

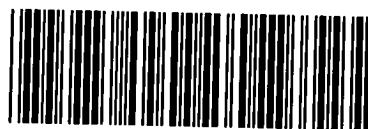
Viaplay Group UK Limited

Annual report and financial statements

Registered number 2228654

31 December 2022

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Company information
for the year ended 31 December 2022

Directors: Matthew Rufus Hooper
Kevin Edward White
Adrian Howard Dicker
Anders Ytrup Jensen

Registered office: Chiswick Green
610 Chiswick High Road
London
W4 5RU

Registered number: 2228654

Auditor: KPMG LLP
58 Clarendon Road
Watford
WD17 1DE

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

Dividends

During the year no interim dividend (2021: SEK nil) was paid. The directors do not recommend the payment of a final dividend (2021: SEK nil).

Directors

The directors who held office during the year and to the date of this report were as follows:

Matthew Rufus Hooper
Kevin Edward White
Adrian Howard Dicker (Resigned 28 September 2023)
Anders Ytrup Jensen (Resigned 4 June 2023)
Jørgen Madsen Lindemann (Appointed 4 June 2023)
Scott Parker (Appointed 28 September 2023)

None of the Directors who held office as at the end of the financial year and to the date of this report had any disclosable interest in the shares of the company.

Political and charitable contributions

The company made a charitable contribution to The Childhood Trust of SEK 125K during the year (2021: SEK 125K).

Disclosure of information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



Kevin White
Director

Chiswick Green
610 Chiswick High Road
London W4 5RU

29 September 2023

Strategic report

Principal activity and future developments

The principal activity of the company is the broadcast of television channels distributed via cable and satellite to homes in Scandinavia.

Business review

Turnover in the year increased to SEK 8,439 million (2021: SEK 7,758 million). The revenue potential of the company is directly linked to the market development, as the main source of revenue for the company is generated via the selling of advertising time on their channels. Revenues are also generated by subscription revenue received from distributing the channels and online advertising revenues. The majority of the increase in turnover came from Other Revenues (SEK 418 million) relating to damages received from a settlement agreement.

The business continues to focus on certain key performance indicators, namely operating profit which for the year was a profit of SEK 258 million (2021: SEK 58 million profit).

The company has net current assets of SEK 2,582 million at the year end (2021: SEK 2,796 million).

Risk and uncertainties

Risks to the business remain around its reliance on advertising spending, which makes the company's revenues responsive to fluctuations in advertising spending in each of the markets where its channels are broadcast available. Advertising spending is linked to the general economic environment in each market, and as such is likely to follow a cyclical pattern. The development of cost associated with creating the channels is furthermore dependent both on the competitive climate in each market at any given time and on general price inflation in each market. Changes in consumer demand for watching TV from linear to on demand viewing has been influential. The company operates in a dynamic market and as such will be affected by the actions of its competitors when it comes to, for example, the targeted demographic of new or existing channels, or the pricing policy adopted.

Foreign exchange risk arises on programme acquisitions and revenues denominated in currencies other than the Swedish Krona. The company mitigates the risk through foreign exchange contracts.

The directors believe that the company is well placed to manage its business risks successfully and meet all its financial obligations for at least twelve months from the date of signing these financial statements, as outlined further in note 1.3.

Subsequent Events

On 4th June 2023 Anders Jensen resigned as a director and was replaced by Jørgen Madsen Lindemann.

On 20th July 2023 the Viaplay Group announced a new strategic plan which includes, but is not limited to, focusing on our core Nordic, Netherlands and Viaplay Select operations; implementing a new operational model; downsizing, partnering or exiting our other international markets; rightsizing and pricing our product offering in the Nordics; undertaking a major cost reduction programme; and conducting an immediate strategic review of the entire business to consider all options including content sublicensing, asset disposals, equity injections or the sale of the whole Group. Viaplay Group UK Limited will incur one off costs in 2023 as a result of the strategic review.

On 28th September 2023 Adrian Dicker resigned as a director and was replaced by Scott Parker.

Financial instruments

The company reports transactions in SEK as the majority of revenue and costs are recognised in SEK though certain transactions are denominated in foreign currencies. Studio contracts are typically denominated in US dollars whereas staff costs are denominated in Sterling. Consequently, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters through hedging of such exposures.

Strategic report *(continued)*

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements.

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company participates in various policies and practices to keep employees informed on matters relevant to them through appropriate means, such as employee meetings and internal publications.

Forward-looking review

The company is focussed on maintaining long term profitable growth. The company continues to invest in its products in geographic sectors where Viaplay Group UK Limited brands have proven to work.

Environmental matters

Viaplay Group UK Limited recognises the importance of its environmental responsibilities. The company aims to reduce any damage that might be caused by the company's activities.

<u>Energy use and associated GHG emissions</u>		2022	2021
			Restated
Energy use	Electricity (kWh)	315,941	261,494
	Gas (kWh)	136,675	143,142
	Fuel (Litres)	0.00	7.8
	Fuel (MWh)	0.00	0.078
Associated GHG emissions (tCO ₂ e)	Electricity (location-based)	12.03	26.92
	Gas	27.85	26.22
	Fuel	0.00	0.02
Total climate impact (tonnes CO ₂ e)		<u>27.85</u>	<u>26.24</u>
Number of employees		130	116
Intensity ratio (kgCO ₂ e / number of employees)		0.21	0.23

Methodology used: GHG Protocol

Energy efficiency action taken

Throughout 2022, the company completed the replacement of decorative filament bulbs across the 4th floor of the office space it rents with LED equivalents, reducing the overall electricity consumption. Additional efficiencies were gained by ensuring workstations were switched off and non-essential electrical appliances shut down during the hybrid working model which saw employees working from home 2-4 times per week. The company still continues to source 100% renewable electricity (location-based), that is excluded from the total climate impact calculation.

The electricity consumption includes an estimated proportion across 3 floors of the building, as they are not used 100% by Viaplay. The 2021 figure has also been restated to reflect this.

Strategic report *(continued)*

S172 statement

The directors of the company must act in accordance with their duties under section 172 of the UK Companies Act 2006, including a duty to promote the success of the company for the benefit of its members as a whole. The following paragraphs detail how the directors have fulfilled their duties during the year.

Engaging with stakeholders

Viaplay Group UK Limited forms part of Viaplay Group AB (the “Group”) and therefore is subject to and abides by all Group policies and procedures. The governance framework of the Group delegates decision making authority to certain operational Boards and then to individual Companies. All delegation is subject to defined levels of cost and impact. Reports are regularly made to the Group Board about the strategy, performance and key decisions taken which provides the Group Board with assurance that proper consideration is given to stakeholder interests in decision making.

The board of Viaplay Group UK Limited places significant importance on the strength of its relationships with all its stakeholders to promote the sustainable success of the Company. In order to fulfil their duties, the directors of Viaplay Group UK Limited take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Such considerations ensure the business is making decisions with a longer-term view in mind and with the sustainable success of the business at its core.

Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken. Details of the company’s key stakeholders and how we engage with them are set out below.

Shareholders

Viaplay Group UK Limited is a wholly owned subsidiary and operates in a highly integrated Group. Therefore, continued shareholder support is extremely important. There is a continuous open dialogue between the Company board, the operational Boards and if necessary, the Group board. Discussions cover a wide range of topics including monthly financial performance, strategy, outlook, governance and ethical practices.

Employees

Our people are key to the Company’s success and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people including monthly briefing meetings, intranet, newsletters, regular employee surveys, and policies and guidelines. Key areas of focus include business updates, new products and services, health and wellbeing, inclusivity programmes, development opportunities, pay and benefits.

Customers

Our key customers are media agencies. We build relationships with our customers and engage with them through direct dialogue and focus groups and spend considerable time analysing viewing figures and using audience measurement tools to understand their needs and views and listen to how we can improve our offer and service.

Suppliers

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions such as phone calls and face-to-face meetings, Supplier Code of Conduct and site visits. Key areas of focus include innovation, responsible sourcing and content production, diversity and equality in the workplace and sustainability.

Communities and the environment

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support local causes and issues. In consultation with our employees we select one main charity partner to work with but also work with a number of local charities and organisations to raise awareness and funds, with events like sponsored volunteering days and Christmas gift collections. The impact of decisions on the environment is considered in areas such as the use of and disposal of plastics and how this might be minimised, and measures taken in order to reduce energy consumption.

Strategic report *(continued)*

S172 statement *(continued)*

Government and regulators

We engage with the government and regulators through a range of forums, meetings, working groups and bulletins to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations, data protection and privacy, and open dialogue and transparent decision making.

NGOs and trade associations

We belong to and work with a number of trade associations and non-governmental organisations. Key areas of focus include sustainability, media piracy issues, investment in the media sector, advancing the use of new technologies, promoting ethical standards and professional integrity, strengthening freedom of speech, and responsible advertising. Continuous dialogue is maintained through face-to-face meetings, Task Force calls, association events, conferences and webinars.



Kevin White
Director

Chiswick Green
610 Chiswick High Road
London W4 5RU

29 September 2023

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Viaplay Group UK Limited

Opinion

We have audited the financial statements of Viaplay Group UK Limited ("the Company") for the year ended 31 December 2022 which comprise the statement of profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the Company's ability to continue as a going concern is dependent on continued access to its funds held in a Group cash pooling arrangement throughout the going concern period. The most recent interim financial information of the ultimate parent company, Viaplay Group AB, includes a material uncertainty related to going concern and therefore the unrestricted availability of the Company's funds throughout the going concern period may be in doubt. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent auditor's report to the members of Viaplay Group UK Limited *(continued)*

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that advertising and sub-licensing revenue is recorded in the wrong period.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Selecting a sample of revenue transactions for both advertising and sub licensing revenue streams, on the basis of risk-based sampling methodology combined with a statistical sample and agreeing through to proof of revenue recognition in order to assess whether the revenue has been recognised in the appropriate period.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and advertising and broadcasting regulations recognizing the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report to the members of Viaplay Group UK Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

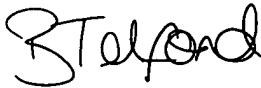
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Viaplay Group UK Limited
Annual report and financial statements
Registered number 2228654
31 December 2022

Independent auditor's report to the members of Viaplay Group UK Limited (*continued*)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Bethan Telford (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road
Watford
WD17 1DE

29 September 2023

Statement of Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2022

	<i>Note</i>	2022 SEK000	2021 SEK000
Turnover	2	8,439,010	7,758,493
Production & transmission expenses		(3,385,449)	(3,069,008)
Gross profit		5,053,561	4,689,485
Selling and distribution costs		(3,226,852)	(2,946,732)
Administrative expenses		(1,568,305)	(1,684,626)
Operating profit	3	258,404	58,127
Interest receivable and similar income	6	16,800	9,415
Interest payable and similar charges	7	(7,803)	(8,957)
Profit on ordinary activities before taxation	3	267,401	58,585
Tax on profit on ordinary activities	8	(50,125)	(12,055)
Profit for the financial period		217,276	46,530
Other comprehensive income, after tax			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges		121,793	287,193
Income tax on items that are or may be reclassified subsequently to profit or loss		(30,410)	(56,683)
Other comprehensive income for the year, net of income tax		91,383	230,510
Total comprehensive income for the year		308,659	277,040

The notes on pages 15 to 40 form an integral part of these financial statements.

Balance Sheet
at 31 December 2022

	Note	2022	2021
		SEK000	SEK000
Fixed assets			
Intangible assets	9	1,891,776	1,891,776
Tangible assets	10	42,475	51,109
Investments	11	416,384	39,298
		<u>2,350,635</u>	<u>1,982,183</u>
Current assets			
Stock	12	696,972	472,460
Debtors (including SEK 133,819k due after more than one-year 2021: SEK 204,488k)	13	3,602,092	4,863,801
Cash at bank and in hand		47	4
		<u>4,299,111</u>	<u>5,336,265</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(1,717,122)	(2,540,556)
Net current assets		<u>2,581,989</u>	<u>2,795,709</u>
Total assets less current liabilities		<u>4,932,624</u>	<u>4,777,892</u>
Creditors: amounts falling due after more than one year	15	(200,169)	(206,160)
Provisions for liabilities	16	(23,160)	(175,292)
Net assets		<u>4,709,295</u>	<u>4,396,440</u>
Capital and reserves			
Called up share capital	18	1,721,636	1,721,636
Retained earnings		2,813,874	2,596,598
Other reserves (options reserve & hedge equity)		173,785	78,206
Shareholders' funds		<u>4,709,295</u>	<u>4,396,440</u>

The notes on pages 15 to 40 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 29 September 2023 and were signed on its behalf by:



Kevin White

Director

Company registered number: 2228654

Statement of Changes in Equity
For the year ended 31 December 2022

	Ordinary Share reserve	Options reserve	Hedge Equity	Retained earnings	Total Equity
	SEK000	SEK000	SEK000	SEK000	SEK000
Balance at 1 January 2021	1,721,636	48,115	(204,062)	2,550,068	4,115,757
Profit for the year	-	-	-	46,530	46,530
Other comprehensive income	-	-	230,510	-	230,510
Total comprehensive income for the year	-	-	230,510	46,530	277,040
Equity-settled share based payment transactions	-	3,643	-	-	3,643
Balance at 31 December 2021	1,721,636	51,758	26,448	2,596,598	4,396,440
Profit for the year	-	-	-	217,276	217,276
Hedge gains and losses and costs of hedging transferred to the cost of inventory	-	-	(113,688)	-	(113,688)
Other comprehensive income	-	-	205,071	-	205,071
Total comprehensive income for the period	-	-	91,383	217,276	308,658
Equity-settled share based payment transactions	-	4,196	-	-	4,196
Balance at 31 December 2022	1,721,636	55,954	117,831	2,813,874	4,709,295

The notes on pages 15 to 40 form an integral part of these financial statements.

Notes

(Forming part of the financial statements)

1 Accounting policies

Basis of preparation

Viaplay Group UK Limited (the "Company") is a company incorporated, domiciled and registered in the UK. The registered number is 2228654 and the registered address is 610 Chiswick High Road, London W4 5RU.

The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The company reports transactions in SEK. As the majority of revenue and costs are recognised in SEK, the functional currency of the entity is also SEK. All financial information presented has been rounded to the nearest one thousand.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards ("UK-adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Viaplay Group AB includes the Company in its consolidated financial statements. The consolidated financial statements of Viaplay Group AB are available from Ringvägen 52, 118 67 Stockholm, Sweden.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for fixed assets and share capital;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures in respect of capital management.

As the consolidated financial statements of Viaplay Group AB include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets.
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS101 in its next financial statements.

Notes (continued)

1 Accounting policies (continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Change in accounting policy

None

1.2 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the profit or loss or as available-for-sale. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.3 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Viaplay Group UK Limited makes use of the Group cash pooling arrangement where funds are made available to the company when required and a level of credit is approved based on the approved forecasts annually. Given this arrangement, the company balance sheet does not show a cash balance but instead an intercompany debtor. The going concern status of the Company is therefore dependent on its parent company's ability to make available to the Company the funds in the Group cash pooling arrangement when required.

In order to conclude on the going concern status of the Company, the Directors have considered the going concern status of the parent company. The most recent interim financial information published by Viaplay Group AB, which is publicly available on the Group's website, disclosed a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern related to the Group's fulfilment of certain financial covenants for part of its debt, and its resulting ability to access committed credit facilities.

Based on their enquiries the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis, as they have concluded that the company's financial position means that this is realistic for at least a year from the date of approval of the financial statements ("the going concern period"). However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business.

Despite this, the Directors are confident that the company, and the group, have adequate resources to continue in operational existence for at least 12 months from the date of signing these accounts, and therefore believe it remains appropriate to prepare the accounts on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes (continued)

1 Accounting policies (continued)

1.4 Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value and subsequently at amortised cost. Trade receivables are reported net of impairment provisions, which due to the nature of the customer base are not significant.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.6 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments, including forward foreign exchange contracts, are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the profit or loss account. However, where derivatives qualify for hedge accounting, as do the forward foreign exchange contracts, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the profit and loss account. The forward foreign exchange contracts have been designated as effective hedges and all gains and losses are recognised directly in other comprehensive income.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised. When the forecasted transaction results in the recognition of programme inventory, the cumulative gain or loss is removed from equity and included in the initial cost of inventory.

Notes (continued)

1 Accounting policies (continued)

1.6 Derivative financial instruments and hedging (continued)

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the profit and loss account in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss account immediately.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Machinery and equipment	-	3 to 10 years
Fixture and fittings	-	5 to 7 years
Software	-	5 years
Leasehold improvements	-	life of lease

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Intangible assets

Goodwill

The goodwill in these financial statements arose in 1999 on the acquisition of the channels TV3, TV3+ and TV6 from a fellow Group entity. IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The Company elected not to restate business combinations that took place prior to transition to IFRS. In respect of acquisitions prior to the transition date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that goodwill was amortised. On transition, amortisation of goodwill has ceased as required by IFRS 1.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

1.9 Stocks

Program licenses and rights are presented in the balance sheet as stock, at the lower of cost and net realisable value, from the time the program is available for broadcast. Invoices received before a program is available for broadcast are accounted for under prepayments. Unpaid invoices and liabilities for stock not yet invoiced are accounted for under creditors.

Programmes and film rights

Inventories denominated in a foreign currency are fixed at the hedge rate at date of asset recognition and not subsequently retranslated at future reporting dates. Trade creditors are presented at the rate prevailing at the balance sheet date (unless otherwise contracted).

Notes (continued)

1 Accounting policies (continued)

1.9 Stocks (continued)

Programs are amortised when broadcast, in regressive instalments proportional to anticipated income over all anticipated transmissions.

Amounts contracted but not accounted for in the balance sheet are set out in note 19.

Sports and other rights

Sports and other rights purchased separately are capitalised at their cost. These are amortised to nil by equal annual instalments over their useful economic lives, generally the airing length of the programme or event.

1.10 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes (continued)

1 Accounting policies (continued)

1.11 Employee benefits

The company operates a defined contribution pension scheme.

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The share option programme allows employees to acquire shares of the parent company Viaplay Group AB. The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

1.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.13 Turnover

The Group recognise revenue on advertising revenues, subscription revenues and revenues from the sale of services. Advertising revenues are recognised at the time of broadcast with the broadcast being the sole performance obligation. Subscription revenues are recognised as the services are provided to the third party platforms, based on the number of subscribers taking the channels with the subscription being the sole performance obligation. Revenue from the sale of services is recognised when the services are provided although these are not separately identifiable obligations.

Revenue recognised in respect of these obligations represents the amounts exclusive of VAT and trade discounts

We evaluate our Revenue with customers based on the five-step model under IFRS 15 Revenue from Contracts with Customers: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognise revenues when (or as) each performance obligation is satisfied. Revenue is only recognised when highly probable that a significant reversal in the amount of cumulative revenue will not be required.

The Group disaggregates its revenue across three geographical segments. Geographical information about revenues can be found in note 2.

Notes (continued)

1 Accounting policies (continued)

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.15 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Notes (continued)

1. Accounting policies (continued)

1.15 Leases (continued)

As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Notes (continued)

1 Accounting policies (continued)

1.15 Leases (continued)

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see Note 20). The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Lease acquired in a business combination

For leases acquired in a business combination, the Company measures the acquired lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The right-of-use asset is measured at acquisition at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Lease liability and associated right-of-use assets acquired in a business combination for which the lease term ends within 12 months of the acquisition date or, leases for which the underlying asset value is low, are not recognised.

1.16 Judgements in applying accounting policies and key sources of estimation uncertainty

The Company's accounting policies have been set by management. The application of these accounting policies to specific scenarios requires reasonable estimates and assumptions to be made concerning the future. The company include the following judgements when applying accounting policies:

- Management assesses the carrying value of the Company's investments and goodwill and have used forecast future cash flows for impairment reviews,
- Impairment of inventory analysis,
- Music royalty provision,
- Assessment of ability to recover debtors and judgements applied in revenue recognition.

Notes (continued)

1 Accounting policies (continued)

1.16 New standards and interpretations not applied

Management continually reviews the impact of newly published standards and amendments and considers, where applicable, disclosure of their impact on the Company. At the date of the authorisation of these financial statements, the following standards and interpretations that are relevant to the Company, which have not been applied in these financial statements, were in issue but not yet effective.

New standards or interpretation	Mandatory effective date (period beginning)
Disclosures of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 Jan 2023
Amendments to IFRS 17	1 Jan 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 Jan 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 Jan 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes)	1 Jan 2023
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 Jan 2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	1 Jan 2024

No other standards, interpretations or amendments which have been issued but are not yet effective are expected to significantly impact the Company's results or assets and liabilities and are not expected to require significant disclosure.

Notes (continued)

2 Analysis of turnover

The turnover and pre-tax profit is attributable to the broadcast of television channels distributed to consumers in Scandinavia.

An analysis of turnover by geographical market is given below:

	2022 SEK000	2021 SEK000
Sweden	2,059,465	2,183,954
Denmark	4,800,570	4,282,749
Norway	1,573,807	1,291,790
United Kingdom	5,168	-
	<u>8,439,010</u>	<u>7,758,493</u>

An analysis of turnover by type is given below:

	2022 SEK000	2021 SEK000
Advertising Revenue	2,841,421	2,889,335
Subscription Revenue	2,415,197	2,279,313
Other Revenue	3,182,392	2,589,845
	<u>8,439,010</u>	<u>7,758,493</u>

3 Profit and loss account

	2022 SEK000	2021 SEK000
Depreciation of tangible fixed assets (see note 10)	9,886	10,869

Auditor's remuneration:

	2022 SEK000	2021 SEK000
Audit of these financial statements	4,118	2,780

Notes (continued)

4 Directors' remuneration

	2022 SEK000	2021 Restated SEK000
Directors' remuneration	19,656	9,739
Company contributions to money purchase pension schemes	806	731
	<u>20,462</u>	<u>10,470</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was SEK 12,854k (2021: SEK 5,820k) and company pension contributions of SEK 437k (2021: SEK 401k) were made to a money purchase scheme on his behalf. One director is paid by another group company. In relation to the current and prior year the service performed by this director is deemed to be inconsequential.

The directors' remuneration for 2021 has been restated to accommodate a revised calculation method, excluding employers' National Insurance contributions. Consequently, this adjustment has led to a reduction of SEK 1,200k in the directors' remuneration for the period. This restatement has no impact on the profit or loss, nor does it impact the net assets of the Company.

	Number of directors	
	2022	2021
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>3</u>	<u>3</u>

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2022	2021
Administration	32	29
Marketing	1	1
Programme acquisition and planning	25	20
Programme production	49	44
Programme preparation	23	22
	<u>130</u>	<u>116</u>

The aggregate payroll costs of these persons were as follows:

	2022 SEK000	2021 SEK000
Wages and salaries	110,526	89,696
Social security costs	13,181	12,630
Pension contributions (note 22)	8,032	6,449
Share based payment expense (note 23)	4,196	3,621
	<u>135,935</u>	<u>112,396</u>

Notes (continued)

6 Interest receivable and similar income

	2022 SEK000	2021 SEK000
Interest receivable from group undertakings	3,963	131
External interest receivable	7	576
Present value discount on interest free loan to 3 rd Party	898	1,130
Present value discount on property lease receivables under IFRS 16	5,186	6,065
FX Revaluation	6,746	1,513
	<u>16,800</u>	<u>9,415</u>
Dividend income from shares in group undertakings	-	-
	<u>16,800</u>	<u>9,415</u>

7 Interest payable and similar charges

	2022 SEK000	2021 SEK000
Interest payable to group undertakings	37	408
Present value discount on property lease liabilities under IFRS 16	7,755	8,543
Other	11	6
	<u>7,803</u>	<u>8,957</u>

Notes (continued)

8 Taxation

Analysis of charge in period recognised in the profit and loss account

	2022 SEK000	2021 SEK000
<i>UK corporation tax</i>		
Current tax on income for the period	53,383	12,842
Adjustments in respect of prior periods	764	(1,117)
Total current tax charge	54,147	11,725
<i>Deferred tax (see note 17)</i>		
Current year	(1,576)	(2,235)
Effect of change in tax rate	(498)	1,612
Adjustments in respect of prior periods	(1,948)	953
	(4,021)	330
	50,125	12,055

Tax recognised in Other Comprehensive Income

	2022 SEK000	2021 SEK000
Effective portion of changes in fair value of cash flow hedges	(30,410)	56,683

Factors affecting tax charge for the current period

The current tax charge for the year is lower (2021 higher) than the standard rate of corporation tax in the UK 19%, (2021 19%). The differences are explained below.

	2022 SEK000	2021 SEK000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	267,401	58,585
Current tax at 19% (2021: 19%)	50,806	11,131
<i>Effects of:</i>		
Expenses not deductible	1,548	8,715
Adjustments to tax charge in respect of previous periods	(1,185)	(164)
Tax rate changes	(498)	1,612
Income not taxable	(37)	(9,239)
Effects of group relief / other reliefs	(510)	-
Total current tax charge (see above)	50,125	12,055

Changes in tax rates and factors affecting the future tax charges.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was announced 14 October 2022 and reversed the previous tax announcements and a return to the previously planned corporation tax increase. This will have a consequential effect on the company's future tax charge.

Notes (continued)

9 Intangible assets

	Goodwill SEK000
<i>Cost</i>	
At beginning of year	2,079,197
At end of year	2,079,197
<i>Amortisation</i>	
At beginning of year	187,421
Charged in year	-
At end of year	187,421
<i>Net book value</i>	
At 31 December 2022	1,891,776
At 31 December 2021	1,891,776

Impairment testing

All goodwill relates to the Viaplay Group UK Limited cash generating unit (sole cash generating unit) and arose in 1999 on the acquisition of the channels TV3, TV3+ and TV6 from a fellow Group entity.

The recoverable amount of the cash generating unit has been calculated with reference to its value in use.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry and have been based on historical data from both external and internal sources.

	2022	2021
Terminal value growth rate	2.0%	2.0%
Discount rate (pre tax)	9.75%	8.96%

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term growth rate in the FreeTV industry, consistent with the assumptions that a market participant would make.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately SEK 1,339,076,000 (2021: SEK 2,406,655,000).

Notes (continued)

9 Intangible assets (continued)

Sensitivity to changes in assumptions.

Whilst the Directors believe the assumptions are realistic, reasonably possible changes to key assumptions have a material impact on the calculated recoverable value. The below table shows the sensitivities of the two key assumptions.

Assumption	Movement in assumption	Revised assumption	Resulting headroom over the carrying amount of the CGU SEK000
Discount rate	+ 2 percentage point	12%	281,331
Discount rate	- 2 percentage point	8%	3,157,527
Terminal value growth rate	-2 percentage points	0%	578,118
Terminal value growth rate	+2 percentage points	4%	2,628,942
Revenue growth rate	-2 percentage points	0%	771,057
Revenue growth rate	+2 percentage points	4%	1,957,917

The following table shows the level at which each assumption would individually need to be set for the estimated recoverable amount to be equal to zero.

	Assumption required for carrying amount to equal recoverable amount
Terminal value growth rate	-2.4%
Discount rate (pre tax)	12.5%

Management does not believe that either scenario above represents a plausible outcome.

Notes (continued)

10 Tangible assets

	Land and Buildings	Leasehold improvements	Machinery and equipment	Software	Fixtures and fittings	Total
	SEK000	SEK000	SEK000	SEK000	SEK000	SEK000
Cost						
At beginning of year	77,048	14,451	20,123	2,070	8,686	122,378
Additions	-	-	-	-	1,254	1,254
At end of year	77,048	14,451	20,123	2,070	9,940	123,632
Depreciation						
At beginning of year	34,309	8,810	19,920	2,007	6,223	71,269
Charge for year	7,223	970	90	63	1,540	9,886
At end of year	41,532	9,780	20,010	2,070	7,763	81,155
Net book value						
At 31 December 2022	35,515	4,671	113	0	2,177	42,476
At 31 December 2021	42,739	5,641	203	63	2,463	51,109

All leasehold improvements relate to long leasehold buildings.

At 31 December 2022 tangible assets includes right-of-use assets as follows:

	Land and Buildings	Leasehold improvements	Machinery and equipment	Software	Fixtures and fittings	Total
	SEK000	SEK000	SEK000	SEK000	SEK000	SEK000
Right-of-use asset						
At 31 December 2022	35,515	-	-	-	-	35,515

Notes (continued)

11 Fixed asset investments

<i>Cost and net book value</i>	Group Undertakings SEK000	Associated Undertakings SEK000	Total SEK000
At beginning of year	-	39,298	39,298
Acquisition of Investment	377,086	-	377,086
At end of year	377,086	39,298	416,384

During the year the Company purchased a 100% stake in Viaplay Group Ireland Limited and Viaplay Group UK Sports Limited, previously known as Premier Sports.

The Company has the following holdings at year end:

Subsidiary undertakings	Country of incorporation (address)	Classes of shares held	Principal activity
Airtime Sales AB	Sweden (1)	50.0% Ordinary Shares	Media
Filmnation TV UK Limited	England & Wales (2)	32.5% Ordinary Shares	Media
Viaplay Group Ireland Limited	Ireland (3)	100% Ordinary Shares	Media
Viaplay Group UK Sports Limited	England & Wales (4)	100% Ordinary Shares	Media

The registered offices of these companies are as follows:

1. Karlavagen 65, SE-114 49 Stockholm
2. 71 Queen Victoria Street, London, UK, EC4V 4BE
3. Broadcasting House, 3A Princes Street, Dublin, Ireland, D02A520
4. Chiswick Green, 610 Chiswick High Road, London, W45RU

As stated in note 1, the company has taken advantage of the exemptions provided by FRS 101 and has therefore not disclosed transactions or balances with wholly owned entities which form part of the group. In relation to the entities that are not wholly owned, there are no identified or related party transactions.

Notes (continued)

12 Stock

	2022 SEK000	2021 SEK000
Finished goods - Program licenses	696,972	472,460

13 Debtors

	2022 SEK000	2021 SEK000
Trade debtors	163,375	178,491
Amounts owed by group undertakings	1,096,178	857,166
3 rd party loan	46,482	65,315
Other debtors	182,328	201,541
Prepayments and accrued income	1,898,955	3,473,066
Corporation tax	42,476	25,221
Deferred tax (refer to note 17)	-	-
Long term receivables from associated companies	9,438	9,156
Short term receivables from associated companies	2,378	-
Forward exchange rate contracts	160,482	53,845
	3,602,092	4,863,801

Included under amounts owed by group undertakings is SEK 704,874k (2021: SEK 689,093k) cash pool balance. Included under 3rd Party Loan is SEK 29,703k (2021: SEK 44,262k) due after more than one year. Included under Other Debtors is SEK 104,116k (2021: SEK 127,375k) due after more than one year. All the above balances in this paragraph are repayable on demand but there is no intention for it to be recovered in under a year.

Notes (continued)

14 Creditors: amounts falling due within one year

	2022 SEK000	2021 SEK000
Trade creditors	600,208	1,348,854
Amounts owed to other group undertakings	197,230	159,664
Obligations under contracts to acquire film rights	641,465	527,569
Other taxation and social security	3,734	2,834
Accruals and deferred income	228,301	438,251
Amounts due on short term lease under IFRS 16	46,184	44,802
Short term forward exchange rate contracts	-	18,582
	<u>1,717,122</u>	<u>2,540,556</u>

15 Creditors: amounts falling due after more than one year

	2022 SEK000	2021 SEK000
Amounts due on long term lease under IFRS 16	158,249	190,628
Deferred tax (also see Note 17)	41,920	15,532
	<u>200,169</u>	<u>206,160</u>

16 Provisions for liabilities

	Provisions for music royalties SEK000	Provision for restructuring SEK000	Total SEK000
At beginning of year	175,292	-	175,292
Charge / (release) to profit and loss for the year	(49,990)	977	(49,013)
Utilised in the year	(103,119)	-	(103,119)
At end of year	<u>22,183</u>	<u>977</u>	<u>23,160</u>

Notes (continued)

17 Deferred taxation

The elements of deferred taxation are as follows:

	2022 SEK000	2021 SEK000
Deferred tax liability in relation to tangible assets, intangible assets and financial instruments	41,920	15,532
Deferred tax asset in relation to tangible assets, intangible assets and financial instruments	-	-
Undiscounted deferred tax assets/(liabilities)	<u>41,920</u>	<u>15,532</u>

	2022 SEK000
At beginning of year	(15,532)
Charge to the profit and loss for the year	4,021
Charge to other comprehensive income	(30,410)
At end of year	<u>(41,920)</u>

18 Capital and Reserves

Called up share capital

	2022 SEK000	2021 SEK000
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	1	1
127,000,000 redeemable ordinary shares of £1 each	1,721,635	1,721,635
	<u>1,721,636</u>	<u>1,721,636</u>

The ordinary shares and redeemable ordinary shares both carry the same rights except for the fact that the redeemable ordinary shares allow the Company the option to redeem them at some point in the future.

Ordinary Share reserve

Represents the nominal value of ordinary shares.

Where the Company's parent grants rights to its equity instruments to the Group's or the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the group or the Company as the case may be account for these share-based payments as equity-settled. Amounts recharged by the parent are recognised as a recharge liability with a corresponding debit to equity.

Options reserve

Represents the equity element of share based payment transactions

Hedge Equity reserve

Represents the effective portion of changes in fair value of cash flow hedges.

Retained earnings reserve

Represents retained profits less losses and distributions

Notes (continued)

19 Programme and film rights commitments

Amounts contracted for but not provided for in the accounts amounted to SEK 13,612,104 (2021: SEK 13,700,180).

20 Financial instruments

20 (a) – Fair values of financial instruments

The fair values of all financial assets and financial liabilities held for trading with their carrying amounts shown in the balance sheet are as follows:

	Fair value 2022 SEK000	Fair value 2021 SEK000
Forward exchange contracts		
Assets	160,482	53,845
Liability	-	(18,582)
	<u>160,482</u>	<u>35,263</u>

Financial assets or liabilities held for trading comprise of Forward exchange contracts.

Class of financial instruments measured at fair value

Valuation technique

Forward exchange contracts

Fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bond).

20 (b) – Cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur:

	Contractual cash flows 2022 SEK000	1 year or less 2022 SEK000	1 to >2 years 2022 SEK000	Contractual cash flows 2021 SEK000	1 year or less 2021 SEK000	1 to >2 years 2021 SEK000
Forward exchange contracts:						
Assets	160,482	135,398	25,084	53,845	30,150	23,695
Liabilities	-	-	-	(18,582)	(18,582)	-

Notes (continued)

20 Financial instruments (continued) (b) – Cash flow hedges (continued)

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	2022 SEK000 Post-Tax	2022 SEK000 Pre-Tax
Balance at 1 January 2022	(26,448)	(35,263)
Amount included in the cost of non-finance items:		
Foreign currency risk – inventory purchase	113,688	151,584
Changes in fair value:		
Foreign currency risk – inventory purchase	(205,071)	(273,377)
Balance at 31 December 2022	<u>(117,831)</u>	<u>(157,056)</u>

At 31 December 2022, the Company held the following instruments to hedge exposure to changes in foreign currency and interest rates.

	1 – 6 months	Maturity 6 – 12 months	More than one year
Year End 2022			
Foreign currency risk			
Forward exchange contracts			
Net exposure (SEK000)	263,693	490,532	197,413
Average SEK: USD forward contract rate	9.32	9.73	9.36
Average SEK: GBP forward contract rate	12.20	12.26	12.22
Average SEK: EUR forward contract rate	11.14	-	-

	1–6 months	Maturity 6 – 12 months	More than one year
Year End 2021			
Foreign currency risk			
Forward exchange contracts			
Net exposure (SEK000)	446,223	680,854	749,748
Average SEK: USD forward contract rate	8.70	8.74	8.67
Average SEK: GBP forward contract rate	11.82	11.98	11.98
Average SEK: EUR forward contract rate	10.27	-	-

Notes (continued)

21 Leases

21 (a) Leases as a lessee (IFRS 16)

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 10):

	Land and buildings SEK000	Leasehold improvements SEK000	Machinery and equipment SEK000	Software SEK000	Fixtures and fittings SEK000	Total SEK000
Balance at 1 January 2022	42,739	-	-	-	-	42,739
Depreciation charge for the year	(7,223)	-	-	-	-	(7,223)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2022	35,515	-	-	-	-	35,515
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for leases where the Company is a lessee:

	2022 SEK000	2021 SEK000
Interest expense on lease liabilities	7,756	8,543
	<u>7,756</u>	<u>8,543</u>

Notes (continued)

21 Leases (continued)

21 (b) Leases as a lessor (IFRS 16)

The Company has entered into various lease arrangements as a lessor that are considered to be finance leases. The Company sub-leases part of its office building that it leased in 2012 and as the sub-leases are for the whole of the remaining term of the head lease they are classified as finance leases.

The sub-leases are held by third parties and have an end date of November 2027.

Finance leases

The following amounts have been recognised in profit or loss in respect of finance leases for which the Company is a lessor:

	2022 SEK000	2021 SEK000
Finance leases		
Interest income on lease receivables	(5,186)	(6,065)
Income from subleasing right-of-use assets presented in 'other revenue'	(111)	(107)
	<u>(5,297)</u>	<u>(6,172)</u>

The following table sets out a maturity analysis of lease payments receivable, showing the undiscounted lease payments to be received after the reporting date:

	2022 SEK000	2021 SEK000
Less than one year	(32,422)	(32,190)
Between one and two years	(32,422)	(31,021)
Between two and three years	(32,422)	(31,021)
Between three and four years	(32,422)	(31,021)
Between four and five years	(21,512)	(31,021)
More than five years	-	(51,701)
	<u>(151,200)</u>	<u>(207,975)</u>
Total undiscounted lease receivable	(151,200)	(207,975)
Unearned finance income	11,444	16,605
	<u>(139,756)</u>	<u>(191,370)</u>
Net investment in the leases	(139,756)	(191,370)

Notes (continued)

22 Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to SEK 8,032k (2021: SEK 6,449k).

Contributions totalling SEK 1,138k (2021: SEK 935k) were payable to the scheme at the year end.

23 Share based payments

The Incentive schemes in operation are available to Senior executives and other key employees. The participants are awarded shares in the ultimate parent free of charge when certain performance conditions are met. A 3 year holding period before vesting is required.

The 2019 scheme included two different equally weighted performance criteria, namely organic sales growth and operating income before IAC (items affecting comparability). The rights to performance shares were granted by the company free of charge in May 2019, and may be exercised in April 2022. Vesting is conditional upon that the participant, with certain customary exceptions, at the time of the publication of Viaplay Group AB's interim report for the first quarter of 2022, is still employed by the company.

As a result of the COVID-19 pandemic, there was no 2020 scheme.

The 2021 scheme included two three-year performance criteria, namely (i) Total Shareholder Return (refers to the total share price increase including dividends paid during the period from the 2021 AGM to the 2024 AGM, "TSR") and (ii) Viaplay subscribers (refers to the number of Viaplay paying subscribers by end of 2023). Criteria (i) has a weighting of 70% and criteria (ii) a weighting of 30%. The rights to performance shares were granted by the company free of charge in May 2021, and may be exercised in May 2024. Vesting is conditional upon that the participant, with certain customary exceptions, at the time of the publication of Viaplay Group AB's interim report for the first quarter of 2024, is still employed by the company.

The 2022 scheme included two three-year performance criteria, namely (i) Total Shareholder Return (refers to the total share price increase including dividends paid during the period from the 2022 AGM to the 2025 AGM, "TSR") and (ii) Viaplay subscribers (refers to the number of Viaplay paying subscribers by end of 2024). Criteria (i) has a weighting of 70% and criteria (ii) a weighting of 30%. The rights to performance shares were granted by the company free of charge in May 2022, and may be exercised in May 2025. Vesting is conditional upon that the participant, with certain customary exceptions, at the time of the publication of Viaplay Group AB's interim report for the first quarter of 2024, is still employed by the company.

As per 31 December 2022 the weighted average remaining contractual life is 1.9 years and the charge for the year excluding social security was SEK 4,196k

24 Parent undertaking and controlling party

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Viaplay Group AB's, a company incorporated in Sweden, which is regarded by the directors as the ultimate parent undertaking.

The largest and smallest group in which the results of the Group are consolidated is that headed by Viaplay Group AB's. This disclosure is in accordance with IAS 24.

Copies of the group accounts can be obtained from Viaplay Group AB, Ringvägen 52, 118 67 Stockholm, Sweden.