

2022

Q4



Accelerating growth with 83% to 7.3m Viaplay subscribers

Fourth quarter highlights

- > Viaplay paying subscribers up 83% YoY to 7,318k (4,005) with 890k subscribers added QoQ
- > Viaplay revenues growing 73% to represent 48% share of total revenues
- > 24% organic sales growth with reported sales of SEK 4,670m (3,553)
- > Operating income before associated company income (ACI) and items affecting comparability (IAC) of SEK -284m (121), including SEK -420m (-219) impact of Viaplay International expansion
- > Total reported operating income of SEK -294m (69) including ACI of SEK 76m (-51) and IAC of SEK -86m (0)
- > IAC related to reorganisation costs, acquisition of Premier Sports UK, and content write-downs with remaining costs of SEK 45m to be included in Q1 2023 results ¹⁾
- > Net income from total operations of SEK -250m (32) and EPS of SEK -3.19 (0.41)
- > Board of Directors will propose to Annual General Meeting that no annual cash dividend be paid for 2022, and that 2022 profits be carried forward into 2023 for investment into the ongoing international expansion

Financial overview

(SEKm)	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Continuing operations				
Net sales	4,670	3,553	15,691	12,661
Organic growth	23.9%	12.4%	19.7%	16.7%
Operating income before ACI and IAC	-284	121	-372	607
Associated company income (ACI)	76	-51	275	40
Operating income before IAC	-208	69	-97	647
Items affecting comparability (IAC) ¹⁾	-86	0	510	-74
Operating income	-294	69	413	573
Net income from continuing operations	-250	32	323	365
Net income from discontinued operations ²⁾	-	-	-	-40
Net income from total operations	-250	32	323	325
Basic earnings per share (SEK)	-3.19	0.41	4.13	4.23
Adjusted net income from continuing operations	-132	189	70	864
Adjusted earnings per share from continuing operations (SEK)	-1.69	2.43	0.90	11.26

1. IAC includes restructuring costs related to the previously announced reorganisation, the acquisition and integration of Premier Sports in the UK, and content write-downs. The full year 2022 IAC includes the proceeds from the settlement of court cases with TV 2 Denmark in Q1 2022. Please see page 17 for details

2. Discontinued operations comprised Viaplay Group's non-scripted, branded entertainment and events businesses, which were divested in 2021. Please see note 4 for details. This report refers to Viaplay Group's continuing operations unless otherwise indicated.

Alternative performance measures used in this report are explained and reconciled on pages 16-20.

President & CEO's comments

We ended the year in excellent shape and on track towards our five-year strategic goals. We have delivered in line with our updated guidance for 2022, growing our Viaplay subscriber base to over 7.3 million, and our total sales to SEK 15.7 billion for the year. Despite fierce competition, we continue to grow or maintain our subscriber market shares in all markets. Viaplay is now available in 11 markets, and we will shortly launch direct-to-consumer in the US and Canada. Our content is also available in 20 other markets through our curated Viaplay Select offering. We have achieved these goals in challenging market conditions, and again demonstrated the resilience and sustainability of our products, our people and our business. We have a stronger content line-up than ever before and have invested further in our technology platform to deliver even better customer experiences. We have also extended our distribution partnerships to ensure that Viaplay is as widely available as possible. We are well prepared for what lies ahead and to make further progress towards our goals.

Our 20% group organic sales growth and 10% Nordic organic sales growth for the full year were in line with the updated guidance that we provided in November. The primary growth driver was Viaplay (48% of group sales), with organic revenues up 73% YoY in Q4 and up 52% for the full year.

The 83% YoY growth in the Viaplay subscriber base in Q4 was driven by both our Nordic and international markets, which reached their combined year-end target and added 890k subscribers in the quarter. The previously discontinued partnership in Sweden was renewed on improved terms, and we now have partnerships with the largest pay-TV operators in almost all our markets. These win/win strategic partnerships continue to be cornerstones of our growth. Churn levels increased moderately in Q4 due to the suspension of football leagues during the World Cup, and then returned to lower levels as the subscribers returned.

Our Viaplay Nordic revenues were up 33% YoY on an organic basis, while our Viaplay international revenues accounted for 28% of total Viaplay revenues, compared to 4% in Q4 2021. We have already adjusted our price points upwards in the Nordic markets to reflect our even stronger content offering and rising inflation. We premiered a total of 126 scripted and non-scripted Viaplay originals in 2022 and will premiere more than 130 in 2023. And we will add Formula One coverage in Poland from the start of the new season in March.

We launched Viaplay in the UK during Q4, thirty-five years after we started broadcasting our channels into the Nordics from London. Our streaming service and channels are now available direct to consumer and through pay-tv partners, with a combination of live sports and Nordic drama. We will add locally produced Viaplay originals, and more third-party content to the platform as we establish ourselves in one of the world's largest and most content hungry markets.

Our Linear subscription and other revenues (29% of group sales) were up 7% YoY on an organic basis. This reflected the new distribution deals and rising prices, which will continue to drive growth in 2023.

Our advertising revenues (23% of group sales) were down 9% YoY on an organic basis. This reflected the decline in each of the Scandinavian advertising markets, and the football world cup coverage on competing platforms. We expect this trend of lower advertising spend to continue for at least the first half of 2023. Advertising prices are being raised again in the annual negotiations, in order to offset lower linear viewing levels and reflect the broader inflationary environment.

Our Q4 Nordic profits were in line with the updated guidance that we provided in November. The YoY decline in Q4 profits reflected the weaker advertising markets, higher sports rights costs yet to be offset by higher prices, and the temporary discontinuation of a distribution agreement in Sweden. Timing of price increases and the phasing of content costs are expected to result in lower margins for the first half of 2023, and then higher margins and a YoY increase in full year Nordic profits. As previously announced, we are implementing cost savings and avoidance programmes to offset the currency exchange and economic headwinds that we currently anticipate. These measures are in line with our actions in previous downturns.

The combined losses for our international operations are broadly in line with the guidance provided in November, and still lower than anticipated at the beginning of 2022. This reflected continued content investments and the ongoing expansion. The high levels of international subscriber and revenue growth are expected to result in significantly lower losses in 2023, and a combined international profit in 2024.

The IAC reflect our previously announced reorganisation and cost savings programme, which are focusing our resources on the areas that will drive most value moving forward. The latest dividend payment from our Allente joint venture added to our financial position, and we remain fully funded for our expansion journey. We have clear line of sight to our 2025 objectives and full visibility over our largely fixed cost base.

Our new organisational structure is now in place and will bring us even closer to our local customers and partners, while preserving the scale benefits of the investments that we are making into our platform and our content. Operational excellence and sustainable growth are central to our success and, while we find ourselves in uncertain times, I remain confident in our proven ability to adapt and to deliver on our considerable potential and ambitious plans.

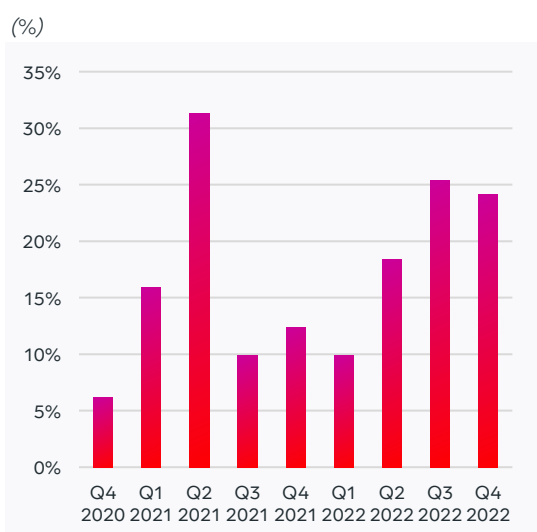
Anders Jensen
President & CEO

Sales

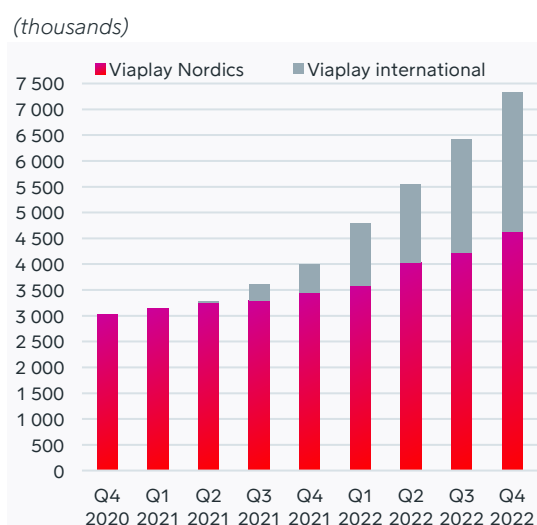
Group

Organic net sales were up 24%, when excluding changes in FX rates and the contribution of acquired and divested operations. This growth was driven by the performance of Viaplay in the Nordic and international markets. Reported sales amounted to SEK 4,670m (3,553). Please see page 16 for a reconciliation of organic and reported sales growth.

Organic sales growth



Viaplay subscribers



Sales by category

(SEKm)	Q4 2022	Q4 2021	Change %	Full year 2022	Full year 2021	Change %
Viaplay	2,227	1,198	85.9%	6,969	4,386	58.9%
Linear subscription & other ¹⁾	1,362	1,214	12.2%	4,914	4,498	9.2%
Advertising	1,081	1,140	-5.2%	3,808	3,777	0.8%
Total	4,670	3,553	31.4%	15,691	12,661	23.9%

1) Previous reported 'Other subscription' and 'Studios & other' have been combined into 'Linear subscription & other'.

Viaplay was the largest quarterly revenue contributor and accounted for 48% of Group sales. Viaplay sales were up 73% on an organic basis and included SEK 628m of international sales in the quarter and SEK 1,434m for the full year. The total Viaplay paying subscriber base grew by 83% YoY to 7,318k subscribers. Viaplay added 890k paying subscribers QoQ, with 396k added in the Nordics and 494k in the international markets. This acceleration was driven by successful B2B partnerships and direct to consumer sales. The Dutch and Polish subscriber bases grew to over 1.2m each at the end of the period.

Linear subscription and other sales, which include linear channel subscription sales, sublicensing and Viaplay Studios' external sales, accounted for 29% of Group sales and were up 7% on an organic basis. All three categories contributed to the growth in the quarter, with extended third party distribution deals and higher prices for enhanced content offerings being the key growth drivers.

Advertising sales accounted for 23% of Group sales and were down 9% on an organic basis, which reflected the weaker TV advertising markets and coverage of the Football World Cup on rival channels. Viaplay Group's TV audience share was up in Denmark and Norway, and down in Sweden, with the TV advertising markets estimated to have declined in all three markets. Viaplay Group's radio audience share was up in Sweden and down in Norway, with the radio advertising markets estimated to have grown in Norway and declined in Sweden.

Operating income

Operating expenses excluding items affecting comparability increased 46% to SEK 5,042m (3,452) and reflected the ongoing international expansion and investments in sports rights and original productions.

Operating income before ACI and IAC amounted to SEK -284m (121) and included the SEK -420m (-219) impact of the international expansion in the quarter, and SEK -1,383m (-505) for the full year. Operating income before IAC amounted to SEK -208m (69) and included SEK 76m (-51) of associated company income, which primarily comprised the Group's 50% share in the earnings of Allente. Please see note 3 regarding Allente's financial performance and position. Total operating income amounted to SEK -294m (69) and included IAC of SEK -86m (0). The IAC comprised costs related to the previously announced reorganisation, the acquisition and integration of Premier Sports in the UK, and the write-down of content (see page 17 for details).

Net interest & other financial items and net income

Net interest and other financial items totalled SEK -23m (-22). Net interest amounted to SEK -32m (-23), of which SEK -3m (-3) related to interest on net lease liabilities. Other financial items amounted to SEK 9m (1) and mainly comprised the impact of currency exchange rates on the revaluation of financial items.

Tax amounted to SEK 67m (-17), and total net income amounted to SEK -250m (32), with total basic earnings per share of SEK -3.19 (0.41).

Cash flow and financial position

Cash flow from operating activities

Cash flow from operations excluding changes in working capital totalled SEK -102m (318) and included the receipt of a SEK 200m (125) dividend from Allente. Changes in working capital amounted to SEK -345m (391) and primarily reflected payments for content and sports rights. Cash flow from operating activities amounted to SEK -447m (710).

Cash flow from investing activities

Total cash flow related to investing activities amounted to SEK -440m (-38) and included capital expenditure on tangible and intangible assets of SEK -58m (-52) and other investing activities of SEK 5m (14). The acquisition of Premier Sports was finalised during Q4 and resulted in a cash outflow of SEK -387m.

Cash flow from financing activities

Cash flow from financing activities amounted to SEK 577m (5) with borrowings increasing by SEK 500m (0) in the quarter. The net change in cash and cash equivalents amounted to SEK -310m (677).

Financial position

The Group's net debt position at the end of the quarter was SEK 1,482m (-2,059), and the financial net debt position was SEK 1,105m (-2,422). Cash and cash equivalents totalled SEK 2,775m (5,702), while the Group's total borrowings amounted to SEK 3,900m (3,300) and lease liabilities (net of sublease receivables) amounted to SEK 377m (364).

Parent company

Viaplay Group AB is the Group's parent company and is responsible for Group-wide management, administration and financing.

Net sales for the Parent Company amounted to SEK 94m (46). Income before tax and appropriations amounted to SEK 80m (5), and net income for the period amounted to SEK 90m (174). The income statement and balance sheet for the Parent Company are presented on page 11.

Sustainability

A key component of Viaplay Group's five-year sustainability strategy is ensuring responsible and ethical business practices and encouraging climate conscious content production practices across the industry. The Group therefore reviews its content portfolios and productions on an ongoing basis, and conducts surveys and third-party sustainability audits of selected productions. Four productions were audited in 2022 with action plans put in place to follow up on identified areas for improvement.

Viaplay continues to drive diversity and inclusion in its operations and productions by investing in storytelling that raises awareness of important societal topics. Recently announced and premiered Viaplay Originals and Productions such as 'Human to Human', 'Power Women' and 'Hilma' have highlighted the ongoing impact of the war in Ukraine and the empowerment of women. In response to Russia's invasion of Ukraine, the Group has continued to apply the international sanctions, exclude Russian content from its platforms, and screening contracts and counterparties to ensure that no payments are made to entities in Russia.

The Group has been included in the World and European S&P Dow Jones Sustainability Indices for the second consecutive year, maintaining its position in the top 10% of media and entertainment companies. Viaplay Group was also included in the 2022 Albright Report's 'Green List', which is the best-in-class category for gender equality amongst companies headquartered in Sweden, and was recognised with a

'Low ESG Risk Rating' by Sustainalytics and a ranking of 8th out of 294 businesses in the global media industry.

Other information

Significant events during and after the quarter

- > 12 October – Viaplay Select to launch on CINDIE in nine Latin American countries
- > 13 October – Viaplay Group and Telenor agree long-term Swedish and Norwegian distribution partnership
- > 1 November - Viaplay launches in the UK
- > 2 November - Viaplay Group and SBS bring Viaplay Select to Australian audiences
- > 8 November - Viaplay Group enters multi-market device partnership with VIDAA
- > 9 November - Viaplay Group reaffirms targets, signs Pickbox NOW deal and appoints new senior leaders
- > 10 November - Viaplay to show PDC European Tour darts in the UK and 10 European countries
- > 1 December - Viaplay to be streaming home of IHF handball in 10 countries until 2031
- > 12 December - Viaplay Group and Telia enter expanded content partnership in Sweden
- > 15 December - Viaplay Group included in S&P Dow Jones Sustainability Indices for second consecutive year
- > 19 December - Viaplay launches on The Roku Channel in the US
- > 27 December - Viaplay Group and T-Mobile agree distribution deal in Poland
- > 18 January – Viaplay Select comes to Canada with Crave
- > 26 January - Viaplay Select launches on CANAL+ in Austria
- > 1 February - Viaplay Group enters Dutch distribution deal with Solcon
- > 8 February - Viaplay sets US and Canada direct-to-consumer launch dates
- > 9 February - Viaplay secures MotoGP™ rights in every Nordic country

A full list of announcements and reports can be found at www.viaplaygroup.com

Risks & uncertainties

Significant risks and uncertainties exist for the Group and the parent company. These factors include the prevailing economic and business environments in each of the Group's markets; commercial risks related to expansion into new territories; political and legislative risks related to changes in rules and regulations in the various territories in which the Group operates; exposure to foreign exchange rate movements; changes in the ability to access capital markets; and the competition for subscribers, content, and talent. The increasing shift towards online entertainment consumption and the Group's expansion also make the Group a potential target for cyber-attacks, intrusions, disruptions or denials of service. The macro-economic development globally, with increased inflation and interest rates, puts pressure on both companies and consumers. In addition, the currency exchange rate volatility adds further uncertainty. Viaplay Group is monitoring the situation closely and acting accordingly.

Long-term targets

Viaplay Group provided a series of updated long-term operational and financial targets in its Q3 results announcement on 25 October 2022. These targets are listed below.

Long-term targets

Group sales growth ¹⁾	~16-19% CAGR 2020-2025
Nordic sales growth ¹⁾	~10-12% CAGR 2020-2025
Viaplay subscribers	~12m by end of 2025
Group EBIT (excluding ACI & IAC)	~13% margin for 2025 with positive result for International operations already in 2024, ~20% long-term margin for Nordic operations, and ~25% long term margin for International operations
Leverage policy ²⁾	<2.5x Net Debt/LTM EBITDA including leases

- 1) based on 2020 Group revenues excluding the contribution from the deconsolidated Viasat Consumer business and the subsequently divested Studio operations, and including the contribution from the consolidation of Premier Sports business from Q4 2022
- 2) based on trailing twelve month adjusted EBITDA and including leases. Viaplay Group's leverage may exceed these levels temporarily from time to time

Short-term outlook

Viaplay Group also provided a series of short-term operational and financial targets for 2023 at its Capital Markets Day on 9 November 2022.

2023 Group organic sales growth	~ 24-26% (excl. FX and Premier Sports)
2023 Nordic organic sales growth	~12-15%
Viaplay subscribers at end of 2023	~9 million subscribers by end of 2023, of which ~5m Nordic and ~4m International
2023 EBIT (excluding ACI & IAC)	Nordics: ~SEK 1.2-1.35 bn International: Loss of SEK ~1.0-1.1 bn
2023 Change in working capital	Negative ~ SEK 2.0 bn

Stockholm, 14 February 2023

Anders Jensen
President & CEO

This report has not been reviewed by the Group's auditors.

Financial statements

Condensed consolidated income statement

(SEKm)	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Continuing operations				
Net sales	4,670	3,553	15,691	12,661
Cost of sales	-4,240	-2,718	-13,086	-9,462
Gross income	430	835	2,605	3,199
Selling and marketing expenses	-330	-308	-1,264	-1,030
General and administrative expenses	-545	-426	-1,933	-1,632
Other operating income and expenses	75	19	730	-4
Share of earnings in associated companies and joint ventures	76	-51	275	40
Operating income	-294	69	413	573
Net financial items	-23	-22	-88	-97
Income before tax	-317	48	325	476
Tax expenses	67	-17	-2	-111
Net income for the period, continuing operations	-250	32	323	365
Net income for the period, discontinued operations	-	-	-	-40
Net income for the period	-250	32	323	325
Items that are or may be reclassified to profit or loss net of tax				
Currency translation differences	46	30	123	140
Cash flow hedges	-166	49	108	289
Other comprehensive income for the period	-120	79	231	429
Total comprehensive income for the period	-370	111	554	754
Net income for the period attributable to:				
Equity holders of the parent company	-250	32	323	325
Total comprehensive income for the period attributable to:				
Equity holders of the parent company	-370	111	554	754
Earnings per share				
Basic earnings per share (SEK), continuing operations	-3.19	0.41	4.13	4.76
Diluted earnings per share (SEK), continuing operations	-3.19	0.41	4.13	4.74
Basic earnings per share (SEK)	-3.19	0.41	4.13	4.23
Diluted earnings per share (SEK)	-3.19	0.41	4.13	4.21
Number of shares				
Shares outstanding at the end of the period	78,225,962	77,970,071	78,225,962	77,970,071
Basic average number of shares outstanding	78,225,962	77,963,209	78,137,402	76,731,753
Diluted average number of shares outstanding	78,225,962	78,251,262	78,225,008	77,031,536

Condensed consolidated balance sheet

(SEKm)	31 Dec 2022	31 Dec 2021
Non-current assets		
Intangible assets	2,437	1,981
Machinery, equipment and installations	174	163
Right-of-use assets	335	321
Shares and participations	1,363	1,328
Long-term sublease receivables	104	127
Other long-term receivables	94	144
Total non-current assets	4,507	4,064
Current assets		
Inventories	5,206	3,543
Accounts receivable	1,218	847
Short-term sublease receivables	32	31
Prepaid expenses and accrued income	7,588	4,990
Other current receivables	537	350
Cash and cash equivalents	2,775	5,702
Total current assets	17,356	15,463
Total assets	21,863	19,527
Equity		
Equity	8,911	8,323
Total equity	8,911	8,323
Non-current liabilities		
Long-term borrowings	3,250	2,500
Long-term lease liabilities	394	416
Long-term provisions	143	157
Other non-current liabilities	112	238
Total non-current liabilities	3,899	3,311
Current liabilities		
Short-term borrowings	650	800
Short-term lease liabilities	119	106
Short-term provisions	55	215
Other current liabilities	8,229	6,772
Total current liabilities	9,053	7,893
Total liabilities	12,952	11,204
Total shareholders' equity and liabilities	21,863	19,527

Condensed consolidated statement of cash flow

(SEKm)	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Operating activities				
Net income for the period, continuing operations	-250	32	323	365
Net income for the period, discontinued operations	-	0	-	-40
Dividends from associated companies	200	125	300	500
Depreciation, amortisation and write-down	74	96	270	326
Other adjustments for non-cash items	-126	66	-589	143
Cash flow from operations, excluding changes in working capital	-102	318	304	1,294
Changes in working capital	-345	391	-3,305	-817
Cash flow from operating activities	-447	710	-3,001	477
Investing activities				
Acquisitions of operations	-387	-	-387	-
Divestments of operations	-	-	-	443
Capital expenditures in tangible and intangible assets	-58	-52	-186	-216
Other cash flow from investing activities	5	14	71	16
Cash flow from investing activities	-440	-38	-502	243
Financing activities				
New borrowings	500	-	1,400	-
Amortisation of borrowings	-	-	-800	-1,260
Net change in leases	-19	-15	-72	-83
Share issue, net of transaction costs	-	-	-	4,292
Other cash flow from financing activities	96	20	7	-39
Cash flow from financing activities	577	5	535	2,910
Change in cash and cash equivalents for the period	-310	677	-2,968	3,630
Cash and cash equivalents at the beginning of the period	3,065	5,014	5,702	2,040
Translation differences in cash and cash equivalents	20	11	41	32
Cash and cash equivalents at end of the period	2,775	5,702	2,775	5,702

Condensed consolidated statement of changes in equity

(SEKm)	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Opening balance	9,273	8,204	8,323	3,236
Net income for the period	-250	32	323	325
Other comprehensive income for the period	-120	79	231	429
Total comprehensive income for the period	-370	111	554	754
Share issue	-	-	-	4,346
Share issue transaction costs, net of tax	-	-	-	-43
Effect of share based programmes	8	9	34	30
Closing balance	8,911	8,323	8,911	8,323

Parent company condensed income statement

(SEKm)	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Net sales	94	46	123	86
General and administrative expenses	-83	-59	-298	-228
Other operating income and expenses	-	-	1	1
Operating income	11	-13	-174	-141
Net financial items	69	18	138	58
Income before tax and appropriations	80	5	-36	-83
Group contribution	-	187	-	186
Income before tax	80	192	-36	103
Tax expenses	10	-18	36	-
Net income for the period	90	174	-	103
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	90	174	-	103

Parent company condensed balance sheet

(SEKm)	31 Dec 2022	31 Dec 2021
Non-current assets		
Shares and participations in Group companies	223	202
Long-term receivables from Group companies	9,053	5,931
Other long-term receivables	40	-
Total non-current assets	9,316	6,133
Current assets		
Receivables from Group companies	2,919	943
Other current receivables	278	131
Cash and bank	2,610	5,590
Total current assets	5,807	6,664
Total assets	15,123	12,797
Equity		
Restricted equity	157	157
Non-restricted equity	6,479	6,447
Total equity	6,636	6,604
Non-current liabilities		
Long-term borrowings	3,250	2,500
Other non-current liabilities	9	-
Total non-current liabilities	3,259	2,500
Current liabilities		
Short-term borrowings	650	800
Liabilities to Group companies	4,163	2,643
Other current liabilities	415	250
Total current liabilities	5,228	3,693
Total equity and liabilities	15,123	12,797

Notes

Note 1 - Accounting policies

This Interim report has been prepared according to 'IAS 34 Interim Financial Reporting' and 'The Annual Accounts Act'. The interim report for the parent company has been prepared according to the Annual Accounts Act - Chapter 9 'Interim Report'.

The Group's financial accounts and the parent company accounts have been prepared according to the same accounting policies and calculation methods as were applied in the preparation of the 2021 Annual & Sustainability Report. Disclosures in accordance with IAS 34.16A are presented in the financial statements and their accompanying notes, as well as in other parts of the interim report.

Note 2 – Revenue recognition

(SEKm)	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Revenue streams				
Subscription	3,170	2,145	10,841	7,932
Advertising	1,102	1,140	3,837	3,777
Licenses, royalties and other	250	178	657	694
Production	148	89	356	258
Total	4,670	3,553	15,691	12,661
Revenue recognition				
At a point in time	250	178	657	694
Over time	4,420	3,375	15,034	11,967
Total	4,670	3,553	15,691	12,661

Note 3 – Income from associated company Allente

Allente's revenue increased and subscribers declined in the quarter. The Company's operating income included SEK 1m (314) of integration costs that were reported as items affecting comparability. Amortisation and depreciation charges for the period included SEK 112m (84) of PPA-related charges. Viaplay Group's 50% share of Allente's net income of SEK 156m amounted to SEK 78m.

(SEKm)	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Net sales	1,735	1,684	6,808	6,817
EBITDA before IAC	362	304	1,264	1,328
Depreciation and amortisation	-139	-108	-463	-433
Operating income before IAC	223	196	801	895
Items affecting comparability (IAC)	-1	-314	-22	-736
Operating income	222	-118	779	159
Financial items	-29	-13	-65	-55
Tax	-37	27	-150	-22
Net income	156	-104	564	82
Viaplay Group 50% share of net income	78	-52	282	41
Net debt	1,938	2,156	1,938	2,156
Total subscribers (thousand)	1,040	1,064	1,040	1,064

Note 4 – Discontinued and divested operations

The discontinued operations in 2021 comprised the non-scripted production, branded entertainment and events businesses that were divested during 2021. These businesses were part of the former Studios segment and reported as assets held for sale and discontinued operations since Q2 2020. The net income, assets and liabilities of the operations were reported in a separate line in the consolidated income statement and balance sheet. Splay One was divested on 6 April 2021 and the remaining discontinued studios businesses were divested on 30 September 2021. The total capital loss including transaction costs amounted in total to SEK -45m and was reported within discontinued operations. The NENT Studios UK content distribution business was sold to All3Media on 11 June 2021 and the divestment resulted in a capital loss (including transaction costs) amounting to SEK -74m which was reported within continuing operations.

(SEKm)	Q4 2022	Q4 2021	Full year 2022	Full year 2021
External sales	-	-	-	615
Internal sales	-	-	-	60
Cost of sales	-	-	-	-548
Selling, Technology and administration expenses	-	-	-	-123
Other income and expenses	-	-	-	-42
Operating income	-	-	-	-38
Financial net & Tax	-	-	-	-3
Net income, discontinued operations	-	-	-	-40

Note 5 – Acquired operations

Viaplay Group announced an agreement to acquire Premier Sports in the UK on 21 July. The acquisition was finalised on 21 October and yields synergies that will accelerate the development of the Viaplay streaming service in the UK. Premier Sports had a total of 222,000 paying subscribers at the end of June 2022.

The purchase price amounted to SEK 387m on a cash and debt-free basis. Premier Sports is consolidated in the Group and contributed with sales of SEK 56m and a negative EBIT of SEK -12m in the fourth quarter. Transaction costs for the acquisition amounted to SEK 11m. The purchase price allocation resulted in a surplus value of SEK 443m, which has been allocated to goodwill.

Note 6 – Number of shares

Viaplay Group AB has a total of 78,442,244 issued and outstanding shares.

Parent company	Class A Shares	Class B Shares	Class C Shares	Total
Number of shares as at 31 December 2021	532,572	77,439,153	470,519	78,442,244
Reclassification of Class A shares	-1,036	1,036	-	-
Share awards vested (LTI 2019)	-	255,891	-255,891	-
Reclassification of Class C shares	-	5,128	-5,128	-
Number of shares as at 31 December 2022	531,536	77,701,208	209,500	78,442,244
Of which, treasury shares	-	-6,782	-209,500	-216,282
Number of shares excl treasury shares as at 31 December 2022	531,536	77,694,426	-	78,225,962

The Annual General Meeting in May 2022 approved a share-based long-term incentive plan (LTIP 2022). The plan is performance-based and directed to around 115 participants across Viaplay Group. LTIP 2022

will vest in 2025 and is dependent on the achievement of two 3-year targets regarding Total Shareholder Return and the number of Viaplay subscribers. The maximum number of B shares to be vested is 365,013. The LTIP 2019 programme expired in Q2 and 244,872 Class B shares were delivered to participants. The LTIP 2019 and LTIP 2021 programmes are described in more detail in Note 7 in the 2021 Annual & Sustainability Report.

Note 7 – Related party transactions

The Group has related party relationships between its subsidiaries, associated companies and joint ventures. All related party transactions are based on market terms and negotiated on an arm's length basis.

Group performance data

(SEKm)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Nordic sales	2,982	3,070	3,049	3,505	12,606	3,233	3,442	3,539	4,042	14,257
International sales	-	2	5	48	55	91	282	433	628	1,434
Total net sales	2,982	3,072	3,054	3,553	12,661	3,324	3,725	3,972	4,670	15,691
- of which Viaplay	1,012	1,076	1,100	1,198	4,386	1,302	1,570	1,870	2,227	6,969
- of which Linear subscription & other	1,111	1,056	1,118	1,214	4,498	1,146	1,149	1,257	1,362	4,914
- of which Advertising	859	941	837	1,140	3,777	876	1,006	845	1,081	3,808
Operating income before ACI and IAC	163	244	80	121	607	-49	132	-171	-284	-372
Associated company income (ACI)	47	9	34	-51	40	55	73	71	76	275
Operating income before IAC	210	253	114	69	647	6	205	-100	-208	-97
Items affecting comparability (IAC)	-	-74	-	-	-74	595	-	-	-86	510
Operating income	210	179	114	69	573	602	205	-100	-294	413
Net income	145	92	55	32	325	483	175	-86	-250	323
Basic earnings per share (SEK)	1.99	1.18	0.71	0.41	4.23	6.20	2.25	-1.10	-3.19	4.13
Adjusted net income from continuing operations	231	266	179	189	864	39	212	-49	-132	70
Adjusted earnings per share from continuing operations (SEK)	3.16	3.41	2.30	2.43	11.26	0.50	2.71	-0.63	-1.69	0.90
Sales growth	-11.5%	17.1%	8.0%	11.7%	5.5%	11.5%	21.3%	30.0%	31.4%	23.9%
Organic growth	15.9%	31.3%	9.9%	12.4%	16.7%	9.9%	18.4%	25.4%	23.9%	19.7%
Operating margin before ACI and IAC	5.5%	7.9%	2.6%	3.4%	4.8%	-1.5%	3.5%	-4.3%	-6.1%	-2.4%
Operating margin	7.1%	5.8%	3.7%	2.0%	4.5%	18.1%	5.5%	-2.5%	-6.3%	2.6%
Net debt	-777	-1,697	-1,392	-2,059	-2,059	-1,107	-1,636	546	1,482	1,482
Net debt/EBITDA 12 months trailing	-0.6	-1.2	-1.1	-2.1	-2.1	-1.4	-2.3	1.2	8.6	8.6
ROCE	14.5%	15.3%	14.0%	9.9%	9.9%	6.6%	5.7%	2.4%	-1.2%	-1.2%
Viaplay subscriber base ('000s)	3,147	3,287	3,608	4,005	-	4,783	5,549	6,428	7,318	-
- of which Nordic subscribers ('000s)	3,147	3,260	3,296	3,458	-	3,576	4,034	4,229	4,625	-
- of which International subscribers ('000s)	-	27	313	547	-	1,208	1,515	2,200	2,694	-
CSOV Sweden (25-59) %	22.5	21.3	20.4	22.0	21.7	21.3	22.2	20.1	17.8	20.3
CSOV Norway (25-59) %	15.3	15.3	17.0	20.2	17.2	16.6	19.9	17.6	20.7	18.9
CSOV Denmark (25-59) %	17.8	22.7	19.1	18.4	19.3	19.0	19.8	18.5	21.1	19.6
CSOL Sweden (12-79) %	39.0	39.2	40.1	40.1	39.6	43.5	44.7	43.7	43.9	44.1
CSOL Norway (10+) %	67.0	67.4	65.6	67.3	66.7	69.7	68.1	67.5	64.7	67.5

Alternative Performance Measures

The purpose of Alternative Performance Measures (APMs) is to facilitate the analysis of business performance and industry trends that cannot be directly derived from financial statements. Viaplay Group is using the following Alternative Performance Measures:

- > Change in net sales from Organic growth, Acquisitions/divestments and Changes in FX rates
- > Operating income before associated company income (ACI) and items affecting comparability (IAC)
- > Operating income before IAC
- > Net debt and Net debt/EBITDA
- > Capital Employed and Return on Capital Employed (ROCE)
- > Adjusted net income and earnings per share

Reconciliation of sales growth

Since the Group generates the majority of its sales in currencies other than in the reporting currency (i.e. SEK, Swedish Krona) and currency rates have proven to be rather volatile, and due to the fact that the Group has historically made several acquisitions and divestments, the Company's sales trends and performance are analysed as changes in organic sales growth. This presents the increase or decrease in the overall SEK net sales on a comparable basis, allowing separate discussion of the impact of acquisitions/divestments and exchange rates.

Organic growth, i.e. sales growth adjusted for acquisitions/divestments and changes in FX rates, amounted to 23.9% in Q4 2022.

Q4 (SEKm)	Reported Net sales	Acquisitions/ divestments	Net sales adjusted for acquisitions/ divestments	Changes in FX rates	Net Sales adjusted for acquisitions/ divestments and changes in FX rates
2022	4,670	-56	4,614	-213	4,401
2021	3,553	-	3,553	-	3,553
Growth	1,117		1,061		848
Growth %	31.4%		29.9%		23.9%

Full year (SEKm)	Reported Net sales	Acquisitions/ divestments	Net sales adjusted for acquisitions/ divestments	Changes in FX rates	Net Sales adjusted for acquisitions/ divestments and changes in FX rates
2022	15,691	-56	15,635	-542	15,093
2021	12,661	-48	12,613	-	12,613
Growth	3,030		3,022		2,480
Growth %	23.9%		24.0%		19.7%

Reconciliation of operating income before associated company income (ACI) and items affecting comparability (IAC)

Operating income before associated company income (ACI) and items affecting comparability (IAC) refers to operating income after the reversal of material items and events related to changes in the Group's structure or lines of business, which are relevant for understanding the Group's development on a like-for-like basis. This measure is used by management to follow and analyse the underlying profits and to offer more comparable figures between periods.

Operating income before IAC and associated company income

(SEKm)	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Operating income	-294	69	413	573
Items affecting comparability (IAC)	-86	-	510	-74
Operating income before IAC	-208	69	-97	647
Associated company income (ACI)	76	-51	275	40
Operating income before ACI and IAC	-284	121	-372	607

Items affecting comparability

(SEKm)	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Capital loss from divestment of NENT Studio UK and write down of Studio assets	-	-	-	-74
Restructuring costs	-37	-	-37	-
Write-down of content	-27	-	-27	-
Acquisition and integration of Premier Sports	-22	-	-22	-
Settlement of court cases	-	-	595	-
Total	-86	-	510	-74

Items affecting comparability classified by function

(SEKm)	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Cost of sales	-38	-	-38	-
Administrative expenses	-34	-	-34	-
Other operating income and expenses	-14	-	582	-74
Total	-86	-	510	-74

Reconciliation of net debt/EBITDA ratio

Net debt refers to the sum of interest-bearing liabilities less total cash and interest-bearing assets. Net debt also includes lease liabilities net of sublease receivables and dividends payable. Net debt is used by Group management to track the indebtedness of the Group and to analyse the leverage and refinancing needs of the Group. The net debt to EBITDA ratio provides a KPI for net debt in relation to cash profits generated by the business, i.e. an indication of a business' ability to pay its debts. This measure is commonly used by financial institutions to rate creditworthiness. A negative figure indicates that the Group has a net cash position (cash in excess of interest-bearing liabilities).

Net debt

(SEKm)	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022
Short-term borrowings	50	800	800	800	800	150	150	650
Long-term borrowings	3,300	2,500	2,500	2,500	3,400	3,250	3,250	3,250
Total financial borrowings	3,350	3,300	3,300	3,300	4,200	3,400	3,400	3,900
Interest bearing receivables	-	40	40	20	20	20	20	20
Dividend receivable - Allente	-	-	-	-	-	100	-	-
Short-term investments	-	-	-	-	-	-	100	-
Cash and cash equivalents	4,604	5,415	5,014	5,702	5,642	5,254	3,065	2,775
Cash and cash equivalents included in assets held for sale	26	5	-	-	-	-	-	-
Financial net debt	-1,280	-2,160	-1,754	-2,422	-1,462	-1,974	215	1,105
Lease liabilities	569	539	534	522	508	487	479	513
Lease liabilities included in liabilities related to assets held for sale	122	102	-	-	-	-	-	-
Sublease receivables	188	178	172	158	153	149	148	136
Total lease liabilities net	504	463	362	364	355	338	331	377
Net debt	-777	-1,697	-1,392	-2,059	-1,107	-1,636	546	1,482

Net debt/EBITDA before IAC

(SEKm)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Operating income before IAC, continuing operations	1,069	1,111	969	647	443	395	181	-97
Operating income before IAC, discontinued operations	-20	-10	2	8	16	3	-	-
Depreciation, amortisation and write-downs, continuing operations ¹⁾	264	264	267	296	294	292	292	270
Depreciation, amortisation and write-downs, discontinued operations ¹⁾	47	44	42	30	19	10	-	-
EBITDA 12 months trailing	1,359	1,409	1,280	980	772	700	473	173
Net debt	-777	-1,697	-1,392	-2,059	-1,107	-1,636	546	1,482
Total net debt / EBITDA 12 months trailing	-0.6	-1.2	-1.1	-2.1	-1.4	-2.3	1.2	8.6

¹⁾ Refers to non-current assets only

Reconciliation of Return on Capital Employed (ROCE)

Return on capital employed is a performance measure for operating income before items affecting comparability in relation to the capital employed within the operations. Operating income before items affecting comparability is the main profit metric that operations are responsible for and is measured before interest and taxes. Capital employed is the sum of current and non-current assets less current and non-current liabilities, provisions and liabilities at fair value. All items are non-interest-bearing. Capital employed equals the sum of equity and net debt.

Return on Capital Employed (ROCE)

(SEKm)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Inventories	2,900	3,009	3,252	3,543	3,869	4,181	4,629	5,206
Accounts receivable	947	899	1,089	847	924	1,117	1,023	1,218
Prepaid expense and accrued income	4,076	4,238	4,196	4,990	4,888	6,682	6,979	7,588
Other current assets	290	406	261	350	373	676	843	537
Other current liabilities	-5,155	-6,245	-5,498	-6,772	-5,733	-8,485	-7,207	-8,229
Total working capital	3,057	2,307	3,300	2,958	4,321	4,171	6,267	6,320
Intangible assets	2,031	1,998	1,992	1,981	2,001	1,984	1,972	2,437
Machinery, equipment and installations	120	131	148	163	168	162	163	174
Right-of-use assets	350	330	335	321	313	295	290	335
Shares and participations	1,599	1,577	1,495	1,328	1,445	1,382	1,474	1,363
Other long-term receivables	133	127	115	124	127	155	130	74
Capital employed held for sale	614	498	-	-	-	-	-	-
Provisions	-339	-351	-360	-372	-255	-270	-239	-198
Other non-current liabilities	-280	-256	-213	-238	-262	-270	-238	-112
Other items included in the capital employed	4,227	4,054	3,512	3,306	3,538	3,438	3,552	4,073
Capital employed	7,284	6,361	6,812	6,264	7,858	7,609	9,819	10,393
Operating income before IAC 12 months trailing, continuing operations	1,069	1,111	969	647	443	395	181	-97
Operating income before IAC 12 months trailing, discontinued operations	-20	-10	2	8	16	3	0	-
Operating income before IAC 12 months trailing, total	1,049	1,101	971	655	459	398	181	-97
Average Capital Employed (5 quarters)	7,205	7,199	6,933	6,597	6,916	6,981	7,673	8,389
ROCE %	14.5%	15.3%	14.0%	9.9%	6.6%	5.7%	2.4%	-1.2%
Assets held for sale	1,352	846	-	-	-	-	-	-
Cash and cash equivalents included in assets held for sale	-26	-5	-	-	-	-	-	-
Liabilities related to assets held for sale	-834	-446	-	-	-	-	-	-
Lease liability, included in liabilities related to assets held for sale	122	102	-	-	-	-	-	-
Capital employed held for sale	614	498	-	-	-	-	-	-

Adjusted net income from continuing operations

Adjusted net income and earnings per share are the Group's net income and EPS from continuing operations when excluding items affecting comparability and the amortisation of acquisition-related intangible assets, net of tax, for both Viaplay Group and its 50% share in the earnings of Allente. These performance measures provide a relevant metric to better understand the Group's underlying results and development. Please see note 3 for more information on Allente's performance and page 17 regarding Viaplay Group's items affecting comparability.

(SEKm)	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Net income, continuing operations	-250	32	323	365
Adjustment items	118	157	-253	499
Adjusted net income from continuing operations	-132	189	70	864
Basic average number of shares outstanding	78,225,962	77,963,209	78,137,402	76,731,753
Adjusted earnings per share from continuing operations (SEK)	-1.69	2.43	0.90	11.26
Adjustment items				
<i>Viaplay Group</i>				
IAC	-86	-	510	-74
Tax effect on IAC	14	-	-99	-
Amortisations of surplus value (PPA)	-1	-2	-4	-8
Tax effect on amortisations of surplus value (PPA)	0	0	1	2
<i>Allente</i>				
IAC	-1	-157	-11	-368
Tax effect on IAC	0	34	2	80
Amortisations of surplus value (PPA)	-55	-42	-184	-167
Tax effect on amortisations of surplus value (PPA)	11	9	38	36
Adjustment items	-118	-157	253	-499

Definitions

Associated company income (ACI)

Associated companies are companies in which the Group holds voting rights of at least 20% and no more than 50%. Associated company income is the Group's share of the associated company's net income.

Capital employed

Capital employed is the sum of current and non-current assets less current and non-current liabilities, provisions and liabilities at fair value. All items are non-interest-bearing.

Commercial Share of Listening (CSOL)

CSOL comprises Viaplay Group's estimated share of commercial radio listening amongst 10+ year olds in Norway and 12-79 year olds in Sweden.

Commercial Share of Viewing (CSOV)

CSOV comprises Viaplay Group's estimated share of commercial TV viewing amongst 25-59 year olds.

Earnings per share

Earnings per share is expressed as net income attributable to equity holders of the parent divided by the average number of shares outstanding.

EBITDA

EBITDA is Earnings Before Interest, Taxes, Depreciation and Amortisation.

Items Affecting Comparability (IAC)

Items Affecting Comparability refer to material items and events related to changes in the Group's structure or lines of business, which are relevant for understanding the Group's development on a like-for-like basis.

Net debt

Net debt is the sum of short and long-term interest-bearing liabilities less total cash and interest-bearing assets. Net debt also includes lease liabilities net of sublease receivables and dividends payable. A negative figure indicates that the Group has a net cash position (cash in excess of interest-bearing liabilities).

Operating expenses

Operating expenses comprise Cost of sales, Selling and marketing expenses, and Administrative expenses, and exclude Items Affecting comparability.

Operating income

Operating income comprises results before interest and taxes, otherwise known as EBIT (Earnings Before Interest and Taxes).

Organic growth

Organic growth is the change in net sales compared to the same period of the previous year excluding acquisitions and divestments and adjusted for currency translation and transaction effects.

Return On Capital Employed (ROCE) %

Return on capital employed is calculated as operating income as a percentage of average capital employed.

Viaplay subscribers

A Viaplay subscriber is defined as a customer who has access to Viaplay and for whom a method of payment has been provided. Viaplay Group only reports paid-for subscriptions where a payment has been received directly from the end-customer or from a partner organisation.

Shareholder information

2023 Annual General Meeting

The 2023 Annual General Meeting of Viaplay shareholders will be held on Tuesday 16 May 2023 in Stockholm. Shareholders wishing to have matters considered at the meeting should submit their proposals in writing to agm@viaplaygroup.com or to the Company Secretary, Viaplay Group AB, BOX 17104, 104 62 Stockholm, Sweden, at least seven weeks before the meeting in order that such proposals may be included in the notices to the meeting. Further details of when and how to register will be published in advance of the meeting. The Board of Directors will propose to the Annual General Meeting that no annual cash dividend be paid for 2022 and that the 2022 profits be carried forward into 2023 for the planned investment into the ongoing international expansion.

Financial calendar

Publication of 2022 Annual Financial & Sustainability report	Week commencing 3 April
Publication of Q1 interim report	25 April
Annual General Meeting	16 May
Publication of Q2 interim report	20 July
Publication of Q3 interim report	24 October

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Conference call and video webcast

A conference call and video webcast will take place today at 09.00 Stockholm local time, 08.00 London local time and 03.00 New York local time.

The video webcast will be streamed at <https://edge.media-server.com/mmc/p/9mvjcf8e>

Please register for the conference call at

<https://register.vevent.com/register/BI235d8c3016334d4f886f78a7b81d0055>



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Viaplay Group AB (publ) is the international entertainment provider. Our Viaplay streaming service is available direct-to-consumer in every Nordic and Baltic country, Poland, the Netherlands and the UK, and we are expanding rapidly by launching in the US and Canada in 2023. Every day, millions of customers enjoy our unique entertainment offering, including acclaimed Viaplay Series, Films and more, and an unrivalled line-up of premium live sports. In addition, our innovative Viaplay Select branded content concept makes Viaplay's compelling storytelling available to partners around the world. From streaming to TV channels, radio stations and production companies, our purpose is to tell stories, touch lives and expand worlds. Viaplay Group is listed on Nasdaq Stockholm ('VPLAY B'). This information is information that Viaplay Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07:30 CET on 14 February 2023.

This interim report contains statements concerning, among other things, Viaplay Group's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent Viaplay Group's future expectations. Viaplay Group believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. Such important factors include but may not be limited to Viaplay Group's market position; growth in the streaming industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of Viaplay Group, its group companies and the streaming industry in general. Forward-looking statements apply only as of the date they were made and, other than as required by applicable law, Viaplay Group undertakes no obligation to update any of them in the light of new information or future events.