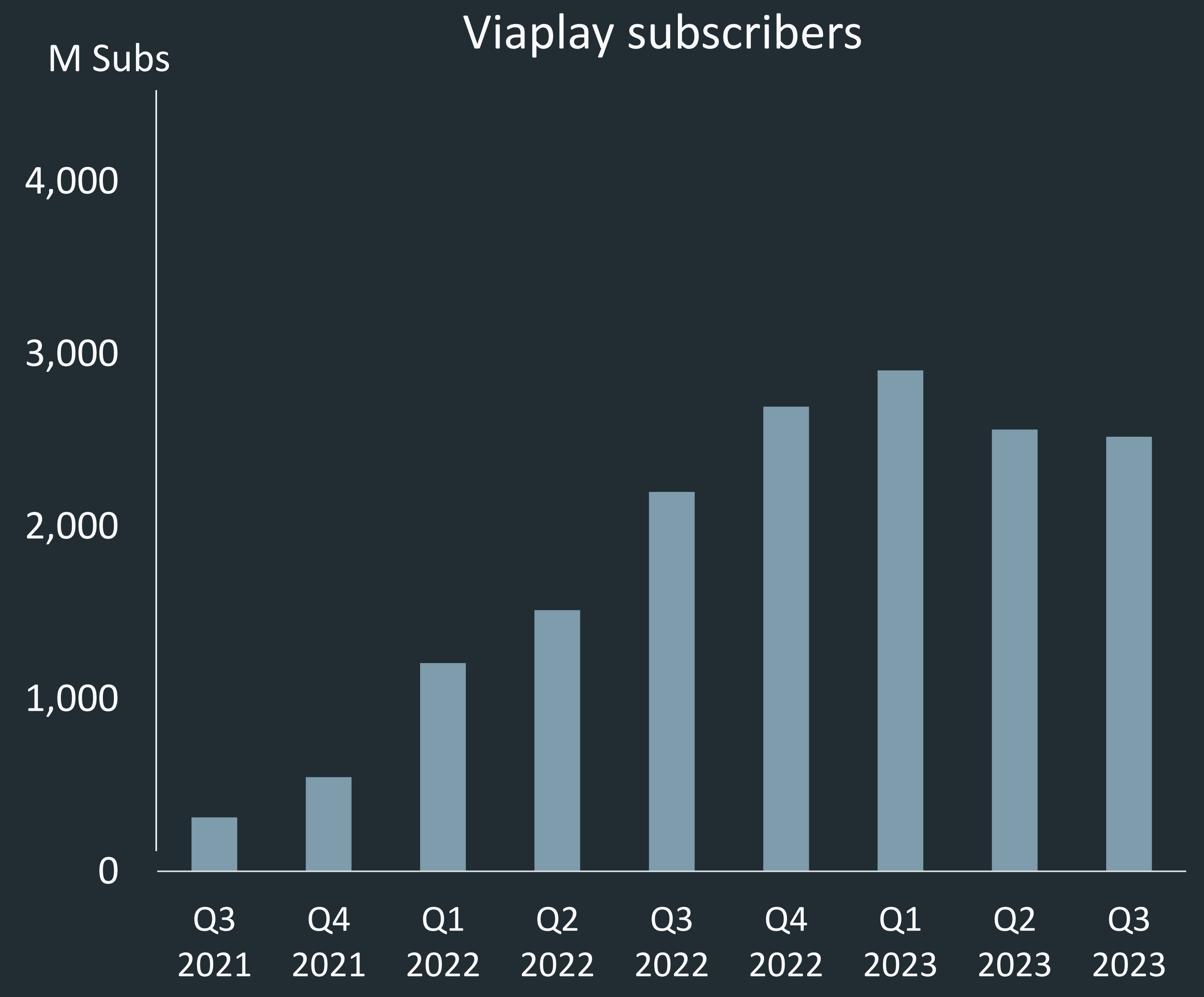


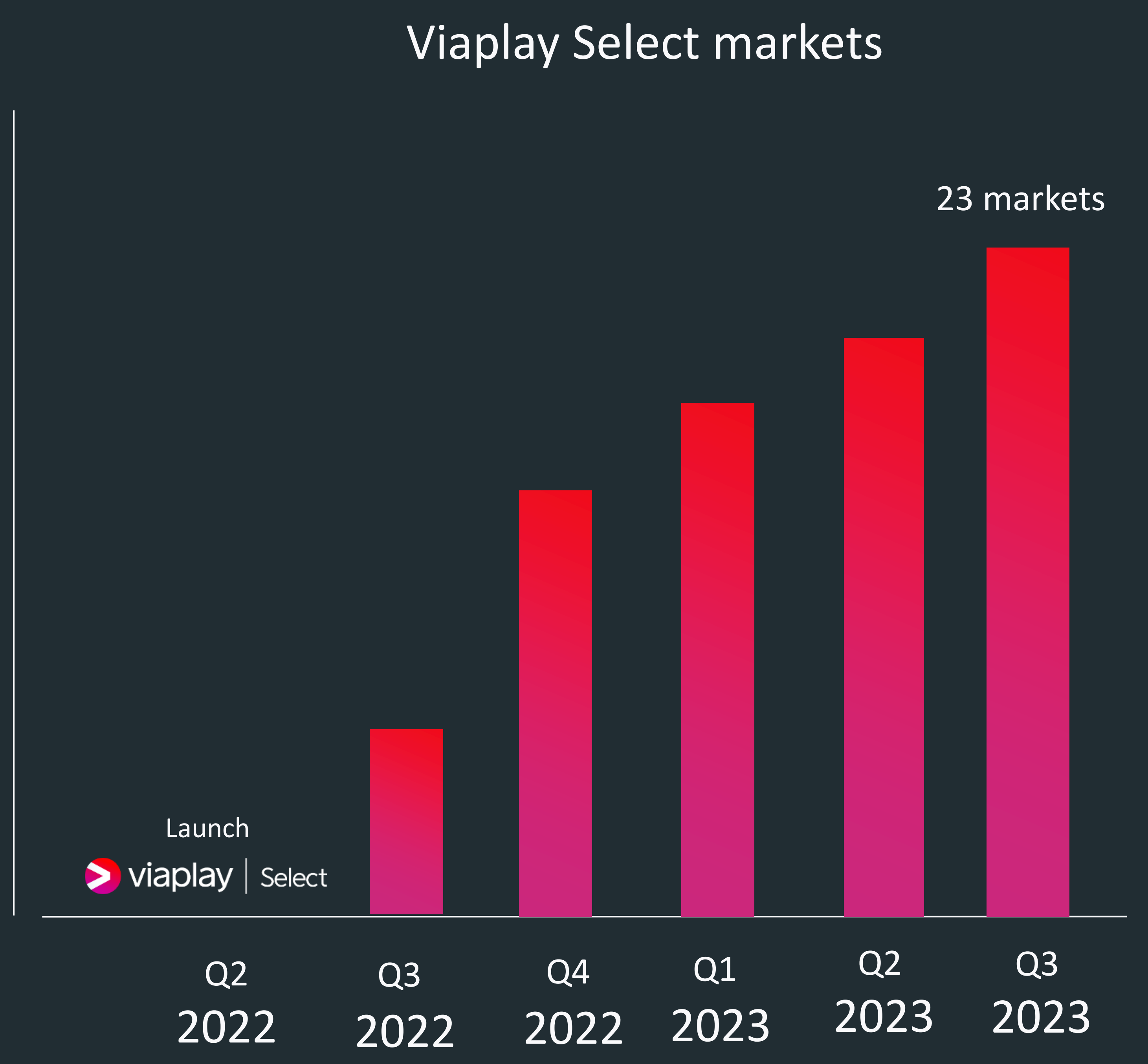
Viaplay subscribers



Segmental performance: INTERNATIONAL







Group performance

SEKm	Q3 2023	Q3 2022	FY22
Net Sales	4,536	3,972	15,691
Cost of Sales	-4,339	-3,442	-13,048
SG&A	-568	-764	-3,163
Other operating income & expensens	50	63	148
Operating Income (ex ACI & IAC)	-321	-171	-372
Associated company income	36	71	275
Items affecting comparability	-253	-	510
Operating Income	-538	-100	413

EBIT *(ex ACI & IAC)*	Q3 2023	Q3 2022	FY 22
Nordics	19m	248m	1,011m
International	-340m	-419m	-1,383m

Allente update

SEKm	Q3 2023	Q3 2022	FY 2022
Sales	**1,695**	**1,688**	**6,808**
EBITDA before IAC	255	312	1,264
Depreciation & amortisation	-129	-108	-463
EBIT before IAC	126	205	801
Items affecting comparability	-2	-5	-22
EBIT	124	200	779
Net Income	75	143	564
Viaplay Group 50% share	38	71	282
Net debt position	1,756	1,797	1,938
# subscribers	969k	1,017k	1,040

- Flat sales compared to last year with negative mix effects impacting EBIT
- Positive effects of ongoing restructuring programme partially offset higher OpEx

Cash flow & financial position

SEKm	Q3 23	Q3 22	FY22
Cash flow from operations	-514	-167	304
Change in working capital	-539	-1,915	-3,305
Net operating cash flow	-1,053	-2,082	-3,001
Capital expenditure	-34	-45	-186
Operating FCF*	-1,087	-2,127	-3,187

SEKm	Q3 23	*Q2 23*	FY 22
Total borrowings	4,750	*3,547*	3,900
Cash & cash equivalents	1,724	*1,648*	2,775
Net debt (including net lease liabilities)	3,328	*2,229*	1,482
Net lease liabilities	322	*350*	377
Financial net debt (excluding net lease liabilities)	3,006	*1,879*	1,105

* excluding Acquisitions and Divestments

Financial Targets

2023 – Updated targets

Group Sales	SEK 18.5-18.8 billion
Nordic Sales	SEK 15.2-15.5 billion
International Sales	SEK 3.1-3.4 billion
Viaplay Subscribers	6.55-6.65 million *(changed)*
Group EBIT (ex IAC & ACI)	Loss of SEK 1.0—1.15 billion with profit of SEK 450-600 million for Nordic operations and loss of SEK 1.6-1.7 billion for International operations *(changed)*
Free Cash flow*	Negative SEK 3.6-3.8 billion *(changed)*

2024 – Updated targets

Group Sales	SEK 18.2-18.8 billion
Group EBIT (ex IAC & ACI)	Between loss of SEK 150 million and profit of SEK 150 million
Free cash flow*	Negative SEK 1.7-2.2 billion including negative SEK 0.6-0.8 billion for the non-core International operations *(changed)*

**Cash flow from operating activities plus cash flow from investing activities excluding the acquisition or disposal of operations*