

OVERALL ASSESSMENT FROM THE MANAGEMENT'S VIEW: IMPACT OF GENERAL CONDITIONS ON BUSINESS PERFORMANCE

2021 was a record year for ProSiebenSat.1. We increased our financial targets three times during the year, most recently in November 2021. As an early cyclical company, we benefited from the economic recovery of the advertising market and strengthened our market leadership after the first quarter, which was still affected by the pandemic restrictions. The advertising market in Germany grew more significantly and faster than expected in 2021. This development and the positive forecasts for the coming years underscore the role of TV as the most effective advertising medium. The past financial year also proved the success of our diversification strategy, which is based on three segments, and the resilience of our business model. For the full-year, Group revenues rose by 11% to a record level of EUR 4,494 million, while our adjusted EBITDA increased by 19% to EUR 840 million. At the same time, our consistent cash flow management shows an impact. Despite the dividend payment, our net financial debt decreased by EUR 117 million, and our leverage ratio of 2.2x is thus clearly back within the target range. In 2021 we took advantage of the favorable conditions on the debt market to also sustainably reduce our gross debt, extend the average maturity of our financing instruments and diversify the maturity profile. Against this backdrop, our company is solidly positioned for the long-term.

GROUP ENVIRONMENT

DEVELOPMENT OF ECONOMY AND ADVERTISING MARKET

In 2021, the global economy was decisively shaped by the spread of COVID-19 and its variants for the second year in a row: Although the global economy recovered palpably overall, development in the individual regions and countries was very heterogeneous. It was primarily determined by the effectiveness of vaccination campaigns and protective measures as well as the extent of governmental economic aid. Against this backdrop, national economies such as the USA mainly expanded in the first half of 2021. According to estimates by the International Monetary Fund (IMF), the gross domestic product of the USA – one of the largest economies in the world – is likely to have increased by 5.6% in the full-year. However, the strong upward momentum combined with restricted production capacity and transport chains resulted in supply bottlenecks and considerable price increases for raw materials and intermediate products such as microchips. This has increasingly impaired the development of global industry since the second half of 2021. Against this backdrop, the IMF expects global economic growth of 5.9% over the full-year (previous year: -3.1%).

Due to the infection rates in Europe, the economic recovery there did not begin until the second quarter of 2021, but it remained stable into the fall. Strong growth stimulus was provided in particular by private consumption, which was previously significantly restricted by lockdown measures. However, the number of COVID-19 cases throughout Europe again increased significantly at the end of the year. The resulting new restrictions and the sharp rise in consumer