

GROUP FINANCIAL POSITION AND LIQUIDITY

BORROWINGS AND FINANCIAL STRUCTURE

ProSiebenSat.1 Group uses various financing instruments and practices an active financial management. In the reporting period, the Group thus took advantage of the currently favorable conditions on the debt capital market to secure attractive interest rates and to further extend and diversify its debt maturity profile.

As of December 31, 2021, debt accounted for 68% of total equity and liabilities (December 31, 2020: 76%). Financial debt accounted for the majority of debt at EUR 2,446 million or 54% (December 31, 2020: EUR 3,192 million or 59%).

→ **Financial Performance of the Group**

The durations and volumes of the long-term financing instruments are as follows:

- As of December 31, 2021, ProSiebenSat.1 Media SE has an unsecured syndicated loan agreement comprising a term loan with a nominal volume of EUR 1,200 million and a revolving credit facility (RCF) with an amount of EUR 750 million. The majority of the credit facilities have a term until April 2024. In October 2021, ProSiebenSat.1 Media SE repaid part of the term loan – which originally had a volume of EUR 2,100 million – mainly using proceeds from new promissory note loans.
- At the beginning of October 2021, ProSiebenSat.1 Media SE concluded new promissory note loans totaling EUR 700 million with maturities of four, six, eight and ten years. The proceeds were used to pay back early a term loan under the syndicated agreement in October 2021. The volume-weighted duration for all tranches is approximately 5.9 years. In addition, ProSiebenSat.1 has three promissory notes totaling EUR 500 million in its portfolio, which the company issued in 2016 with durations of seven years (EUR 225 million at a fixed interest rate and EUR 50 million at a variable interest rate) and ten years (EUR 225 million at a fixed interest rate).
- Until January 15, 2021, ProSiebenSat.1 Media SE had a bond with a volume of EUR 600 million. However, in December 2020, ProSiebenSat.1 Group exercised its early termination right and repaid the bond issued in April 2014 at nominal value at the beginning of the year. Until the time of its early prepayment in January 2021, this bond, which was originally to mature in April 2021, was listed on the regulated market of the Luxembourg stock exchange.

With these financing measures, ProSiebenSat.1 Group sustainably reduced its gross debt, extended the average maturity of the financing instruments and diversified the maturity profile. Against this backdrop, the Group is also solidly positioned for the long-term.

→ **Significant Events and Changes in the Scope of Consolidation**

DEBT FINANCING INSTRUMENTS AND DURATIONS AS OF DECEMBER 31, 2021

Debt financing instruments	in EUR m	Maturity
Term loan	86	April 2023
Promissory loans '16	275	December 2023
Term loan	1,114	April 2024
Promissory loans '21	226	October 2025
Promissory loans '16	225	December 2026
Promissory loans '21	346	October 2027
Promissory loans '21	80	October 2029
Promissory loans '21	48	October 2031

Excluding syndicated revolving credit facility (currently undrawn) totaling EUR 74 million (maturing in April 2023) and EUR 676 million (maturing in April 2024) as well as other loans and borrowings.

The Group's financing instruments are not subject to financial covenants. Interest payable on the syndicated term loan and syndicated revolving credit facility is variable and based on Euribor money market rates plus an additional credit margin, whereby the contract provides for a floor of 0% for the base rate. The Group uses derivative financial instruments in the form of interest rate swaps and interest rate options to hedge against market-related interest rate changes caused by the market. As of December 31, 2021, the proportion of fixed interest was 100% of the entire non-current financing portfolio (December 31, 2020: 95%). As of December 31, 2021, the average interest cap was 0% per annum for the period up to 2024.

→ Financial Performance of the Group

The promissory loans placed in October 2021 are split into four fixed rate and three floating rate tranches, with the fixed rate tranches totaling around EUR 403 million (average weighted tenor: around 6.1 years) and the floating rate tranches totaling around EUR 297 million. The volume-weighted tenor across all tranches is 5.9 years. The three floating rate tranches are at Euribor money market rates but floored at 0% plus a volume-weighted spread of around 0.85% per annum.

In addition, ProSiebenSat.1 Media SE took advantage of a short-term financing opportunity in the money market in the fourth quarter of 2021 and took up a negative-interest money market product with a twelve-month maturity, for which ProSiebenSat.1 Media SE is the interest payment recipient.

FINANCING ANALYSIS

NET FINANCIAL DEBT

in EUR m

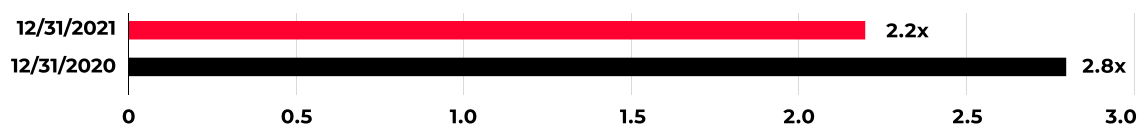
	12/31/2021	12/31/2020
Financial debt		
Term loan	1,197	2,092
Notes	—	600
Promissory notes	1,198	499
Other loans	51	1
Financial debt	2,446	3,192
Cash and cash equivalents	594	1,224
Net financial debt	1,852	1,968

The Group's **net financial debt** decreased compared with the end of 2020, despite the dividend payment of EUR 111 million in June 2021, dropping by 6% or EUR 117 million to EUR 1,852 million.

The lower net financial debt and the positive development of adjusted EBITDA over the past twelve months led to a significant improvement in the **leverage ratio** to a factor of 2.2x at the end of 2021 (December 31, 2020: 2.8x). As a result, the leverage ratio at the end of the year was again within the

target range of 1.5x to 2.5x. In 2020, the leverage ratio was affected by the negative effects of the COVID-19 pandemic.

LEVERAGE RATIO¹



¹ The leverage ratio is derived by calculating the ratio of net financial debt to LTM adjusted EBITDA.

» INFORMATION

The leverage ratio is the ratio of net financial debt to adjusted EBITDA in the last twelve months (LTM adjusted EBITDA). As of December 31, 2021, the definition of ProSiebenSat.1 Group's net financial debt does not include lease liabilities according to IFRS 16 of EUR 220 million (December 31, 2020: EUR 228 million) and real estate liabilities of EUR 97 million (December 31, 2020: EUR 71 million).

ANALYSIS OF LIQUIDITY AND CAPITAL EXPENDITURE

ADJUSTED OPERATING FREE CASH FLOW

in EUR m

	2021	2020
Adjusted EBITDA	840	706
Consumption of programming assets incl. change in provision for onerous contracts	995	966
Change in provisions	27	25
Change in working capital	-18	-39
Investments	-1,278	-1,297
thereof program investments	-1,060	-1,063
thereof other investments	-218	-234
Other ¹	33	64
Adjusted operating free cash flow	599	424

¹ Comprises adjustments from reconciling items within EBITDA, included in the cash flow positions consumption of programming assets incl. change in provision for onerous contracts, change in provisions, change in working capital and investments.

In the financial year 2021, the ProSiebenSat.1 Group's **adjusted operating free cash flow** increased significantly and amounted to EUR 599 million (previous year: EUR 424 million). This very positive development particularly reflects the Group's high earnings growth and underlines our effective cash flow management.

» INFORMATION

To further focus on operating cash flow management, the Group has introduced adjusted operating free cash flow as one of its most important financial performance indicators in the financial year 2021. The indicator is also used for internal controlling of the management in the Group.

CASH FLOW STATEMENT

in EUR m

	2021	2020
Cash flow from operating activities	1,539	1,511
Cash flow from investing activities	-1,249	-1,391
Free cash flow	289	120
Cash flow from financing activities	-940	205
Effect of foreign exchange rate changes on cash and cash equivalents	20	-50
Change in cash and cash equivalents	-630	274
Cash and cash equivalents at beginning of reporting period	1,224	950
Cash and cash equivalents at end of reporting period	594	1,224

In financial year 2021, ProSiebenSat.1 Group generated **a cash flow from operating activities** of EUR 1,539 million (previous year: EUR 1,511 million). The good operating performance was partly offset by significantly higher tax payments.

ProSiebenSat.1 Group reports **cash flow from investing activities** of minus EUR 1,249 million in the reporting period (previous year: EUR -1,391 million). Individual cash flows were as follows:

- The cash outflow for the acquisition of programming assets amounted to EUR 1,060 million in the past financial year (previous year: EUR 1,063 million).
- The cash outflow for additions to the scope of consolidation amounted to EUR 25 million (previous year: EUR 397 million). This particularly includes deferred purchase price payments for companies from the Entertainment segment. In the previous year cash outflows of EUR 368 million mainly related to the acquisition of The Meet Group.
- The proceeds from the disposal of consolidated entities totaled EUR 63 million, compared with EUR 305 million in the previous year. This mainly includes the sale of shares in Amorelie and Gravitas. In the previous year, proceeds were mainly impacted by the disposal of WindStar.
→ **Significant Events and Changes in the Scope of Consolidation**
- EUR 125 million were spent on other intangible assets (previous year: EUR 155 million). These primarily comprise development costs, licenses for sales of digital offerings, software, and industrial property rights. Investments in property, plant and equipment amounted to EUR 93 million (previous year: EUR 79 million). Besides technical facilities, they include the new campus building at the Unterföhring site.
- Proceeds from the disposal of non-current assets amounted to EUR 74 million in financial year 2021 (previous year: EUR 78 million) and resulted mainly from disposals of shares in ABOUT YOU and FRIDAY Insurance S.A., Berlin ("FRIDAY Insurance").

The developments described above resulted in a sharp increase in **free cash flow** in the past financial year. This more than doubled to EUR 289 million (previous year: EUR 120 million).

Cash flow from financing activities amounted to minus EUR 940 million (previous year: EUR 205 million). Cash flow from financing activities in the reporting period was mainly impacted by the early repayment of the bond in the amount of EUR 600 million and EUR 111 million dividend payment (previous year: EUR 0 million). In addition, the pro-rata repayment of the term loan of EUR 900 million had an impact, which was offset by the raising of promissory note loans of EUR 700 million and an increase in other instruments of EUR 50 million. In the previous year, the development was characterized mainly by payments received from the minority shareholder General Atlantic in connection with the acquisition of The Meet Group in the amount of EUR 259 million.

The Group's liquidity remains good. The cash flows described above resulted in a decrease in **cash and cash equivalents** to EUR 594 million as of December 31, 2021 (December 31, 2020: EUR 1,224 million). However, the previous year's figure includes the funds from the bond repaid in the meantime with a volume of EUR 600 million.

→ **Significant Events and Changes in the Scope of Consolidation**

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The Treasury department based in the Holding centrally controls financial management throughout the Group and pursues the following objectives:

- to secure financial flexibility and stability, i.e. to maintain and optimize the Group's funding ability,
- to ensure that the entire Group remains solvent by managing its liquidity efficiently across the organization,
- to manage financial risks by using derivative financial instruments.

The Group's financial management covers the capital structure management and Group-wide funding, cash and liquidity management, and the management of market price risks, counterparty risks and credit default risks. This includes the following tasks:

– **Capital structure management:** For capital structure management at ProSiebenSat.1 Group, managing the leverage ratio is given particular priority. The Group takes into account factors such as the level of market receptivity, funding terms and conditions, flexibility or restrictions, diversification of the investor base and maturity profiles in its choice of suitable financing instruments. The Group manages its funds on a centralized basis.

– **Cash and liquidity management:** As part of its cash and liquidity management, the Group optimizes and centralizes cash flows and secures liquidity across the Group. Cash pooling is an important tool here, which centralizes a large part of the Group's liquidity at ProSiebenSat.1 Media SE. Using a rolling, Group-wide liquidity planning, ProSiebenSat.1 Group captures and forecasts both operating cash flows and cash flows from non-operating activities, thus deriving liquidity surpluses or requirements. Liquidity requirements are covered either by existing cash positions or the revolving credit facility (RCF).

– **Management of market price risks:** The management of market price risks comprises centrally managed interest rate and currency management. In addition to cash instruments, derivatives in the form of conditional and unconditional forward transactions are deployed. These instruments are used for hedging purposes and serve to limit the effects of interest and currency volatility on net income and cash flow.

– **Management of counterparty and credit default risks:** The management of counterparty and credit default risks centers on trading relationships and creditor exposure to financial institutions. When entering into trading transactions, ProSiebenSat.1 Group pays attention to ensuring that business is widely diversified involving counterparties of sufficiently high credit quality. For this purpose, the Group draws on external ratings supplied by international agencies. The Group's risk with respect to financial institutions arises primarily from its investment of cash and cash equivalents and from its use of derivatives as part of its interest rate and currency management activities.