

GROUP MANAGEMENT REPORT

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⁵ This section is part of the audited Group Management Report. It is included in the "To Our Shareholders" section of this Annual Report.

OVERALL ASSESSMENT FROM THE MANAGEMENT'S VIEW: OUR GROUP

Despite the ongoing COVID-19 pandemic, ProSiebenSat.1 Group again demonstrated the success and resilience of its business model in 2021. We made our portfolio even more focused and synergistic and grew dynamically and profitably as a Group even in this challenging environment. The advertising market in particular recovered faster than expected from the pandemic restrictions since the second quarter of 2021, with the result that we were able to increase our revenues here more significantly than assumed at the beginning of the year and to strengthen our market leadership. Synergies are at the core of our strategy: we are diversifying our business from a highly profitable entertainment business with strong cash flow. In doing so, we use our high reach as an investment currency, enabling us to market products from both our own consumer brands and our partners efficiently and without large cash investments to an audience of millions. As a result, we are not only very profitable, we also generate strong returns and can offer our shareholders an attractive dividend. In other words, we are not purely concentrating on revenue growth, but manage our business with a clear focus on earnings and cash flow. The attention is on consistent value enhancement, which is why the medium-term financial impact of our strategic projects is coming much more sharply into focus.

ORGANIZATION AND GROUP STRUCTURE

BUSINESS ACTIVITIES AND SEGMENTS

Corporate Profile and Business Activities

ProSiebenSat.1 Group is an innovative digital group based on three strong segments: Entertainment, Dating & Video, and Commerce & Ventures. In Germany, we are the number one in the audience and TV advertising markets, whereby our live and on-demand offerings complement each other synergistically. As a digital group, we also use this millions-strong reach and expertise in the Entertainment business to establish leading brands in other industries and to tap into digital revenue markets.

Since January 1, 2021, our business has been divided into three mutually reinforcing segments. In the Entertainment segment, we unite linear and digital entertainment platforms with the content, distribution and sales business. Our programming strategy focuses on local content, which we broadcast live and on-demand across all platforms in a targeted way. This strengthens our competitive position and sets us apart from multinational providers. The Dating & Video segment (formerly: Dating), which consists of ParshipMeet Group founded in 2020, offers a wide range of online dating platforms with the portfolio of the Parship Group and the business of The Meet Group. Here, we are concentrating on establishing a synergistic platform ecosystem for social entertainment, dating and online matchmaking and linking it with our existing entertainment portfolio. We bundle ProSiebenSat.1 Group's investment areas in the Commerce & Ventures

segment. Here, we use media services and the power of our brands to build digital consumer brands into market leaders. Our three segments are connected by a wide range of tangible synergies, with the media services of ProSiebenSat.1's platforms as the foundation of our strong Group.

→ **Strategy and Management System**

ProSiebenSat.1 has around 8,000 employees, who are driving the digital transformation of the entire Group with great commitment. ProSiebenSat.1 Media SE, headquartered in Munich-Unterföhring, is a listed stock corporation.

» **INFORMATION**

A detailed overview of the shareholding structure in ProSiebenSat.1 Group can be found in the following section of the Annual Report:

→ **Notes to Consolidated Financial Statements, note 39 "List of subsidiaries and associated companies of ProSiebenSat.1 Group pursuant to section 313 (2) of the German Commercial Code (HGB)"**

» **INFORMATION**

The management declaration in accordance with sections 289f, 315d HGB and the Compensation Report in accordance with section 162 AktG are published in the Annual Report and on the Company's website.

Segments and Brand Portfolio

The Entertainment segment forms the basis of our Company. At the same time, ProSiebenSat.1 Group relies in particular on the synergistic combination with the two other segments, Dating & Video and Commerce & Ventures:

→ **Strategy and Management System** → **Significant Events and Changes in the Scope of Consolidation**

Entertainment: With our 15 free and pay TV stations in Germany, Austria, and Switzerland, we address various target groups and reach over 60 million people a month in our core market of Germany. In addition, we have almost 11 million unique users on our online channels. In Germany, the station family comprising SAT.1, ProSieben, Kabel Eins, sixx, SAT.1 Gold, ProSieben MAXX, and Kabel Eins Doku leads both the audience and the TV advertising market. At the same time, the Group is boosting the reach of its digital portfolio and is continuing to expand its range of usage options. The aim is to reach various audience groups with video content regardless of time, location or device.

One example of this is the streaming platform Joyn GmbH ("Joyn"): Joyn is a central element of our digital strategy and the digital product for our video offerings – as an app for connected TV, smartphones or other devices. 15 content partners and over 70 stations make their content available here. Joyn offers access to all live TV offerings of the ProSiebenSat.1 station family, a comprehensive media library and exclusive previews and catch-ups of all formats. The Group will also continue to develop the Joyn brand in 2022: Over the course of the spring, all mobile apps and the ProSiebenSat.1 Group's apps for SmartTVs and streaming devices will be successively removed from the market and replaced by Joyn. At the same time, we are further expanding our content offering: For example, previews of our prime time formats will then also be available exclusively on Joyn. Viewers' demand for freely available content is great, so the streaming platform with up to 4 million unique users plays a central role in the exploitation of our content.

ProSiebenSat.1's digital offering also includes the digital media and entertainment company Studio71, which sells and distributes a broad portfolio of content creators on digital platforms such as YouTube, Facebook and Instagram, particularly addressing the young target group between 18 and 25 years. With this digital portfolio for a young audience, and especially thanks to the

positioning of the ProSieben entertainment brand, which specifically targets younger viewers between 14 and 39 years, the Group's Entertainment business distinguishes itself from the competition.

ProSiebenSat.1 benefits from this media mix in both the audience and the advertising market. By addressing viewers via multiple platforms, we offer our advertising customers a cross-media sales portfolio, ensure the relevance of TV content even among young target groups, and boost viewer retention. With its subsidiaries Seven.One Media GmbH ("Seven.One Media") and Seven.One AdFactory GmbH ("Seven.One AdFactory"), the Group supports advertising customers and agencies from brainstorming to conception and implementation.

ProSiebenSat.1 Group pursues a cross-media strategy and actively promotes digitalization. Being able to offer targeted advertising and broadcast it according to socio-demographic criteria, for example, is another important success factor in the sales business. In this context, ProSiebenSat.1 will continue to invest in fields such as AdTech and data. Seven.One Entertainment Group brings this field together with all station brands and the content, distribution, and sales business under one roof.

→ **Research & Development** → **Opportunity Report**

ProSiebenSat.1's international program production and distribution business is pooled under the umbrella brand Red Arrow Studios GmbH ("Red Arrow Studios"). This consists of international production companies, including the German RedSeven Entertainment GmbH ("Redseven Entertainment"), the TV distribution firm Red Arrow Studios International and the digital media and entertainment company Studio71. The particular focus is the German-speaking production business with Redseven Entertainment, for example. In this way, Red Arrow Studios supports the Group's strategic goal to consistently increase the share of local programming produced in-house on ProSiebenSat.1's entertainment channels.

Dating & Video: With ParshipMeet Group, we cover a broad spectrum of the online dating market in line with the motto "Meet – Date – Love." ParshipMeet Group is also broadly diversified geographically: Dating platforms such as eharmony, Parship, ElitePartner and LOVOO help singles in North America, Europe and Australia to find a partner. Video-based social dating and entertainment apps such as MeetMe, Skout, Tagged and GROWLr enable their users to socialize and be entertained worldwide. In this way, ParshipMeet Group can make various customer groups a comprehensive offer for their search for friendships, flirting or love.

The portfolio is characterized by a classic platform business and is easily scalable. At the same time, the strong entertainment aspect provides significant potential for cooperation with our Entertainment segment. The revenue model is diversified and includes long- and short-term subscriptions as well as platform services and revenues from in-app purchases and marketing services in addition to distribution revenues. In particular, the live video streaming expertise of ParshipMeet Group strengthens our position in the dating business and opens up additional revenue potential. For example, we use our video-Platform-as-a-Service solution ("vPaaS"), which enables streamers to reach a broad audience across platforms, not only for our own offerings, but also make it available to third-party companies. Other applications are continuously reviewed across the Group and could likewise be licensed to third parties.




The Dating & Video segment with ParshipMeet Group emerged from a successful Commerce & Ventures business: The initial investment in the areas of online matchmaking was made via a media-for-revenue participation in Parship in 2012; in the following years, ProSiebenSat.1 acquired a majority stake and further online dating brands. In this context, ProSiebenSat.1 Group acquired The Meet Group in 2020, which synergistically complements the Parship Group portfolio and contributes significantly to the Group's revenue diversification.

Commerce & Ventures: We bundle our various investments in consumer-focused digital companies in the Commerce & Ventures segment. With a wide range of investment formats, we

are able to support companies at various stages of growth, from seed financing and media-for-revenue and media-for-equity deals to strategic majority investments. The companies are united by a common foundation: We invest in digital firms that benefit from the reach of our platforms.

At the beginning of our value chain is SevenAccelerator, which belongs to our SevenVentures investment arm. At SevenVentures GmbH ("SevenVentures"), we support companies with our TV and digital reach via media-for-revenue or media-for-equity deals, and thus raise awareness of the consumer brands. In addition to these minority investments, this segment comprises strategic minority and majority investments by our investment vehicle SevenGrowth as well as the portfolio of the NCG - NUCOM GROUP SE ("NuCom Group"). With this focused lineup, ProSiebenSat.1 intends to further promote direct cooperation between shareholders and investees and thus make greater use of the synergy potential within the Group.

PROSIEBENSAT.1 GROUP SEGMENTS IN FINANCIAL YEAR 2021

 <p style="text-align: center;">ENTERTAINMENT</p> <p>The Entertainment segment comprises the Seven.One Entertainment Group with our station brands and the content, distribution and sales business, as well as the production and distribution business of Red Arrow Studios and Studio71.</p>	 <p style="text-align: center;">DATING & VIDEO¹</p> <p>In the Dating & Video segment, we cover a broad spectrum from social entertainment to dating and online matchmaking with ParshipMeet Group.</p>	 <p style="text-align: center;">COMMERCE & VENTURES</p> <p>In this segment, we bundle our investments in digital commerce companies with a strong consumer focus. We support these companies with our investment options at various stages of growth.</p>
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¹The Dating & Video segment was reported as the Dating segment in the first three quarters of 2021 and renamed Dating & Video in the fourth quarter.

CORPORATE STRUCTURE AND INVESTMENTS

The economic development of ProSiebenSat.1 Group is determined primarily by the subsidiaries, held both directly and indirectly. ProSiebenSat.1 Media SE is the ultimate parent company of the Group. In this function, its tasks include central financing, Group risk management and the ongoing development of the corporate strategy. These Consolidated Financial Statements include ProSiebenSat.1 Media SE and all significant subsidiaries – meaning entities in which ProSiebenSat.1 Media SE directly or indirectly holds a majority of voting rights, or whose relevant activities it is otherwise able to control.

→ **Notes to Consolidated Financial Statements, note 4 "Scope of Consolidation"**

STRATEGY AND MANAGEMENT SYSTEM

STRATEGY AND OBJECTIVES

ProSiebenSat.1 is an innovative digital group and the home of popular entertainment and digital consumer brands. Our Group's strategic focus is on a diversified Group portfolio consisting of three strong segments: Entertainment, Dating & Video, and Commerce & Ventures.

Our aim is to grow profitably in all three segments. To this end, we also make consistent use of the synergies between our three business areas based on our reach and media power. Thanks to our diversified revenue and earnings profile, we are becoming increasingly independent of traditional TV advertising revenues and thus strengthening the resilience of our business model. This has been clearly demonstrated during the COVID-19 pandemic.

→ Business Activities and Segments

The megatrend of digitalization is and will remain one of the determining factors for the development of our Company. Digitalization is changing our business areas and offering major opportunities. For example, media usage is becoming increasingly digital: Television content can be accessed regardless of time, device or location. TV sales benefits from modern technologies such as Addressable TV, which for example make it possible to broadcast TV advertising to internet-connected devices in real time and address target groups precisely. The digital transformation also continues to accelerate in the consumer markets in which ProSiebenSat.1 Group operates, driving the usage of online offerings. This also applies to the usage of online and live videos in sectors such as dating, which are growing in importance as a result of increasing digitalization.

The changes in the market environments are resulting in diverse opportunities for ProSiebenSat.1 Group, which are reflected in the Group's strategy.

What Drives Us

Empowering brands and creating moments that matter – this is the core of our Group and what drives us every day. We inform, entertain and connect people around the clock. We offer them products, services, and experiences that enrich their everyday lives. That's how we reach millions of people day to day.

We broadcast entertainment and information on all platforms – live and on-demand. In this way, we also make an important contribution to the formation and diversity of opinion. We use the wide reach of our entertainment offerings to make brands well known and create environments in which they can grow sustainably. This benefits not only our advertising customers' brands, but also our own consumer brands in the Dating & Video and Commerce & Ventures segments. Here, we invest in digital brands and business models as well as international platforms with long-term growth prospects and high synergy potential with our Entertainment segment.

Our investment currency of reach offers us the opportunity to market products efficiently to an audience of millions and to create new growth areas with low entrepreneurial risk. This investment strategy, combined with an attractive Entertainment business, strengthens our ROI (return on investment) as well as our dividend yield.

We want to be one of the leading digital first infotainment and entertainment providers in the German-speaking region (Germany, Austria, Switzerland) and use this strength to establish and

expand global synergistic digital consumer platforms. The source of our synergies is our know-how regarding content, digital business models, platforms and consumer brands. We are thus promoting ProSiebenSat.1 Group's growth and value enhancement.

Entertainment Segment

In the Entertainment segment, we concentrate on the core markets of Germany, Austria and Switzerland. Here, we unite linear and digital entertainment platforms with the content, distribution and sales business.

Our ambition is to remain market leader for video content in the German-speaking region (Germany, Austria, Switzerland). To achieve this, we focus on the production of local, relevant content, which we increasingly produce ourselves and broadcast live and on demand across all platforms in a targeted way. In particular, the streaming platform Joyn and our digital media and entertainment company Studio71 play an important role for our growing digital reach.

With our digital focus, we are increasing our total reach and strengthening our opportunities for monetization. Primarily with modern, digital advertising products, we enable our advertising customers to address users in a targeted manner, which secures us additional revenue potential.

In this way, we create a future-proof, profitable Entertainment business and the foundation for growth in the other two segments.

Dating & Video Segment

ParshipMeet Group offers a broad range of online dating platforms with the portfolio of Parship Group and the business of The Meet Group. We want to establish ParshipMeet Group as one of the leading internationally operating mobile-first players in the dating and social entertainment sectors. To this end, we are building a synergistic platform ecosystem for social entertainment, dating and online matchmaking.

ParshipMeet Group operates in a rapidly growing market environment with a broad-based revenue model, including short- and long-term subscriptions, the sale of virtual goods, marketing services, and distribution revenues. The platforms address a broad target group in a large geographical area. An important element is the live video streaming expertise of ParshipMeet Group, which strengthens our position in the dating business and unlocks new growth potential for the entire Group.

Commerce & Ventures Segment

In the Commerce & Ventures segment, we bundle ProSiebenSat.1 Group's growth businesses, which we are building up and making successful with media services and the power of our brands. Via our various forms of participation, we can support companies at diverse stages of growth. Our goal is to become the leading brand investor in the German-speaking region (Germany, Austria, Switzerland). To this end, we are investing in digital consumer brands with long-term structural growth potential and synergies with our Entertainment business.

At the beginning of our value chain is SevenAccelerator, which concentrates on early-stage digital start-ups. With our investment arm SevenVentures, we use our reach to help young companies grow via media-for-revenue or media-for-equity deals, and thus build up minority investments. This segment also comprises strategic minority and majority investments by our investment vehicle SevenGrowth as well as the portfolio of NuCom Group. The focus here is on the synergy potential with our Entertainment business.

At the heart of our investment strategy is our reach: We finance growth through media, even without high cash investments, according to the principle of "reach meets idea". With this

investment strategy, we tap into new market segments, as was recently the case with our investment in the online fitness platform Urban Sports GmbH (“Urban Sports Club”). At the same time, we generate attractive returns and can offer our shareholders an income-oriented dividend pay-out.

The following applies: We continually assess whether ProSiebenSat.1 is still the best owner of the respective company in the next development phase. If a business no longer has a strong link to our Entertainment business or no potential for international platform business, we are willing to sell these well-developed commerce brands to a more suitable owner and realize the value created.

Our Synergies

Our three segments are connected by a wide range of tangible synergies, which have a positive impact on the Group’s revenue and earnings performance. The media services of ProSiebenSat.1’s platforms are the foundation of our strong Group.

With the reach and sales offers of our platforms, the Entertainment business has the power to further raise awareness of the ParshipMeet brands in the German-speaking markets. This has already significantly boosted the market leading positions of the Parship and ElitePartner services in the German-speaking markets in the past. We also intend to strengthen ties between the Entertainment and Dating & Video segments. We are unlocking new synergy potential by combining ParshipMeet Group’s live video streaming expertise with our entertainment know-how.

At the same time, we are using the reach and sales offers of our Entertainment business to build up both our own commerce brands and those of our venture partners into leading consumer brands. By advertising on our platforms, we help the companies to strengthen their brand awareness and increase revenues and enterprise value. This gives rise to long-standing, close customer relationships between the companies and our sales units. In addition, the data we generate through our commerce investments helps us to create addressable advertising offerings that are individually tailored to our users.

Our Objectives

With this strategy, ProSiebenSat.1 Group also intends to be attractive for all stakeholders in the medium- and long-term and to grow profitably in all three segments with a clear focus on earnings and cash flow – also in order to progressively increase the share of business areas outside TV advertising revenues in the German-speaking region (Germany, Austria, Switzerland). The focus is on consistent value creation. Therefore, the Group’s medium-term target remains to achieve a P7S1 ROCE (return on capital employed) of over 15%, to pay out a reliable dividend of around 50% of adjusted net income to the shareholders and to generate a leverage ratio between 1.5x and 2.5x.

→ Company Outlook

Moreover, ProSiebenSat.1 Group is clearly committed to its obligations in the fields of society, diversity and inclusion, climate and environment, and governance and compliance, which form the basis of our sustainability strategy. In doing so, the Group aligns its sustainability work with the UN Sustainable Development Goals.

PLANNING AND MANAGEMENT

ProSiebenSat.1 Group’s management system based on key figures forms the basis for all of the Company’s economic and strategic decisions. Company-specific performance indicators are derived from the Group’s strategy and cover both financial and non-financial aspects. They are planned and managed centrally by the Executive Board of ProSiebenSat.1 Media SE. The planning and management process is complemented by the monitoring of key figures on the basis of regularly updated data. This also includes the assessment of developments as part of opportunity

and risk management.

→ **Risk and Opportunity Report**

Intragroup Management System

The performance indicators specific to ProSiebenSat.1 Group are aligned to the interests of the capital providers and cover financial planning as well as aspects of comprehensive revenue and earnings management.

OVERVIEW OF THE MOST IMPORTANT PERFORMANCE INDICATORS AS OF DECEMBER 31, 2021

MOST IMPORTANT NON-FINANCIAL PERFORMANCE INDICATORS

Entertainment segment

- audience shares

MOST IMPORTANT FINANCIAL PERFORMANCE INDICATORS

Group

- revenues
- adjusted EBITDA
- adjusted net income
- adjusted operating free cash flow
- P7S1 ROCE
- leverage ratio

Most important non-financial performance indicators: The development of audience shares is an important criterion in programming and media planning in the advertising-financed TV business. In addition, this data is used as a benchmark for the calculation of advertising time prices: They indicate the number of potential customers a broadcast is able to reach. In this context, audience shares in prime time are increasingly coming into focus, as prime time from 8:15 p.m. to 11:00 p.m. in particular represents the main advertising period.

→ Development of ProSiebenSat.1 Group's Relevant Market Environments

In Germany, TV usage data is collected by GfK Fernsehforschung on behalf of AGF Videoforschung GmbH ("AGF Videoforschung"). ProSiebenSat.1 Group analyses viewer ratings that have been empirically collected by the institutions on a daily basis. In addition to this data on linear TV consumption, we also analyze digital reach figures and KPIs relating to our databased business models. One example of this is the measured data from HbbTV.

Most important financial performance indicators: Revenues, adjusted EBITDA, adjusted net income, adjusted operating free cash flow, P7S1 ROCE (return on capital employed), and the leverage ratio are the central key figures used to manage profitability. A primary objective is to increase the above earnings figures through continuous, profitable revenue growth in all segments; at the same time, active portfolio management in the Commerce & Ventures segment is contributing to this. The business units operate mainly as profit centers. This means that they act with full responsibility for revenues and earnings. In addition, flexibility is an important prerequisite for our success, as ProSiebenSat.1 Group operates in a very dynamic industry environment. The organizational entities – within a centrally adopted framework – therefore make their operating decisions independently, based on the competitive environment, and with the clear objective to use synergies to generate added value for our shareholders.

The earnings figure adjusted EBITDA stands for adjusted earnings before interest, taxes, depreciation and amortization. Reconciling items, such as M&A-related expenses, reorganizations and legal claims, are not taken into account, so this figure provides the Executive Board as the chief operating decision maker with the appropriate performance measure to assess the operating

profitability of the Group. Adjusted net income is the adjusted net income attributable to shareholders of ProSiebenSat.1 Media SE; it provides a suitable indicator for calculating the dividend. In addition to the adjustments from adjusted EBITDA, effects of purchase price allocations and other reconciling items in particular are adjusted in the calculation.

→ **Definition of Selected Non-IFRS Figures**

Reconciling items can influence or even overshadow operating performance and can make a multi-year comparison difficult. Therefore, adjusted earnings figures constitute suitable measures of performance for assessing the sustainable development of the profitability of the Group and its segments. However, the analysis of unadjusted key earnings' figures provides a holistic view of the expense and income structure. At Group level – in addition to revenues, adjusted EBITDA, adjusted net income, adjusted operating free cash flow, P7S1 ROCE and the leverage ratio as the most important financial performance indicators – EBITDA is also relevant in this context as a less significant financial performance indicator. As the effects of taxes and depreciation and amortization and the financing structure are not taken into account, EBITDA also enables simpler comparison with international competitors.

To further focus on the segments' operating cash flow management, the Group introduced adjusted operating free cash flow as the most important financial performance indicator in the financial year 2021. Since 2021, this has replaced the free cash flow before M&A as the relevant cash flow performance indicator for the Group. Adjusted operating free cash flow is defined as operating free cash flow before interest and taxes and is calculated as adjusted EBITDA corrected for cash-neutral expenses and income and less investments (programming and other investments) along with changes in net working capital.

P7S1 ROCE (return on capital employed) is another of the most important financial performance indicators used to manage profitability. It is the ratio of adjusted EBIT (adjusted earnings before interest and taxes) plus pension expenses and the result from investments accounted for using the equity method to average capital employed. Adjusted EBIT is the operating result adjusted for reconciling items. In addition to the reconciling items of adjusted EBITDA, it also adjusts for depreciation, amortization and impairments from purchase price allocations (Group entities and investments accounted for using the equity method) and impairments on goodwill. Capital employed is the difference when other provisions, trade liabilities, liabilities to investments accounted for using the equity method, and other liabilities are deducted from intangible assets (including goodwill and purchase price allocations), property, plant and equipment, investments accounted for using the equity method, media-for-equity investments, programming assets, inventories, trade receivables, current other financial assets (excluding derivatives), and other receivables and assets. The figure relates to the average of the reporting dates of the last five quarters.

The medium-term aim is to generate a return on capital employed, i.e. P7S1 ROCE, of at least 15%. Expansion and new investments will therefore have to be paid back within three years and generate an internal rate of return (IRR) of at least 18%. Strategic projects are usually expected to pay off within five years. The Group therefore manages investments consistently and evaluates each project in the various segments according to the same target parameters.

ProSiebenSat.1 Group is investing in markets with long-term growth opportunities and examining options to expand its portfolio. Part of the investment strategy is the acquisition of entities that complement our portfolio synergistically and sustainably create value for the Group. In this context, a capital-efficient leverage ratio is a key performance indicator for the Group's financial planning. The leverage ratio indicates the level of net financial debt in relation to LTM adjusted EBITDA – the adjusted EBITDA that ProSiebenSat.1 Group has generated in the last twelve months (LTM = last twelve months). The target is a factor of between 1.5x and 2.5x at the end of the relevant year; the target range may be exceeded for a short period of time as a result of fluctuations during the year if, for example, important strategic investments are required.

Financial and non-financial performance indicators are the foundation for corporate management. It is therefore logical to use them as a basis for determining target-oriented variable compensation. The performance bonus is relevant for employees at senior management levels as well as selected sales functions. It is based on the company's success and on the most important financial performance indicators revenues, adjusted EBITDA and adjusted operating free cash flow.

Adjusted net income, EBITDA, free cash flow before M&A and relative total shareholder return served as a variable basis for determining the Executive Board's compensation in the financial year 2021. On June 1, 2021, the Annual General Meeting approved a new compensation system for the Executive Board, which is applied to new Executive Board employment contracts and to contract extensions. As no new contracts or contract extensions effective in the 2021 financial year have been concluded since June 1, 2021, the Executive Board compensation system in place since January 1, 2018, continues to apply in this financial year. In the new compensation system, the Supervisory Board has defined adjusted EBITDA and adjusted operating free cash flow as relevant financial performance targets for the Executive Board's short-term variable compensation (Short-Term Incentive). The Short-Term Incentive also includes ESG targets. In contrast, the achievement of P7S1 ROCE and the relative total shareholder return are decisive for the Executive Board's long-term variable compensation (Long-Term Incentive).

→ **Compensation Report**

DEFINITION OF SELECTED NON-IFRS FIGURES

ADJUSTED EBITDA

Adjusted EBITDA stands for adjusted earnings before interest, taxes, depreciation and amortization. It describes the operating result (earnings before interest, taxes, depreciation, amortization and impairments) adjusted for certain influencing factors (reconciling items).

These reconciling items include:

- **M&A-related expenses include consulting expenses and other expenses for ongoing, closed or canceled M&A transactions as well as costs in connection with an IPO or delisting process and integration costs incurred within a year of the economic acquisition.**
- **Reorganization expenses include material and personnel expenses for reorganizations and restructurings. They comprise expenses such as severance payments, leave compensation, consulting costs, legal consultancy fees and impairments of at least EUR 0.5 million.**
- **Expenses for legal claims include charges, fines, penalties and consulting costs of at least EUR 0.5 million in connection with significant closed, ongoing or expected legal claims.**
- **Fair value adjustments of share-based payments include the portion of the changes in the fair value of cash-settled share-based payment plans that affects profit or loss.**
- **Results from changes in scope of consolidation include income and expenses in the context of mergers, demergers, acquisitions or disposals of Group entities.**
- **Results from other material one-time items include transactions approved by the Group CFO that are not connected to current operating performance. In this context, ProSiebenSat.1 Group considers transactions of at least EUR 0.5 million to be significant.**
- **Valuation effects relating to strategic realignments of business units comprise expenses incurred in the context of changes in the underlying business objective or strategy of the unit in question of at least EUR 25 million.**

ADJUSTED NET INCOME

Adjusted net income is the net income attributable to shareholders of ProSiebenSat.1 Media SE, adjusted for reconciling items shown under adjusted EBITDA, as outlined above, and adjusted for additional reconciling items. These additional reconciling items include:

- Depreciation, amortization and impairments from purchase price allocations.
- Impairments on goodwill.
- Valuation effects included in other financial result, impairments and valuation effects of investments, entities accounted for using the equity method and other financial assets recognized in other financial result. The Group can also acquire control over investees previously accounted for using the equity method through multi-stage company acquisitions. Effects from the valuation of such original shares at fair value upon initial consolidation also fall under this category.
- Valuation effects of put-options and earn-out liabilities include valuation, currency and interest effects of put-options and earn-out liabilities.
- Valuation effects from hedging transactions include ineffectiveness and de-designation effects of cash flow hedges recognized in other comprehensive income and effects from hedging transactions for which there is no hedge accounting as defined by IAS 39.
- Results from other material one-time items include transactions not connected to current operating performance. In this context, ProSiebenSat.1 Group considers transactions of at least EUR 0.5 million to be significant.

Moreover, the tax effects resulting from such adjustments and effects on the net result attributable to non-controlling interests are also adjusted.

REPORTING AND USE OF NON-IFRS FIGURES

In addition to the financial information determined in accordance with IFRS, this Annual Report also includes non-IFRS figures. The reconciliation of these non-IFRS figures with the corresponding IFRS figures is shown in the following section:

→ Group Earnings

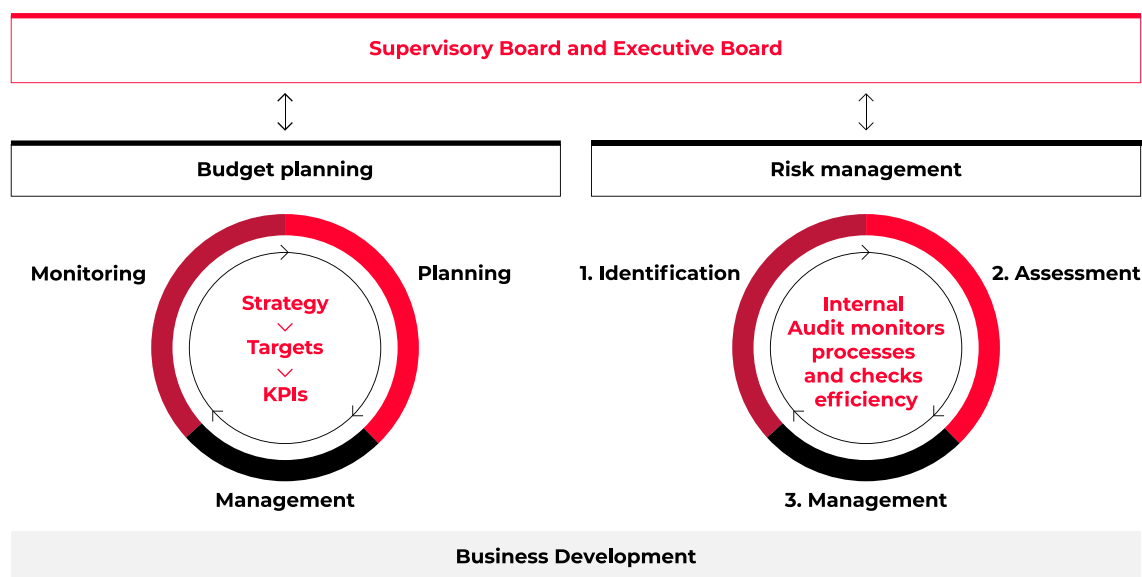
For its financial, strategic and operating decisions, ProSiebenSat.1 Media SE uses primarily non-IFRS figures as the basis of decision-making. These also provide investors with additional information which allow a multi-year performance comparison, as they are adjusted for specific factors. These figures are not determined on the basis of IFRS and may therefore differ from other entities' non-IFRS figures. Therefore, they do not replace the IFRS figures or are more significant than the IFRS figures, but represent supplementary information. We are convinced that the non-IFRS figures are of particular interest to our investors for the following reasons:

- Reconciling items can influence or even overshadow operating performance; figures adjusted for such items therefore offer supplementary information for the assessment of the Company's operating performance. Adjusted figures thus are more relevant for managing the Company.
- Moreover, adjusted net income is an important factor at ProSiebenSat.1 Media SE for the calculation of the dividend payment, as we want to give our shareholders a share in the Company's operating profitability.
- The Group has implemented a holistic management system. Non-IFRS figures are calculated consistently for the past and the future; they form an important foundation for internal controlling and the management's decision-making processes.

Operational and Strategic Planning

Management and planning are closely intertwined at ProSiebenSat.1 Group. Target figures are defined and determined for various periods within the context of planning, with a focus on the performance indicators outlined above. The different levels in the planning process build on each other and are linked to our risk management. The Supervisory Board is also regularly informed by the Executive Board about all issues relevant to the Company's strategy, planning, business performance, risk situation, risk management, and compliance, both at the Supervisory Board meetings and outside of meetings.

BUDGET PLANNING AND RISK MANAGEMENT AT PROSIEBENSAT.1 GROUP



Corporate planning: Corporate planning comprises the operating annual planning (budget) plus the long-term corporate planning (multi-year planning) and constitutes a detailed quantitative depiction of strategic planning. It is on a monthly basis for the first year and on an annual basis for a further four years. The strategically derived targets for the first planning year are specified for the most important financial and non-financial performance indicators in a top-down/bottom-up process and carried forward to the multi-year planning. The financial figures from the income statement or statement of financial position and statement of cash flows of individual subsidiaries are analyzed and aggregated at segment and Group level.

Monthly reporting and trend projections: Trend projections are an important tool in planning during the year. They allow the Company's expected performance for the year to be calculated on the basis of the targets achieved to date and to be compared with the target figures that were originally budgeted. The aim is to identify potential discrepancies between the target and actual figures immediately and to implement the necessary countermeasures promptly. In 2021, the Executive Board also discussed short-term and long-term targets with the Supervisory Board. In addition to monthly reporting, potential risks are reported to the Group Risk Officer on a quarterly basis. In particular, any changes to the early warning risk indicators during the year and over time are analyzed here. For example, the development of audience shares is an important early warning indicator. Additional opportunities and therefore possible positive deviations from projected targets are analyzed in parallel with risk management; they are taken into account in budget planning if their probability of occurrence is more than 50%.

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

prices curbed consumption accordingly. Despite the weak closing quarter (+0.3% vs. previous quarter in real terms), the gross domestic product of the eurozone nevertheless grew strongly in the full-year 2021 by 5.2% in real terms according to the European Statistical Office.

Germany's economy recovered more hesitantly than those of its major European neighbors. Between mid-December 2020 and early March 2021, the economy was influenced by the negative progression of the COVID-19 pandemic and an accompanying further severe lockdown. In the first quarter of 2021, private consumer spending therefore fell by 5.3% in real terms compared with the previous period; the savings rate rose to 22.0% (Q1 2019: 14.4%).

In the summer half-year – after the restrictions were eased – a substantial surge in growth followed. Contact-intensive service industries such as restaurants, tourism, culture, and parts of brick-and-mortar retail enjoyed a particularly palpable recovery. With stable labor market and income development as well as additional savings, households had high purchasing power and propensity to buy. In real terms, private consumption in the second and third quarters of 2021 therefore expanded by 3.8% and 6.2%, respectively, compared with the previous period.

In parallel, however, the vaccination campaign launched in the spring faltered, and at the beginning of winter infection rates increased sharply again, due in part to the new Omicron variant. In addition to the corresponding return of restrictions on consumption, the inflation rate rose to values above 5.0% at the end of the year. This narrowed private households' scope for consumption. Despite all the restrictions, from January to December revenues in German retail increased by 0.7% in real terms and nominally by 2.9% year-on-year. Online retail continued to grow and was, like in 2020, one of the biggest beneficiaries of the pandemic (+12.4% in real terms).

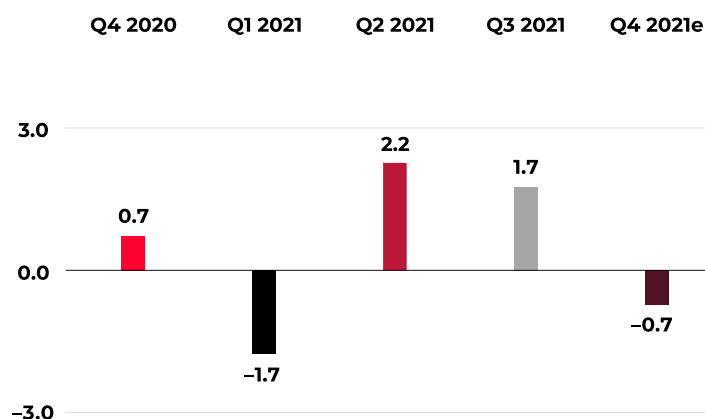
The industry of particular importance for the German economy, i.e. the manufacturing sector not including energy or construction, also came under pressure in the second half of the year. The industry had initially recovered significantly thanks to global demand, but was increasingly hampered by supply shortages and increased raw material prices as the year progressed. As a result, industrial production remained below its potential despite a high order backlog and favorable financing conditions. In turn, this put a damper on export growth. For these reasons, the German economy has declined by 0.7% quarter-on-quarter in the fourth quarter of 2021, according to estimates by the Federal Statistical Office. The new wave of the pandemic with the Omicron variant also means a setback for private consumption, although this will not match the severity of the lockdown in winter 2020.

In the full-year 2021, gross domestic product nevertheless saw solid growth of 2.7% (previous year: -4.6%) in real terms due to the good summer. Despite all the restrictions, private consumption remained at the previous year's level (previous year: -5.9%).

→ **Future Business and Industry Environment**

DEVELOPMENT OF GROSS DOMESTIC PRODUCT IN GERMANY

in %, change vs. previous quarter



Chained, adjusted for price, seasonal and calendar effects. e: estimate. Source: Federal Statistical Office (Destatis), national accounts as of January 28, 2022.

Economic uncertainty and restrictions on public and social life as a result of the COVID-19 pandemic shaped advertising customers' investment behavior in 2021. After significant restraint in the lockdown hit first quarter (-4.3%), gross TV advertising investment rose sharply in the two summer quarters (Q2 2021: +26.7%; Q3 2021: +22.6%). Although a slight caution was felt in the final quarter in light of rising infection rates, also as a result of the Omicron virus variant, and the associated new restrictions, growth rates nevertheless remained high (Q4 2021: +10.1%). Overall, gross TV advertising investment rose by 12.7% to EUR 8.13 billion for full-year 2021, according to Nielsen Media Research (previous year: EUR 16.10 billion).

ProSiebenSat.1 Group is the market leader in the German TV advertising market. According to Nielsen Media Research, the Group's TV advertising revenues increased about in line with the market in gross terms in 2021, climbing by 11.9% to EUR 6.82 billion (previous year: EUR 6.09 billion). This resulted in a market share of 37.6% (previous year: 37.8%). The Group's TV advertising revenues in the key fourth quarter were once again significantly higher than in the previous year, increasing by 8.6% to EUR 2.52 billion (previous year: EUR 2.32 billion). This represents a market share of 38.8% (previous year: 39.4%) for ProSiebenSat.1 Group.

By selling in-stream video ads, which are shown online before, after or during a video stream, ProSiebenSat.1 Group generated gross revenues of EUR 329.5 million in the full-year (previous year: EUR 263.8 million). This is a sharp rise of 24.9% compared with the previous year, which significantly exceeds market growth. The market volume for advertising budgets in in-stream video ads in Germany recorded growth of 15.3% to EUR 976.1 million gross (previous year: EUR 846.7 million). These revenues do not include global platform providers such as Alphabet Inc. ("Alphabet")/Google and Meta Platforms, Inc. ("Meta")/Facebook.

In net terms, the picture is also positive overall. Although the advertising market continues to be affected by the COVID-19 crisis, the market has in total recovered much faster than expected and is now showing clear growth again. According to forecasts by the German Advertising Federation ("Zentralverband der deutschen Werbewirtschaft", "ZAW"), the media's net advertising revenues are expected to have grown by 6.0%. Forecasts for full-year 2021 published by media agencies Magna Global and ZenithOptimedia in December 2021 expected total net advertising spending to record strong growth of 19.7% and 6.6%, respectively. The forecasts also anticipated significant growth in investment in TV advertising of 16.8% and 8.0%, respectively.

ProSiebenSat.1 Group also notes this trend. From the Group's perspective, the TV advertising market benefited in net terms from the economic recovery in the summer months, and enjoyed a strong upwards trend compared with the previous year. The picture for the online advertising market was similar.

→ Comparison of Actual and Projected Business Performance for the Group

TV ADVERTISING MARKETS IN GERMANY, AUSTRIA AND SWITZERLAND ON A GROSS BASIS

in %

	Development of the TV advertising market in Q4 2021 (Change against previous year)	Development of the TV advertising market in 2021 (Change against previous year)
Germany	+10.1	+12.7
Austria	+15.2	+19.7
Switzerland	-2.3	+6.3

	Market shares ProSiebenSat.1 Group Q4 2021	Market shares ProSiebenSat.1 Group Q4 2020	Market shares ProSiebenSat.1 Group 2021	Market shares ProSiebenSat.1 Group 2020
Germany	38.8	39.4	37.6	37.8
Austria	40.8	41.3	40.5	42.4
Switzerland	25.4	25.8	25.1	26.1

Germany: January – December, gross, Nielsen Media.

Austria: January – December, gross, Media Focus.

Switzerland: January – December, the advertising market shares relate to the German-speaking part of Switzerland, gross, Media Focus. Due to technical system adjustments, Media Focus has retroactively adjusted the effective gross output volumes of the TV stations 3 Plus, Kabel Eins, ProSieben, RTL, RTLZWEI, VOX, SAT.1 and SUPER RTL for 2020 and 2021 with data closing in January 2022.

DEVELOPMENT OF PROSIEBENSAT.1 GROUP'S RELEVANT MARKET ENVIRONMENTS

Entertainment

Media usage in Germany is shaped by two fundamental developments. Firstly, the variety of entertainment products and ways to consume media on different end devices is growing as a result of digitalization, which also brings with it increasing fragmentation. Secondly, this diversity is driving up media consumption: People are generally spending more and more time with media. TV remains the most important medium, which underscores its strength.

According to the study "Media Activity Guide 2021" by our advertising time marketer Seven.One Media, daily TV usage among 14- to 69-year-old viewers was the highest in the reporting period 2021 at 238 minutes. Compared with other media, TV therefore accounts for 37% of total daily usage. This includes both live and on-demand content. This wide reach is reflected in the high advertising effectiveness of the medium: According to gross data from Nielsen Media Research, 47.2% of advertising investments in 2021 went on TV advertisement, compared to 44.6% in the previous year. Thus, television has once again strengthened its highest relevance compared with other media.

Advertising on TV is particularly effective as a result of the high reach. Video advertising has a stronger emotional impact on a brand than any other medium. This is important for brand loyalty and ultimately for product sales. Accompanying research also shows that cross-media advertising campaigns reinforce each other in their impact, with online advertising being particularly effective in combination with TV campaigns. This is also one reason why the TV advertising market has developed so positively in 2021 and with significantly more relevance than still forecast in 2019.

→ Development of Economy and Advertising Market

The ProSiebenSat.1 station family continues to lead in the German audience market (14- to 49-year-old viewers), although market shares in the full-year were lower than in the previous year, as expected. The main reason was the TV broadcast of the UEFA European Football Championship in June and July 2021 and of the Summer Olympic Games in July and August 2021, which were shown live on the public TV stations. Accordingly, this also characterizes the development of the market shares of the private stations marketed by Ad Alliance (RTL, VOX, n-tv, Super RTL, NITRO, RTLup and VOXup).

In the full-year 2021, the ProSiebenSat.1 stations' audience share amounted to 25.5% (previous year: 27.2%). The stations marketed by Ad Alliance achieved a combined market share of 23.8% (previous year: 25.3%). In the important fourth quarter, ProSiebenSat.1 Group's audience share increased slightly by 0.1 percentage points to 26.5% (previous year: 26.4%), while the figure for the stations marketed by Ad Alliance fell to 23.6% (previous year: 24.3%).

The Austrian ProSiebenSat.1 Puls 4 Group stations achieved a combined market share of 27.4% among viewers aged between 12 and 49 years in 2021 (previous year: 28.4%). ProSiebenSat.1 Puls 4 GmbH ("ProSiebenSat.1 PULS 4") is thus the leading private TV provider in Austria by far. In Switzerland, the ProSiebenSat.1 station's audience share among 15- to 49-year-olds in the full-year was lower than in the previous year at 14.3% (previous year: 15.9%).

AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS IN GERMANY, AUSTRIA AND SWITZERLAND

in %

	Audience Shares Q4 2021	Audience Shares Q4 2020	Audience Shares 2021	Audience Shares 2020
Germany	26.5	26.4	25.5	27.2
Austria	27.0	28.5	27.4	28.4
Switzerland	15.6	16.0	14.3	15.9

Germany: A 14–49; ProSiebenSat.1 Group: SAT.1, ProSieben, Kabel Eins, sixx, SAT.1 GOLD, ProSieben MAXX, Kabel Eins Doku/AGF Videoforschung in cooperation with GfK; VIDEOSCOPE 1.4; January 1, 2020–December 31, 2021; market standard: TV.
Austria: E 12–49; SAT.1 Österreich, ProSieben Austria, Kabel Eins Austria, PULS 4, sixx Austria, ProSieben MAXX Austria, SAT.1 Gold Österreich, Kabel Eins Doku Österreich, ATV + ATV 2, PULS 24; sources: AGTT/GfK TELETEST; Evogenius Reporting; January 1, 2020–December 31, 2021; weighted for number of people; including VOSDAL/time shift; standard.
Switzerland: Figures are based on 24 hours (Mon–Sun), all platforms, overnight +7. SAT.1 Schweiz, ProSieben Schweiz, Kabel Eins Schweiz, sixx Schweiz, SAT.1 Gold Schweiz, ProSieben MAXX Schweiz, Puls 8; advertising-relevant target group: 15- to 49-year-olds; market shares relate to German-speaking Switzerland D-CH; total signal; source: Mediapulse TV Data.

The development described is also reflected in the German stations' market shares in prime time. In the past financial year, the Group was ahead of its main competitor RTL Deutschland's stations marketed by Ad Alliance in prime time in every quarter (market shares target group 14-49 years) and extended its market leadership by 0.3 percentage points to 27.6%, especially in the important fourth quarter (AdAlliance: -1.4 percentage points). In the full year, however, our prime time market shares also fell short of the previous year, as expected, and were particularly influenced by the broadcast of the European Football Championship and of the Summer Olympic Games on the public stations. In addition, the public broadcasters benefited from viewers' higher demand for information as a result of the ongoing COVID-19 pandemic and the catastrophic flooding in parts of Germany in summer 2021. The special situation of 2021 as an election year also entailed increased provision of information on all TV stations, although innovative ProSiebenSat.1 formats such as "Die ProSieben Bundestagswahl-Show" (averaging 7.4%, 14- to 49-year-old viewers) and "Das TV-Triell" (25.0%, 14- to 49-year-old viewers) also appealed to viewers in this environment.

AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS IN PRIME TIME IN GERMANY

in %

Target group 14–49 years	Q4 2021	Q4 2020	2021	2020
ProSiebenSat.1 Group	27.6	27.3	25.6	27.4
SAT.1	8.4	8.6	7.4	8.2
ProSieben	10.4	10.5	9.8	10.3
Kabel Eins	4.1	4.1	4.2	4.7
sixx	1.2	1.0	1.1	1.1
SAT.1 Gold	1.2	0.9	1.1	1.1
ProSieben MAXX	1.6	1.5	1.2	1.3
Kabel Eins Doku	0.7	0.7	0.8	0.7

Prime time refers to programs broadcast between 8:15 p.m. and 11:00 p.m. Source: AGF Videoforschung in cooperation with GfK; VIDEOSCOPE 1.4, January 1, 2010 – December 31, 2021, market standard: TV.

ProSiebenSat.1 is relevant in the German media landscape. This goes along with a particular social responsibility – because the Group makes an important contribution to the diversity of media and opinion. We are increasingly responding to the growing need for information and the contextualization of news: Establishing its own newsroom, ProSiebenSat.1 Group will produce news itself from 2023 and better meet the demand for topicality and relevance with new magazine formats.

The Group is increasingly focusing its programming strategy on local, relevant and live content. The aim is to reach audience groups even better and to differentiate ourselves from the competition. In our digital world, this is becoming an increasingly important competitive factor for all participants of the dual system of public and private broadcasting, especially with regard to multinational streaming providers and young target groups. In 2021, the major stations ProSieben and SAT.1 recorded an increase in local program content in prime time alone of 13.5% year-on-year (2020: +11.1% versus 2019). In-house productions such as “Joko & Klaas Live: Wir müssen über Corona reden”, “Zervakis und Opdenhövel. Live.” and the reportage series “ProSieben Spezial,” which handles issues relevant to society in a manner appropriate for the target group, are an important component of this.

In addition to the focus on local and live content, the core of our strategy is to offer programs via as many distribution channels as possible. In this strategic context, ProSiebenSat.1 Group founded the streaming platform Joyn as a joint venture with Discovery Communications Europe Ltd. (“Discovery”) and launched it in June 2019. The streaming service offers viewers livestreams of over 70 channels and an extensive on-demand offering of local series, shows and previews, which are produced in-house. The paid Joyn PLUS+ service with exclusive content, originals, pay TV stations, and content in HD quality was added to the offering in November 2019. According to measurements by AGOF (Arbeitsgemeinschaft Onlineforschung e. V.), the free streaming service Joyn reached 3.85 million unique users in Germany in November 2021 (previous year: 3.75 million). The Group will also continue to develop the Joyn brand in 2022.

We are already reaching 60 million people a month via our free and pay TV stations in Germany. Furthermore, we are reaching almost 11 million unique users via our own online channels. In addition, the digital media and entertainment company Studio71 pools digital-only content offerings and distributes them via digital platforms. In the financial year 2021, Studio71 generated 10.7 billion video views a month on YouTube alone, with 1,235 channels (previous year: 10.5 billion video views⁶).

We are successively strengthening our reach and consistently monetizing it beyond traditional advertising financing, for example with data-based business models such as Addressable TV. In this context, we renewed our contractual agreement with Deutsche Telekom AG (“Deutsche Telekom”)

⁶ The previous year's figure is adjusted for 376 million views per month for German TV content that since 2021 has fallen in the area of Seven.One Entertainment Group, as well as without Italy.

in the third quarter of 2021, which allows us to air our Addressable TV campaigns via its MagentaTV streaming service in the future. From now on, ProSiebenSat.1 Group's entire station portfolio is available live or on-demand in HD and UHD quality via the MagentaTV platform.

The distribution of programs in HD quality is another example of how ProSiebenSat.1 Group generates reach while simultaneously diversifying its revenue profile. Here, ProSiebenSat.1 Group participates in the technical service fees that end customers pay to the respective providers for programs in HD quality. In Germany, ProSiebenSat.1 Group's HD stations had 11.1 million users in the reporting period, 4.8% more than in the previous year.

Dating & Video

We are continuing to systematically strengthen synergistic cooperation between our businesses. This means, in particular, that we are using the strength of our Entertainment business and our high advertising reach to establish and build on leading consumer-oriented digital platforms. This has led to the creation of ParshipMeet Group, which was previously part of the Commerce & Ventures portfolio and now forms the Dating & Video segment. After establishing a predominantly German-speaking portfolio around the dating business of Parship Group and increasing brand awareness through the use of TV advertising, we made value-enhancing acquisitions with a focus on the USA including The Meet Group in 2020 with a high level of expertise in the area of video.

Operating in a profitable and fast-growing market environment, ParshipMeet Group has diversified revenue sources ranging from subscription models to marketing services and virtual products and addresses a broad target group across a large geographical area. The business performance of the Dating & Video segment thus depends on various factors, including macroeconomic and technological developments as well as regulatory decisions. There is also the specific impact of the COVID-19 pandemic – in terms of both private consumption and the implications for social life. Dating and, in particular, interactive live videos have become global megatrends.

→ Development of Economy and Advertising Market

With rising numbers of single people – including more and more digital natives – online dating has become an increasingly accepted and popular way to meet people and find a relationship. In ParshipMeet Group's two largest geographical markets, North America and the German-speaking region (Germany, Austria, Switzerland), dating platforms are the most common way to meet someone. 40% of all relationships in the USA and 36% of all relationships in Germany start online. These services are receiving an extra boost from general sector trends such as high levels of smartphone use and increasing willingness to pay, for example for virtual goods.

In North America and the German-speaking region (Germany, Austria, Switzerland), the online dating market, including related live video services, reached a total volume of EUR 2.8 billion in 2021, according to a study by a consulting firm on behalf of ParshipMeet Group, and has grown by 18% per year since 2018 (as of 2021). Live video formats in particular have gained in relevance during the COVID-19 pandemic and the associated restrictions on social contacts since March 2020. Government economic aids in the USA also had a positive effect, stimulating private consumption in 2021 and having a very positive impact on our video offerings in the American area. As social life increasingly returned to normal in the course of 2021 and rigid restrictions on contacts were dropped, video usage stabilized at a high level compared to 2019.

Commerce & Ventures

ProSiebenSat.1 Group bundles its investments in consumer-focused digital commerce companies in the Commerce & Ventures segment. We support these during the various stages of growth with our investment options through NuCom Group, SevenGrowth, SevenVentures and SevenAccelerator. In doing this, our aim is to exploit potential synergies within ProSiebenSat.1 Group and to diversify our overall revenue profile. The most important growth lever is the high reach of the ProSiebenSat.1 station family, through which we reach more than 60 million people

each month and can thus significantly strengthen the awareness of consumer brands without major cash investments.

Our portfolio of commerce offerings combines a consumer focus with an affinity for TV as a medium. We are benefiting in particular from the fact that more and more purchasing decisions are being made online. Online shopping is now an integral part of our everyday lives, and services such as consumer advice are also often provided via the internet. However, individual markets vary in terms of their dynamics, the intensity of competition and their dependence on macroeconomic development and in particular the consumer climate described above. This is amplified by the exceptional situation created by the pandemic and the associated restrictions on everyday life.

Against this background, total e-commerce revenues in Germany increased by 19% year-on-year in the reporting period of 2021 (2020: +14.6%), according to the German e-commerce and distance selling association (Bundesverband E-Commerce und Versandhandel, bevh). The strongest growth drivers were fast-moving consumer goods, including food, drugstore products and pet food, as well as the leisure, furnishing and clothing product groups.

In contrast, revenues from online sales of services in Germany, especially travel bookings and event tickets, declined by 12.8% and thus were not yet back to pre-pandemic levels (2020: -52.8%). This shows that people are still more cautious about spending their money on activities than they were before the COVID-19 crisis.

According to the "Energie 2021" survey of distribution channels, comparison portals are the most important source of information and distribution channel in the energy market. In the last financial year, however, and especially in the fourth quarter of 2021, the sharp rise in energy prices had a negative impact on market dynamics for all suppliers. The consumer advice area in the Group's Commerce & Ventures segment also includes the rental car portal billiger-mietwagen.de, which has been particularly affected by the pandemic. According to Statista, the volume of the car rental market in Europe came to USD 11.9 billion in 2021 (2020: USD 8.1 billion; 2019: USD 16.9 billion).

RESEARCH AND DEVELOPMENT

ProSiebenSat.1 Group does not carry out research and development (R&D) in the conventional sense of an industrial company. Nonetheless, both fields do hold a position of high importance at ProSiebenSat.1 Group.

ProSiebenSat.1 conducts intensive market research in every area relevant to its business activities and in every area in which the Company sees growth potential. In 2021, expenses for Group-wide market research activities amounted to EUR 7 million (previous year: EUR 7 million). The various research units in the Group prepare investigations and analyses on advertising impact, on trends in the advertising market and digital industries as well as on media usage and also assess economic and market projections. Those responsible in the Group use the results of the market analyses for operational and strategic planning. At the same time, market data and analyses are an important basis for successfully advising our advertising clients. With its studies, the Company provides advertisers with valuable knowledge for marketing and advertising planning, which constitutes an important basis for investment decisions. In the program development phase, program research plays a decisive role. An important task is the assessment of international TV trends with regard to their potential for the German television market. In addition, the corresponding research team regularly provides quantitative and qualitative studies and analyses of the ProSiebenSat.1 stations' programming. Among other things, new formats are tested with the aid of survey and audience screenings. Besides, this research team also carries out ad-hoc tests on shows that have already been broadcast. Based on the results, we can adjust formats in the development phase and optimize TV programs that have already been broadcast, thus increasing success rates.

In the area of development, the Group is particularly working on making its advertising products smarter. This means developing intelligent offers to target TV and video advertising to specific target groups. This is for example based on anonymous user data regarding age, gender or household income. In this context, ProSiebenSat.1 is also relying on new technologies, and offers advertising customers the Addressable TV spot in addition to its existing offerings in the area of targeted advertising. This enables the Company's own commercials to be overlaid with addressable spots in all advertising blocks, thus addressing viewers based on their interests. The offer uses an advertising technology that Seven.One Media developed and has applied for a European patent. Since December 2020, the CrossDevice Bridge has also enabled advertising customers to plan and adapt TV and digital advertising campaigns across devices. Customers no longer book the medium via which they wish to broadcast their advertisement, but the quantity and frequency of contacts that they want to generate. This makes cross-media advertising planning significantly easier and faster. The various screens can be connected and coordinated, so that certain target groups can be addressed more easily in overarching TV and digital campaigns. In order to enable the reach generated by combined TV and video campaigns to be measured and evaluated using unified criteria, ProSiebenSat.1 and the licensor Sky Media GmbH ("Sky Media") have jointly developed the CFlight concept for the German market. CFlight includes transparent, cross-media campaign reporting, which guarantees the comparability of TV and video advertising exposures. The results of this currency metric demonstrate once again that high-impact video campaigns work across media. In addition, we are continuously developing our own digital platforms, for example in the Commerce business.

→ **Opportunity Report**

COMPARISON OF ACTUAL AND PROJECTED BUSINESS PERFORMANCE FOR THE GROUP

In 2021, ProSiebenSat.1 Group achieved all financial targets that it published on November 4, 2021 as part of its Q3 2021 report. The Group thus significantly exceeded all financial targets it set itself at the beginning of the year.

After the first quarter of 2021 was heavily impacted by the effects of the COVID-19 pandemic, the advertising market in the German-speaking region (Germany, Austria, Switzerland) recovered significantly and more strongly than expected from the beginning of the second quarter. In the second quarter in particular, the Group's advertising revenues recorded extremely dynamic growth. Against this background, ProSiebenSat.1 Group raised its Company Outlook for 2021 a total of three times: on May 12, 2021, as part of the reporting on the first quarter of 2021, in an ad-hoc disclosure on July 19, 2021, after revenues and earnings grew strongly in the second quarter of 2021 on the basis of preliminary and as yet unaudited figures, and most recently on November 4, 2021 as part of the reporting on the third quarter of 2021.

For the full-year, the Group achieved record revenues despite the pandemic environment, increasing its revenues by 11%, or EUR 447 million, to EUR 4,494 million. At the same time, adjusted EBITDA grew significantly by 19% or EUR 135 million to EUR 840 million. Most recently, the Group had targeted revenues of EUR 4.5 billion with a variance of plus/minus EUR 50 million and adjusted EBITDA of around EUR 840 million with a variance of plus/minus EUR 10 million for the full-year 2021. In its original forecast for these key financial figures, at the beginning of the year, ProSiebenSat.1 assumed that revenues would rise by between 2% and 7% to between EUR 4,150 million and EUR 4,350 million, and that adjusted EBITDA would increase to between EUR 720 million and EUR 780 million.

As expected, the significant growth in revenues and adjusted EBITDA also had a positive impact on the Group's other most important key financial performance indicators. In its last forecast adjustment, the Group expected adjusted net income to be significantly higher than the previous year's figure of EUR 221 million. For full-year 2021, adjusted net income grew by 64% to EUR 362 million. Adjusted operating free cash flow for the full-year was EUR 599 million, after the Group most recently assumed that it would improve by at least EUR 100 million year-on-year (previous year: EUR 424 million), for reasons of comparability corrected for the change of investments in relation to the construction of the new campus at the premises in Unterföhring. The important key figure P7S1 ROCE (return on capital employed), which ProSiebenSat.1 uses to measure the medium-term financial success of the company, also increased significantly to 14.1% in 2021 and is thus in line with the Group's forecast, which most recently assumed an increase to over 13%. At the same time, the leverage ratio was again clearly in the target range with a factor of 2.2x. At the end of the year, ProSiebenSat.1 Group anticipated this figure to be below the upper end of the medium-term target corridor of 1.5x to 2.5x.

The following table provides an overview of the adjusted outlooks for 2021; the various performance indicators are also evaluated and analyzed in the following sections.

However, it was not only with a view to the key financial figures that the Group achieved important targets in 2021; ProSiebenSat.1 Group also confirmed its strong competitive position in the TV and audience market, with a market share of 25.5% (previous year: 27.2%). The development of audience shares in Germany is the most important non-financial performance indicator, with an increased focus on prime time as a result of the high reach for the advertising industry. In prime time,

ProSiebenSat.1 recorded an audience market share of 25.6% in 2021 (previous year: 27.4%, viewers aged 14-49, Germany). The Group thus underlined its leading position in the German market in terms of audience market shares in the advertising-relevant target group of 14- to 49-year-olds, despite the broadcasting of major sports events on the public stations.

COMPARISON OF ACTUAL AND PROJECTED BUSINESS PERFORMANCE FOR THE GROUP

	2020	FY 2021 March 4, 2021	First quarter 2021 May 12, 2021	Ad-hoc disclosure July 19, 2021; Second quarter 2021 August 5, 2021	Third quarter 2021 November 4, 2021	2021
Revenues¹ (in EUR m)	4,055 ³	Overall, the Group is targeting revenues of EUR 4.150 billion for full-year 2021 as the lower end of the target range and revenues of EUR 4.350 billion as the upper end. This represents a year-on-year increase between 2% and 7%. ²	Overall, the Group is targeting revenues of EUR 4.250 billion for full-year 2021 as the lower end of the target range and revenues of EUR 4.450 billion as the upper end. This represents a year-on-year increase between 5% and 10%. ²	Overall, the Group is targeting revenues of EUR 4.400 billion for full-year 2021 as the lower end of the target range and EUR 4.500 billion as the upper end. This represents a year-on-year increase between 9% and 11%. ²	Overall, the Group is targeting revenues of EUR 4.5 billion with a variance of plus/minus EUR 50 million for full-year 2021. This represents a year-on-year increase between 10% and 12%. ²	4,494 ✓
Adjusted EBITDA² (in EUR m)	708 ⁴	Based on the revenue assumptions above, for the full-year of 2021 ProSiebenSat.1 anticipates a Group adjusted EBITDA of EUR 720 million at the lower end of the target range and EUR 780 million at the upper end of the target range. ²	Based on the revenue assumptions above, for the full-year of 2021 ProSiebenSat.1 anticipates a Group adjusted EBITDA of EUR 750 million at the lower end of the target range and EUR 800 million at the upper end of the target range. ²	Based on these revenue assumptions, for the full-year of 2021 ProSiebenSat.1 anticipates a Group adjusted EBITDA of around EUR 820 million with a variance of plus/minus EUR 20 million. This corresponds for the mid-point to a year-on-year increase of 16%. ²	Based on these revenue assumptions, for the full-year 2021 ProSiebenSat.1 anticipates a Group adjusted EBITDA of around EUR 840 million with a variance of plus/minus EUR 10 million. On average, this represents a year-on-year increase of 19%. ²	840 ✓
Adjusted net income (in EUR m)	221	The Group expects that the adjusted net income for the full-year 2021 should be above the previous year's figure.			The Group expects that the adjusted net income for the full-year 2021 should be significantly above the previous year's figure.	362 ✓
Adjusted operating free cash flow⁵ (in EUR m)	424	Reaching a midpoint of the adjusted EBITDA target range, the Group assumes that the adjusted operating free cash flow should develop in a mid-double-digit million euro range around the previous year's figure of EUR 424 million.		Reaching a midpoint of the adjusted EBITDA target range, the Group assumes that the adjusted operating free cash flow should improve in an at least mid-double-digit million euro range compared with the previous year.	Reaching a midpoint of the adjusted EBITDA target range, the Group assumes adjusted operating free cash flow to improve by at least EUR 100 million compared with the previous year.	599 ✓
P7S1 ROCE (return on capital employed)	10.5%	In financial year 2021, ProSiebenSat.1 Group is targeting a figure of more than 10%. For the Group as a whole, this key figure is expected to exceed 15% in the medium-term.			In financial year 2021, ProSiebenSat.1 Group is targeting a figure of more than 13%. For the Group as a whole, this key figure is expected to exceed 15% in the medium-term.	14.1% ✓
Leverage ratio⁶ (net financial debt/LTM adjusted EBITDA)	2.8	At the end of 2021, the Group anticipates a leverage ratio slightly above or at the upper end of the target corridor between 1.5x and 2.5x.		At the end of 2021, the Group anticipates a leverage ratio at the upper end of the medium-term target corridor of 1.5x to 2.5x.	At the end of 2021, the Group anticipates a leverage ratio below the upper end of its medium-term target corridor of 1.5x to 2.5x.	2.2 ✓

ProSiebenSat.1 Group achieved all financial targets in 2021 that it published on November 4, 2021, as part of its reporting for the third quarter of 2021. Accordingly, the hooks in the table above were also set on the basis of this last forecast. The figures for 2021 represent reported figures.

1 Adjusted for currency effects and portfolio changes.

2 Without any further portfolio changes.

3 Based on revenues in financial year 2020 translated at the exchange rates used for planning purposes in financial year 2021 (EUR/USD exchange rate of around USD 1.22) less revenues of the companies deconsolidated in 2020 – WindStar at EUR 114 million and myLoc at EUR 10 million – plus pro forma revenues for The Meet Group between January and August 2020 of EUR 173 million, also translated at the exchange rate used for planning purposes in financial year 2021.

4 Based on adjusted EBITDA in financial year 2020 translated at the exchange rates used for planning purposes in financial year 2021 (EUR/USD exchange rate of around USD 1.22) less adjusted EBITDA of the companies deconsolidated in 2020 – WindStar at EUR 23 million and myLoc at EUR 3 million – plus the pro forma adjusted EBITDA contributions for The Meet Group between January and August 2020 of EUR 33 million, also translated at the exchange rate used for planning purposes in financial year 2021.

5 For reasons of comparability corrected for the change of investments in relation to the construction of the new campus at the premises in Unterföhring.

6 Depending on business performance and excluding any portfolio changes.

SIGNIFICANT EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

ProSiebenSat.1 Group enhanced its segment reporting during the year in order to be even more focused and more synergistic. In this context, Red Arrow Studios' program production and distribution business, as well as the digital media and entertainment company Studio71, were integrated into the Entertainment segment at the beginning of 2021. The Dating & Video segment corresponds to the former ParshipMeet Group segment and remains unchanged in its composition compared to the end of 2020. The Dating & Video segment was reported as the Dating segment in the first three quarters of the financial year 2021 and renamed Dating & Video in the fourth quarter. This takes account of ParshipMeet Group's business areas. The Commerce & Ventures segment includes the entities of NuCom Group as well as the investment arm SevenVentures with SevenAccelerator. The portfolio of the SevenGrowth investment vehicle with brands such as markt guru and wetter.com is also pooled here. As of December 31, 2021, the Group therefore reports in the three segments Entertainment, Dating & Video and Commerce & Ventures.

→ Organization and Group Structure

With this new segmentation, ProSiebenSat.1 is continuing the consistent alignment of the Group to synergy and value creation. Important foundations for the future were also laid in 2021 with regard to the personnel composition of the Executive Board and the Supervisory Board. Thus, on December 6, 2021, the Supervisory Board made a range of decisions regarding the composition of the Supervisory Board and Executive Board of ProSiebenSat.1 Media SE: The Chairman of the Supervisory Board, Dr. Werner Brandt, will not stand for re-election as a Supervisory Board member at the Annual General Meeting on May 5, 2022. The Supervisory Board intends to elect Dr. Andreas Wiele, formerly Executive Board member at Axel Springer SE, Berlin, Germany ("Axel Springer"), as its new Chairman and thus successor to Dr. Brandt after the next Annual General Meeting. Dr. Wiele has already belonged to the Supervisory Board since February 13, 2022, as a court-appointed member. He succeeds Adam Cahan, who resigned his post in November 2021 to take on a new role as CEO of the technology company PAX Labs, Inc., California, USA ("PAX Labs"). The Supervisory Board will propose to the next Annual General Meeting that Dr. Wiele be confirmed as Supervisory Board member. Bert Habets, formerly CEO of RTL Group S.A., Luxembourg ("RTL Group"), will also be nominated as another new Supervisory Board member.

There were also changes at Executive Board level: The Supervisory Board renewed Rainer Beaujean's contract for five years effective July 1, 2022. With this contract extension, he was appointed Group CEO, effective January 1, 2022. In addition, Ralf Peter Gierig, previously Deputy Group CFO, became the new Group CFO of ProSiebenSat.1 Media SE effective January 1, 2022. He was given a three-year contract until December 31, 2024. Since January 1, 2022, ProSiebenSat.1 Media SE's Executive Board team has therefore comprised Group CEO Rainer Beaujean and members Christine Scheffler, Wolfgang Link and Ralf Peter Gierig.

ProSiebenSat.1 aims to grow sustainably in all segments. This strategy also reflects the management of the Company with its focus on long-term increase in value and profitability. The Group can use a broad range of investment opportunities. In the past financial year, the ventures portfolio has been a particular focus: The IPO of ABOUT YOU Holding SE, Hamburg, Germany ("ABOUT YOU") on June 16, 2021, exemplifies how ProSiebenSat.1 Group sustainably develops consumer-oriented, digital growth companies through individually tailored investments in the form of media services. Already in September 2016, SevenVentures invested in the online fashion retailer as its first external investor with a media-for-equity investment. Since then, ProSiebenSat.1 has

helped the company to achieve great brand awareness in the German-speaking region (Germany, Austria, Switzerland) with targeted advertising campaigns on ProSiebenSat.1 Group's high-reach platforms. Even after the IPO of ABOUT YOU, ProSiebenSat.1 remained invested via SevenVentures as a shareholder and continued its media partnership.

In accordance with the best-owner principle, ProSiebenSat.1 Group regularly evaluates its investments and performs an open-ended analysis of the growth and synergy potential of its portfolio companies. Against this backdrop, NuCom Group, in which General Atlantic PD GmbH, Munich, Germany ("General Atlantic") holds a 28.4% stake, sold its 97.8% share in Sonoma Internet GmbH ("Amorelie") to a subsidiary of the EQOM Group, Veendam, Netherlands ("EQOM Group") on October 1, 2021. The transaction took economic effect on December 30, 2021, so the deconsolidation also took place as of this date. After ProSiebenSat.1 Group raised awareness of Amorelie, an online shop for sensual lifestyle and erotic products, in the German-speaking region (Germany, Austria, Switzerland) through TV advertising in the past seven years, it is no longer the best owner for the further internationalization and thus the next development stage of the company.

By agreement of November 15, 2021, and effective as of the same date, Red Arrow Studios, ProSiebenSat.1 Group's production and distribution business, also sold its majority stake of 62.5% in the US film distributor Gravitas Ventures LLC, Wilmington, Delaware, USA ("Gravitas"), to Anthem Sports & Entertainment Inc., Toronto, Canada ("Anthem"), a global multi-platform media company. Gravitas distributes in particular independent films and documentaries to international digital platforms. The transaction is based on a purchase price of USD 73 million and an additional component in the form of common shares. This decision reflects the orientation of ProSiebenSat.1 Group's Entertainment segment, which is clearly focused on the German-speaking region (Germany, Austria, Switzerland) as its core market.

ProSiebenSat.1 Group practices active financial management and uses various financing instruments. In this context, the Group already repaid the EUR 600 million note originally maturing in April 2021 ahead of time at nominal value (plus interest accrued up to this repayment date) from cash on January 15, 2021, after the Company exercised its three-month termination right under the terms and conditions of the note in December 2020. In addition, the Group used the currently attractive conditions on the capital market in the past financial year to implement a new refinancing measure: At the beginning of October 2021, ProSiebenSat.1 Media SE successfully concluded new promissory notes totaling EUR 700 million with tenors of four, six, eight, and ten years. The volume-weighted tenor of the new promissory loan offering over the four tenors is around 5.9 years. ProSiebenSat.1 thus further extended and diversified the debt maturity profile of its financing instruments. The proceeds from the promissory notes were used to prepay existing term loans under the senior facilities agreement ahead of schedule on October 8, 2021. The prepayment amount totaled EUR 900 million, reducing the Group's term loans from EUR 2.1 billion to EUR 1.2 billion. Due to the good development of cash flows in 2021, the Group has also been able to position itself solidly in the long term and to sustainably reduce its gross debt.

→ **Borrowings and Financing Structure**

GROUP EARNINGS

REVENUES

ProSiebenSat.1 Group recorded dynamic revenue growth in 2021: **Group revenues** increased by 11% or EUR 447 million year-on-year to EUR 4,494 million. The biggest growth driver was the Entertainment segment, with significantly higher advertising revenues than expected at the beginning of the financial year. At the same time, the synergistic diversification that the Group is driving forward in all segments is paying off. Part of this strategy was also the acquisition of the US online dating provider The Meet Group in September 2020, which has since strengthened the Dating & Video segment and had a very positive impact on Group revenues.

Even adjusted for currency effects and portfolio changes, Group revenues for the full year increased significantly by 10% to EUR 4,276 million (previous year: EUR 3,895 million)⁷. With the effects of the pandemic restrictions still noticeable in the first quarter of 2021, the Group posted record revenues for the corresponding period in both the second and third quarters. The key driver here was the Group's Entertainment advertising revenues, which recovered with dynamic growth from the second quarter onwards. These also recorded an increase in the third and fourth quarters – both year-on-year and compared with the pre-Corona year 2019. In addition, adjusted for portfolio and currency effects, the Commerce & Ventures segment contributed to the strong organic growth over the full-year.

EXTERNAL REVENUES¹

in EUR m

	Entertainment		Dating & Video		Commerce & Ventures		Total Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Advertising revenues	2,323	2,090	—	—	150	135	2,473	2,225
DACH ²	2,083	1,873	—	—	150	135	2,233	2,007
Rest of the world	240	217	—	—	—	—	240	217
Distribution	179	169	—	—	—	—	179	169
Content	491	394	—	—	—	—	491	394
Europe	198	144	—	—	—	—	198	144
Rest of the world	293	250	—	—	—	—	293	250
Dating & Video	—	—	542	333	—	—	542	333
Dating	—	—	278	249	—	—	278	249
Video	—	—	263	84	—	—	263	84
Digital Platform & Commerce	—	—	—	—	701	807	701	807
Consumer advice	—	—	—	—	192	211	192	211
Experiences	—	—	—	—	77	87	77	87
Beauty & lifestyle	—	—	—	—	433	509	433	509
Other revenues	105	116	—	—	3	4	108	119
Total	3,098	2,768	542	333	854	945	4,494	4,047

¹ The previous year's figures have been adjusted to the segment structure in place since the first quarter of 2021.

² DACH = German-speaking region (Germany, Austria, Switzerland).

⁷ This does not include revenues from The Meet Group (acquired in September 2020) for the months January to August 2021. The contributions of myLoc, the hosting and infrastructure provider sold as of the end of September 2020, were also not included for the months January to September 2020. The contributions of the OTC provider WindStar, which was sold at the beginning of December 2020, were not included for the months January to November 2020, and the contribution of the film and TV distribution company Gravitas, sold as of mid-November 2021, was not included for the month of December 2020. Currency effects are determined by translating the previous year's revenues using the average rates applied in currency translation in the current financial year.

External revenues in the **Entertainment** segment increased to EUR 3,098 million in the financial year 2021 and were thus 12% or EUR 329 million above the previous year's figure. This increase reflects the momentum of the advertising business, which has recovered significantly, and better than initially expected, from the impact of the pandemic. For the full-year, the segment's advertising revenues grew 11% and were thus 2% above the level of the pre-Corona year 2019. Following a high-growth second and third quarter, advertising revenues in the fourth quarter not only exceeded the comparatively high level from the previous year, but were also above the pre-Corona level of the fourth quarter of 2019.

At the same time, the program production business recovered from the effects of the pandemic and developed dynamically in 2021: Revenues from program production and program sales increased significantly by 25% year-on-year. Distribution revenues grew by 6%, particularly reflecting a higher reach and increased HD usage. By contrast, other revenues declined due to consolidation: They were 9% below the previous year as a result of the deconsolidation of hosting provider myLoc managed IT AG ("myLoc") in September 2020. Adjusted for currency effects and portfolio changes, growth in external segment revenues amounted to 13%.

External revenues in the **Dating & Video** segment amounted to EUR 542 million for the full year, up EUR 209 million on the previous year's figure. This significant increase of 63% was driven by the acquisition of The Meet Group, which has been complementing the Group's portfolio synergistically since September 2020. Since this acquisition, the main revenue market⁸ of ParshipMeet Group has been the USA, which contributed 55% to the segment's revenues in 2021 (previous year: 42%). The German-speaking region accounted for 28% of revenues (previous year: 42%) and the rest of the world for 17% (previous year: 16%).

The Dating unit contributed EUR 278 million, or 51%, to the segment's external revenues (previous year: EUR 249 million). The Video unit generated a revenue contribution of EUR 263 million (previous year: EUR 84 million). The previous year's figure corresponds to the revenue contribution of the Video business from the consolidation of The Meet Group in September 2020. Its most important revenue market is the US, where government stimulus programs stimulated private consumption in the financial year 2021. This had a positive effect on Video revenues, particularly in the first quarter of 2021.

Adjusted for currency effects and portfolio changes, revenues in the Dating & Video segment were almost at the level of the previous year. While the US matchmaking service eharmony recorded strong organic growth year-on-year, the high previous-year figure had the opposite effect for ParshipMeet-Group: In 2020, ParshipMeetGroup had strongly benefited from the restrictions on public life resulting from the pandemic and accordingly dynamically increased its revenues.

→ Group Environment

External revenues in the **Commerce & Ventures** segment amounted to EUR 854 million in 2021 (previous year: EUR 945 million), 10% below the previous year's figure, particularly due to deconsolidations. This development mainly reflects the disposal of the OTC provider WindStar Medical GmbH (WindStar, Beauty & lifestyle) in December 2020.

Segment revenues adjusted for currency effects and portfolio changes thus increased, recording an increase of 3% or EUR 25 million. Organic growth was achieved particularly by the online beauty provider Flaconi GmbH ("Flaconi", Beauty & lifestyle). Strong growth rates were also recorded by the car rental comparison portal billiger-mietwagen (Silvertours GmbH, "Silvertours", Consumer advice), albeit not yet at pre-pandemic levels. At the same time, the investment vehicle SevenGrowth and SevenVentures, with the media-for-equity and media-for-revenue businesses, increased their revenues. By contrast, the increasingly difficult situation in the energy market had a negative impact on the online comparison portal of Verivox GmbH (Verivox, Consumer advice). In addition, the experience and leisure business of Jochen Schweizer mydays Holding GmbH (Jochen

⁸ Revenues generated at the customer's location.

Schweizer mydays; Experiences) was negatively impacted by the pandemic environment. This particularly applies to the fourth quarter and the general reluctance to buy against the backdrop of the Omicron wave.

→ Development of Relevant Market Environments

REVENUE SHARE BY SEGMENT¹

	2021	2020
Entertainment		
Advertising revenues DACH ²	46%	46%
Other Entertainment revenues	23%	22%
Dating & Video	12%	8%
Commerce & Ventures	19%	23%

1 The previous year's figures have been adjusted to the segment structure in place since the first quarter of 2021.

2 DACH = German-speaking region (Germany, Austria, Switzerland).

REVENUES BY REGION¹

in EUR m

	2021	2020
DACH ²	3,504	3,349
USA	878	620
Other	111	77
Revenues	4,494	4,047

1 Revenues, generated at the subsidiary's registered office.

2 DACH = German-speaking region (Germany, Austria, Switzerland).

» INFORMATION

At 78%, ProSiebenSat.1 Group generates the majority of its revenues in the DACH region (previous year: 83%).

ADJUSTED EBITDA

ProSiebenSat.1 Group's **adjusted EBITDA** increased significantly over full-year 2021, reflecting the strong growth in revenues and particularly the recovery of the advertising market: Adjusted EBITDA amounted to EUR 840 million in 2021, a clear increase of 19% or EUR 135 million compared with the previous year. The **adjusted EBITDA margin** increased accordingly to 18.7% (previous year: 17.4%). The Group's dynamic revenue growth thus more than compensated for the as expected increased investments in programming in 2021, enabling the Group to increase its profitability for the year. As announced at the beginning of the year, the Group is taking advantage of the positive advertising market environment to strengthen the reach and market share of its entertainment offerings in the medium- and long-term by focusing on local and live content.

ADJUSTED EBITDA BY SEGMENT¹

in EUR m

	2021	2020	Absolute change	Change in %	Adjusted EBITDA margin 2021 (in %) ²	Adjusted EBITDA margin 2020 (in %) ²
Entertainment	698	561	137	24.4	21.7	19.4
Dating & Video	119	80	39	48.7	21.9	23.9
Commerce & Ventures	50	84	-34	-40.6	5.8	8.7
Reconciliation (Holding & other)	-26	-19	-7	38.6	—	—
Total adjusted EBITDA	840	706	135	19.1	18.7	17.4

¹ The previous year's figures have been adjusted to the segment structure in place since the first quarter of 2021.

² Based on segment revenues.

The **Entertainment** segment increased its **adjusted EBITDA** by EUR 137 million to EUR 698 million in the financial year 2021, while the **adjusted EBITDA margin** rose to 21.7% (previous year: 19.4%). These positive developments were driven primarily by growth in the advertising business, which has been steadily recovering from the effects of the pandemic since the second quarter of 2021. In addition, revenue growth in the content and distribution business improved the segment's profitability. Higher investments in programming, as expected, had the opposite effect, although this was overcompensated by the very good advertising business performance. The Group's goal is to consolidate its market leadership in the advertising-relevant target group in prime time with its programming strategy and a focus on local, relevant live content.

The **Dating & Video** segment also recorded an increase in earnings: **Adjusted EBITDA** grew by EUR 39 million to EUR 119 million in the financial year 2021. This is mainly due to the acquisition of The Meet Group in September 2020 and thus its inclusion in the financial year 2021 in total. By contrast, the **adjusted EBITDA margin** of the segment declined to 21.9% (previous year: 23.9%) and reflects the different margin structures of the business areas within the Dating & Video portfolio.

Adjusted EBITDA of the **Commerce & Ventures** segment amounted to EUR 50 million for the full year, down EUR 34 million on the previous year's figure of EUR 84 million. The **adjusted EBITDA margin** declined to 5.8% (previous year: 8.7%). The earnings performance was characterized by the effects that also impacted the segment's revenues: On the one hand, the disposal of WindStar and its positive earnings contribution of EUR 18 million in the previous year had a major impact. Secondly there were investments in new growth initiatives and temporary effects. These characterized the earnings performance in the fourth quarter of 2021 in particular. In view of rising infection rates due to the omicron outbreak, consumers were cautious in their consumption behavior, while the high rate of inflation and the increasingly tense situation on the energy market also had an impact. The latter impacted the business of our price comparison portal Verivox.

→ Revenues

EBITDA

The Group's EBITDA in the financial year 2021 included **reconciling items** of minus EUR 36 million, compared with plus EUR 95 million in the previous year. The previous year's figure was mainly impacted by income from changes in the scope of consolidation, including the disposals of WindStar (EUR 106 million) and myLoc (EUR 35 million).

The reconciling items include **income to be adjusted** of EUR 7 million, compared with EUR 141 million for the 2020 financial year. **Expenses** also included in the reconciling items and **to be adjusted** in adjusted EBITDA amounted to EUR 43 million (previous year: EUR 46 million). The largest single item was M&A expenses, which amounted to EUR 12 million and were distributed almost equally among the three segments (previous year: EUR 24 million). Expenses from changes in the scope of consolidation amounted to EUR 10 million (previous year: EUR 0 million) and are almost entirely related to the disposal of Gravitas (EUR 10 million) in the fourth quarter of 2021.

Depreciation, amortization and impairments amounted to EUR 251 million in the financial year 2021 (previous year: EUR 248 million). Amortization of intangible assets amounted to EUR 155 million (previous year: EUR 160 million) and, like depreciation of property, plant and equipment, was slightly below the previous year's level (EUR 77 million; previous year: EUR 80 million). Impairments amounted to EUR 29 million (previous year: EUR 8 million) and were mainly recognized on intangible assets in the Entertainment and Commerce & Ventures segments, although this development was also positively offset by a reversal of impairments in Commerce & Ventures amounting to EUR 9 million.

PRESENTATION OF RECONCILING ITEMS WITHIN ADJUSTED EBITDA

in EUR m

	2021	2020
Adjusted EBITDA	840	706
Income from changes in scope of consolidation	1	140
Income from other one-time items	6	1
Income adjustments	7	141
M&A related expenses	-12	-24
Reorganization expenses	-7	-6
Expenses for legal claims	-1	-3
Fair value adjustments of share-based payments	-4	-5
Expenses from changes in scope of consolidation	-10	—
Expenses from other one-time items	-8	-7
Valuation effects relating to strategic realignments of business units	-1	-1
Expense adjustments	-43	-46
Reconciling items	-36	95
EBITDA	804	801

In this context, **EBITDA** increased slightly by EUR 3 million to EUR 804 million in financial year 2021. **EBIT** amounted to EUR 553 million (previous year: EUR 553 million) and was thus at the previous year's level despite significantly higher revenues. The previous year's figure is characterized by the positive reconciling items of EUR 95 million described above and, in particular, the income from changes in the scope of consolidation of EUR 140 million included therein. In addition, cost of sales and selling expenses increased in 2021 compared to the previous year reflecting the Group's growth. The following table provides a reconciliation of the various earnings figures to net income:

RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME

in EUR m

	2021	2020	Absolute change	Change in %
Adjusted EBITDA	840	706	135	19.1
Reconciling items	-36	95	-131	~
EBITDA	804	801	3	0.4
Depreciation, amortization and impairment	-251	-248	-3	1.1
thereof from purchase price allocations	-58	-52	-6	11.0
Operating result (EBIT)	553	553	0	0.1
Financial result	54	-183	237	~
Income taxes	-165	-118	-47	40.1
Net income	442	252	190	75.3

FINANCIAL RESULT

The **financial result** improved significantly in the 2021 reporting period compared with the previous year and amounted to EUR 54 million (previous year: EUR -183 million). The very positive development of the financial result is characterized by the following developments:

The **interest result** showed a significant improvement to minus EUR 40 million (previous year: EUR -73 million). This was primarily due to the early bond repayment in January 2021. In addition, the **result from investments accounted for using the equity method**, also recognized in interest result, improved to minus EUR 41 million (previous year: EUR -77 million). As in the previous year, this mainly includes the Group's 50% share in the profit or loss of Joyn for the period.

The **other financial result** amounted to EUR 135 million (previous year: EUR -32 million). Firstly, this includes the valuation effects from other financial instruments of EUR 130 million (previous year: EUR 7 million), which were made up of various individual items. The largest single item is a positive valuation effect from fund investments of EUR 66 million (previous year: EUR 20 million). In addition, the valuation effect from other financial instruments is primarily characterized by the investment in ABOUT YOU (EUR 48 million). The other financial result also includes income of EUR 15 million from the valuation of contingent purchase price liabilities (previous year: EUR -30 million).

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

Currency translation results improved by EUR 7 million and amounted to EUR 1 million (previous year: EUR -6 million).

INCOME TAXES

In the financial year 2021, ProSiebenSat.1 Group recorded expenses from **income taxes** of EUR 165 million (previous year: EUR 118 million). The increase compared with the previous year resulted primarily from the increase in the result before income taxes. Furthermore, the figures for 2021 take into account an adjustment of the provision for uncertain tax positions due to a decree by the tax authorities regarding a trade tax reduction for amounts from taxation under the controlled foreign corporation (CFC) rules of EUR 14 million. In addition, the effective tax rate was influenced by tax-free valuation effects and by non-capitalized deferred taxes on losses and income from investments accounted for using the equity method. The effective tax rate decreased from 31.9% in financial year 2020 to 27.2% for financial year 2021. The adjusted tax rate amounted to 34.9%, mainly due to the adjustment of the valuation effects and the aforementioned adjustment of the tax provision relating to the trade tax reduction from taxation under the controlled foreign corporation (CFC) rules.

NET INCOME AND ADJUSTED NET INCOME

INCOME STATEMENT

in EUR m

	2021	2020
Revenues	4,494	4,047
Cost of sales	-2,746	-2,468
Selling expenses	-712	-646
Administrative expenses	-501	-538
Other operating income/expenses	18	157
Operating result (EBIT)	553	553
Financial result	54	-183
Income taxes	-165	-118
Net income	442	252
Attributable to shareholders of ProSiebenSat.1 Media SE	449	267
Attributable to non-controlling interests	-7	-15

For the reasons mentioned, **net income** showed very significant growth, increasing by 75%, or EUR 190 million, to EUR 442 million. At the same time, **adjusted net income** moved up by 64%, or EUR 141 million, to EUR 362 million. As a result, **adjusted earnings per share** also showed clear growth, rising to EUR 1.60 (previous year: EUR 0.98). This positive development is reflected in the dividend proposal to shareholders.

→ Allocation of Profits

The reconciling items relevant for calculating adjusted net income are presented in the reconciliation below:

RECONCILIATION OF ADJUSTED NET INCOME

in EUR m

	2021	2020	Absolute change	Change in %
Net income	442	252	190	75.3
Reconciling items within EBITDA	36	-95	131	~
Depreciation, amortization and impairments from purchase price allocations	59 ²	52	6	11.9
Valuation effects in other financial result	-130	-7	-123	~
Valuation effects of put-options and earn-out liabilities ¹	-12	33	-45	~
Valuation effects from interest rate hedging transactions	—	-1	1	-100.0
Other effects	-5	12	-16	~
Tax effects on adjustments	-29	-19	-10	53.3
Subtotal	362	228	134	58.8
Net income attributable to non-controlling interests	7	15	-7	-49.8
Adjustments attributable to non-controlling interests	-7	-21	14	-68.8
Net income attributable to adjusted non-controlling interests	1	-6	7	~
Adjusted net income	362	221	141	63.8
Adjusted earnings per share (in EUR)	1.60	0.98		

¹ Including compounding and foreign currency effects of EUR 4 million (previous year: EUR 3 million).

² Including impacts on associates consolidated using the equity method in the amount of EUR 0 million.

FUNCTIONAL COSTS

The **cost of sales** rose by 11% to EUR 2,746 million (previous year: EUR 2,468 million) in the financial year 2021. Contributing to this increase were growth-related cost increases, especially in program production (EUR 75 million) and at the online beauty provider Flaconi (EUR 35 million), as well as higher consumption of programming assets of EUR 29 million (+3% y-o-y). In addition to these factors, which particularly reflect strong organic revenue growth, the acquisition of The Meet Group (EUR 161 million) had a cost-increasing effect compared with the previous year, which was partially offset by the disposal of WindStar (EUR 82 million). Adjusted for these portfolio effects, the increase in the cost of sales was only 8%, or EUR 199 million, while revenues expanded by 9% in the same period and from the same perspective.

As expected, programming expenses included in the cost of sales increased in the financial year, rising to EUR 1,055 million (previous year: EUR 1,023 million). In the previous year, the Group announced that it would be taking advantage of the positive advertising market environment to increase investments in its local program in order to expand its reach across all platforms, strengthen its competitive position, and thus also create the conditions for further advertising revenue growth in the future. Programming expenses for the full-year include in particular a consumption of programming assets of EUR 995 million (previous year: EUR 966 million) and expenses for productions directly expensed of EUR 60 million (previous year: EUR 57 million).

The Group's **selling expenses** rose by 10% to EUR 712 million (previous year: EUR 646 million). This development was driven primarily by the acquisition of The Meet Group (EUR 21 million). At the same time, selling expenses increased as a result of growth, for example at Flaconi (EUR 16 million).

By contrast, the Group's **administrative expenses** declined, amounting to EUR 501 million in the financial year 2021. The reasons for this decrease of 7% or EUR 37 million include lower expenses for consultancy services, lower depreciation on property, plant and equipment, and lower building costs.

Personnel expenses reported in cost of sales, selling expenses and administrative expenses totaled EUR 814 million. This corresponds to an increase of 14% or EUR 97 million compared with the previous year. This is mainly due to the dynamic development in all segments, with the higher business volume in program production (EUR 37 million) and the acquisition of The Meet Group (EUR 33 million) having a particular effect. In addition, higher provisions for variable compensation and the payment of a coronavirus bonus also had an impact.

ALLOCATION OF PROFITS

Since financial year 2018, ProSiebenSat.1 Media SE has pursued a general dividend policy of distributing around 50% of adjusted net income to the shareholders as a dividend. The Group uses cash inflows exceeding the dividend distribution primarily for investments in organic and inorganic growth as well as for debt reduction.

In view of the significant growth in adjusted net income and a successful business performance in the financial year 2021, the Executive Board recommends to the Supervisory Board, in line with the Group's dividend policy, to propose to the Annual General Meeting a dividend of EUR 0.80 for the financial year, which is significantly higher than the dividend of the previous year (EUR 0.49). This corresponds to a dividend yield of 5.7% based on the closing price of the ProSiebenSat.1 shares at the end of 2021 (previous year: 3.6%). The total dividend will thus increase to EUR 181 million, compared with EUR 111 million in the previous year.

RETURN ON CAPITAL EMPLOYED (ROCE)

ProSiebenSat.1 Group measures the medium-term financial success of the company on the basis of P7S1 ROCE (return on capital employed). In the medium-term, the Group is targeting a figure of more than 15% here. Against the background of the improved operating performance and the consistent sustainable management of the Group, ProSiebenSat.1 Group's **return on capital employed (P7S1 ROCE)** improved significantly to 14.1% in the financial year 2021. In the previous year, the figure was still 10.5%. The increase is mainly attributable to the positive development of adjusted EBIT. The increase in capital employed was caused in particular by the acquisition of The Meet Group in the third quarter of 2020.

→ [Planning and Management](#)

CALCULATION OF P7S1 ROCE

in EUR m

	2021	2020
Adjusted EBIT ¹	652	514
Plus pension expenses	1	2
Plus result from investments accounted for using the equity method	-41	-77
Return (ROCE)	612	439
Capital employed (average)²	4,337	4,189
P7S1 ROCE (in %)	14.1	10.5

1 Adjusted EBIT: Stands for adjusted earnings before interest and taxes. It describes the operating result (earnings before interest and taxes) adjusted for certain influencing factors (reconciling items). These factors include the reconciling items that flow into adjusted EBITDA as well as depreciation, amortization and impairments from purchase price allocations.

2 Capital employed is the difference between intangible assets (incl. goodwill and purchase price allocation), property, plant and equipment, investments accounted for using the equity method, media-for-equity investments, program assets, inventories, account receivables and other current assets less other provisions, trade payables, liabilities to at equity investments and other liabilities.

The figure relates to the average of the reporting dates of the last five quarters.

FINANCIAL PERFORMANCE OF THE GROUP

Total assets amounted to EUR 6,587 million as of December 31, 2021 (December 31, 2020: EUR 7,081 million), thus decreasing by 7% compared with the previous year's reporting date. Key changes compared with the reporting date in the previous year are described below:

FINANCIAL PERFORMANCE

in EUR m

	12/31/2021	12/31/2020	Absolute change	Absolute in %
Assets				
Goodwill	2,163	2,177	-14	-1
Programming assets	973	1,072	-99	-9
Other intangible assets	867	943	-76	-8
Property, plant and equipment	495	443	52	12
Other	484	341	143	42
Non-current assets	4,982	4,975	7	0
Programming assets	172	141	30	22
Trade receivables	504	569	-65	-11
Other	334	172	163	95
Cash and cash equivalents	594	1,224	-630	-51
Current assets	1,605	2,106	-502	-24
Total assets	6,587	7,081	-495	-7
Liabilities				
Equity	2,099	1,687	412	24
Non-current financial debt	2,395	2,591	-197	-8
Other	743	826	-82	-10
Non-current liabilities	3,138	3,417	-279	-8
Current financial debt	51	601	-550	-92
Other	1,299	1,376	-77	-6
Current liabilities	1,350	1,977	-627	-32
Total equity and liabilities	6,587	7,081	-495	-7

Programming assets amounted to EUR 1,145 million (December 31, 2020: EUR 1,213 million). The development of programming assets is characterized by different effects: Due to higher impairments, consumption increased to EUR 1,026 million in the full year (previous year: EUR 999 million). At the same time, additions to programming assets decreased, reflecting our content strategy focused on local and live content. Against this background, investments in licensed programming decreased in 2021. The individual carrying amounts as of December 31 were as follows:

STATEMENT OF CHANGES IN PROGRAMMING ASSETS

in EUR m

	2021	2020
Carrying amount 01/01	1,213	1,204
Additions	983	1,027
Disposals	-25	-17
Consumption	-1,026	-999
Other change	-1	-1
Carrying amount 12/31	1,145	1,213

ProSiebenSat.1 Group generally settles the financial obligations from programming rights purchases in US dollars. To hedge against exchange rate fluctuations, the Group applies a range of derivative and non-derivative financial instruments in the form of currency forwards, foreign currency swaps, foreign currency options and foreign currency cash positions. As of December 31, 2021, the hedge ratio was 76% based on the total volume of all future US dollar payments resulting from existing license agreements that will fall due within a strategic hedge horizon of seven years (December 31, 2020: 80%).

EARNINGS EFFECTS OF PROGRAMMING ASSETS

in EUR m

	2021	2020
Consumption	1,026	999
Change in provision for onerous contracts	-31	-33
Consumption incl. change in provision for onerous contracts	995	966

Other intangible assets declined by 8% to EUR 867 million at the end of the financial year (December 31, 2020: EUR 943 million). This was mainly due to the deconsolidations carried out in the past financial year.

Property, plant and equipment increased by 12% to EUR 495 million (December 31, 2020: EUR 443 million). The main reasons for this are newly rented commercial spaces in Germany and advance payments made in connection with the new campus building in Unterföhring.

Other non-current assets grew by 42% and amounted to EUR 484 million (December 31, 2020: EUR 341 million). This increase is attributable, among other things, to the investment in the sport and fitness platform Urban Sports Club, whose investment is accounted for using the equity method, and positive valuation effects from fund investments.

A very significant increase was recorded in other **current assets**, which nearly doubled to EUR 334 million (December 31, 2020: EUR 172 million). One reason for this were positive valuation effects from the IPO of ABOUT YOU. Other reasons include the increase in income tax prepayments as a result of the positive earnings development and higher short-term foreign currency hedges.

By contrast, **current trade receivables** declined by 11% to EUR 504 million as of the reporting date (December 31, 2020: EUR 569 million).

Cash and cash equivalents amounted to EUR 594 million (December 31, 2020: EUR 1,224 million). This significant decrease compared to the previous year's reporting date reflects the Group's active financial management. In January 2021, for example, ProSiebenSat.1 repaid a bond with a volume of EUR 600 million ahead of schedule. In addition, the Group is continuing its general dividend policy and distributed EUR 111 million to its shareholders as a dividend in June 2021.

→ Borrowings and Financing Structure

Equity increased by 24% to EUR 2,099 million (December 31, 2020: EUR 1,687 million). On the one hand, this development is attributable to the positive net income in the reporting period. On the

other hand, the currency translation of foreign subsidiaries' financial statements and the value performance of long-term foreign currency hedges in US dollars had an impact. In line with this, the equity ratio increased to 31.9% (December 31, 2020: 23.8%). The early repayment of a bond originally maturing in April 2021, with a carrying amount of EUR 600 million, had a significant positive impact on total capital.

Financial debt decreased significantly, in particular as a result of the early bond repayment, amounting to EUR 2,446 million (December 31, 2020: EUR 3,192 million).

The 10% change in **other non-current liabilities** to EUR 743 million (December 31, 2020: EUR 826 million) is mainly attributable to the decrease in contingent purchase price liabilities.

Other current liabilities also declined to EUR 1,299 million (December 31, 2020: EUR 1,376 million). The decrease is mainly due to lower trade payables and lower provisions for onerous contracts compared with the previous year.

NET WORKING CAPITAL

NET WORKING CAPITAL

in EUR m

	12/31/2021	12/31/2020
Inventories	49	44
Receivables	517	588
Trade payables	607	692
Net working capital	-40	-60

ProSiebenSat.1 Group's **net working capital** amounted to minus EUR 40 million as of December 31, 2021 (December 31, 2020: EUR -60 million). The ratio of average net working capital to revenues of the past twelve months was minus 0.9% as of December 31, 2021 (December 31, 2020: -1.5%).

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

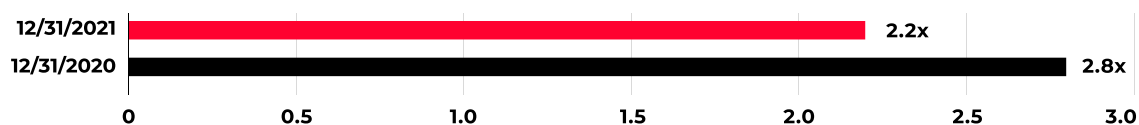
	12/31/2021	12/31/2020
Financial debt		
Term loan	1,197	2,092
Notes	—	600
Promissory notes	1,198	499
Other loans	51	1
Financial debt	2,446	3,192
Cash and cash equivalents	594	1,224
Net financial debt	1,852	1,968

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.

OVERALL ASSESSMENT FROM THE MANAGEMENT'S VIEW: RISK AND OPPORTUNITY SITUATION

The digital development opens up new growth markets for all of our segments. Media usage, for example, is becoming more and more diverse, while video is being consumed increasingly independently of time and place. In order to actively shape this transformation and translate it into growth potential, we bundled our entire entertainment portfolio into one segment last year and integrated it even more closely. We can thus take full advantage of our synergies and produce and offer programming across all platforms and develop cross-media advertising concepts. At the same time, we want to differentiate ourselves more clearly from the global streaming providers with a greater focus on local and live programs. The trend toward digitalization will continue in the years to come and has gained momentum in many areas, such as e-commerce or video dating, in the wake of the COVID-19 pandemic. There are also risks here. Therefore, the identification and management of potential opportunities is just as important for our Company as the recognition and controlling of potential risks. However, we estimate that there are currently no identifiable risks that could have a material adverse effect on our business performance. The overall risk has not changed. This also applies to the opportunity situation, which is heavily dependent on further macroeconomic developments.

RISK REPORT

PROCESS MANAGEMENT

ProSiebenSat.1 Group has a comprehensive risk management system, which covers all activities, products, processes, departments, investments, and subsidiaries that could have an adverse impact on our Company's business performance. The traditional risk management process is structured into four phases:

1. Identification: The basis is to identify material risks by means of a target/actual comparison. The decentralized risk managers are responsible for this. They use early warning indicators defined for relevant circumstances and key figures. For example, the development of audience shares is an important early warning indicator.

→ **Intragroup Management System**

2. Assessment: The relevant consolidated risks are assessed on the basis of a matrix. On the one hand, the circumstances are categorized on a five-level percentage scale in terms of the likelihood of their occurrence. On the other hand, their level of potential financial impact is estimated; the financial equivalents are likewise broken down into five levels. Using the matrix presentation, potential risks are classified as "high", "medium" or "low" depending on their relative significance (matrix presentation, page 154). In addition to classification, risk assessment also includes analyzing causes and interactions. Measures to counteract or minimize risks are included in the assessment (net assessment). In order to obtain the most precise view of the risk situation possible, however, opportunities are not taken into account.

→ **Opportunity Report**

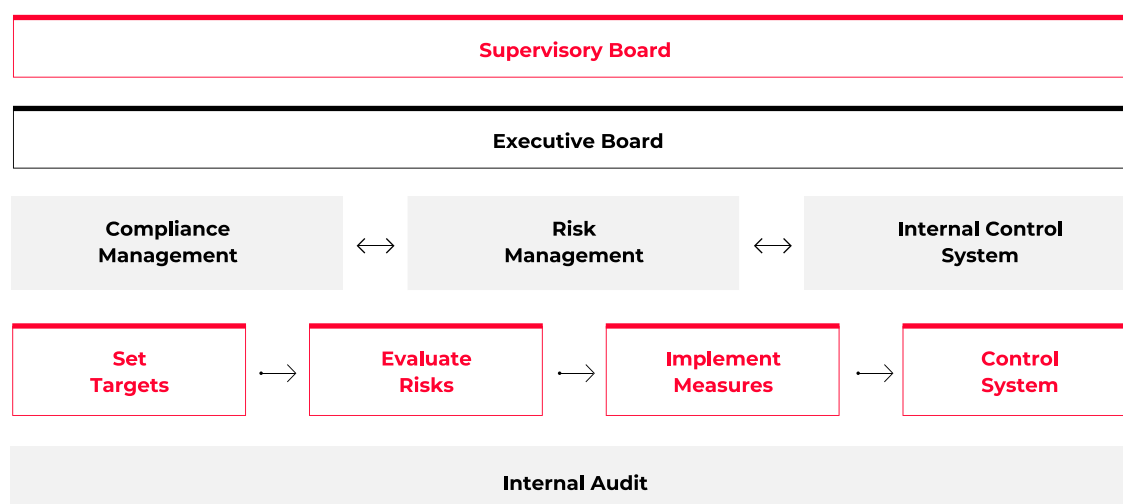
3. Management: Using appropriate measures, ProSiebenSat.1 Group can reduce the likelihood of occurrence of potential losses and limit or reduce possible damage. In order to handle risks safely, it is therefore very important to take adequate countermeasures as soon as an indicator exceeds a certain tolerance limit.

4. Monitoring: Risk monitoring and risk reporting round off the risk management process. The aim is to monitor changes and review the effectiveness of the management measures taken. Monitoring also includes documentation, which ensures that all hierarchy levels relevant to decision-making have adequate information on risks.

» **INFORMATION**

Risk is defined in this report as a potential future development or event that could significantly influence our business situation and result in a negative deviation from targets or forecasts. The risk indicators that we have already taken into account in our financial planning or in the Consolidated Financial Statements as of December 31, 2021, therefore do not come under this definition and are consequently not explained in this Risk Report.

RISK MANAGEMENT SYSTEM



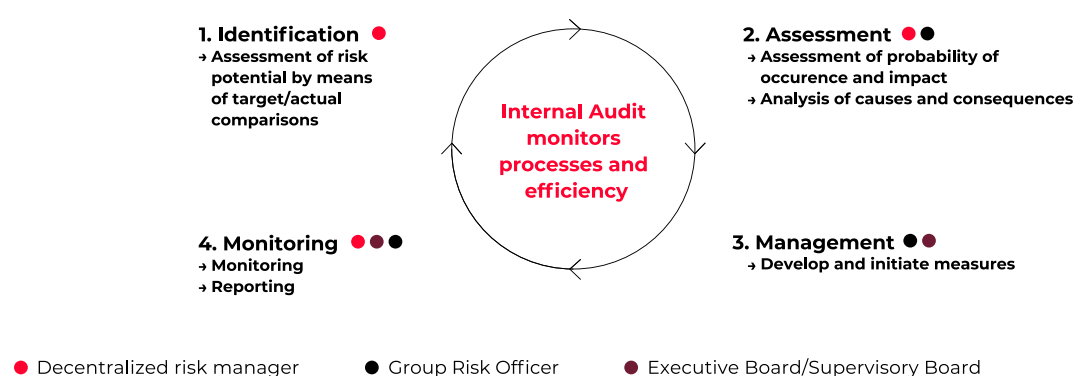
In addition to a structured process, the fundamental requirements for handling risks safely throughout the Group include clear decision-making structures, standardized guidelines, and a methodical approach by the responsible bodies. At the same time, processes and organizational structures must be flexible enough to allow ProSiebenSat.1 Group to respond appropriately to new situations at all times. For this reason, the regular classification of risks takes place on a decentralized basis and thus directly in the different corporate units, as described below:

- **Decentralized risk managers:** The decentralized risk managers identify the risks from their respective area of responsibility according to the standard Group system described. They document their results in an IT database every quarter.
- **Group Risk Officer:** The Group Risk Officer reports the risks identified in the database to the Executive Board and Supervisory Board on a quarterly basis. In addition, relevant risks arising at short notice are reported immediately. In this way, the Executive Board and Supervisory Board receive all analyses and data relevant to decision-making regularly and at an early stage so that they can respond appropriately.

- The **Risk Office** supports the various corporate units in identifying risk at an early stage. It ensures the efficacy and timeliness of the system by training the decentralized risk managers and continually monitoring the scope of risk consolidation. Moreover, the Internal Audit unit regularly reviews the quality and compliance of the risk management system. The results are reported directly to the Group CFO and then discussed in the Executive Board and presented to the Supervisory Board for its information.

The regular review of the risk management system by Internal Audit as well as by external experts generated a positive result. The basis for the audit is the so-called risk management handbook. This handbook summarizes company-specific principles and reflects the internationally recognized frameworks for enterprise risk management and internal control systems of COSO (Committee of Sponsoring Organizations of the Treadway Commission).

RISK MANAGEMENT PROCESS



DEVELOPMENT OF RISKS

ProSiebenSat.1 Group's overall risk situation is unchanged as of December 31, 2021, in comparison to the previous year. Private consumption in Germany particularly benefited from the ongoing normalization of the pandemic situation last year thanks to progress with vaccination and the decline in infection rates in summer 2021. In this context, demand for advertising also increased rapidly and noticeably over the year. Although the emergence and rapid spread of the highly infectious Omicron variant of the virus at the end of the year led to fresh uncertainty with regard to the pandemic, this variant causes less serious illness as far as we currently know and is leading to fewer restrictions in everyday life. At the same time, supply bottlenecks and inflationary trends are affecting the economic environment in Germany. Moreover, it is currently difficult to judge how the Russia/Ukraine war will develop.

We estimate that there are currently no risks that, either individually or in combination with other risks, could have a material or lasting adverse effect on earnings, financial position and performance. The identified risks pose no threat as a going concern, even looking into the future.

» INFORMATION

To assess the overall risk situation, ProSiebenSat.1 Group initially classifies all individual risks as part of the quarterly assessment process (based on an ongoing 12-month view), aggregates them and assigns them to general risks. When assessing the overall risk situation, ProSiebenSat.1 Group weights the risks according to their significance for the Group. The assessment of the overall risk situation is thus the result of an aggregate analysis of the main risk categories of the Group and its three segments Entertainment, Dating &

Video and Commerce & Ventures. To identify existential risks, this assessment is supplemented by the risks evaluated as part of long-term corporate planning. ProSiebenSat.1 Group divides the risks at segment and Group level into the categories of operating risks, finance risks, compliance risks, strategic risks and non-financial risks.

We monitor all risks covered by the risk management process continuously and systematically. These are not necessarily the only risks that the Group faces. However, we are not currently aware of any additional risks that could affect our business activities, or we do not consider them relevant in the context of this report. Risks with an overall risk assessment of low are not reported here; contingent liabilities from possible compliance risks are presented in the Notes to the Consolidated Financial Statements:

→ **Notes to Consolidated Financial Statements, note 31 “Contingent liabilities”**

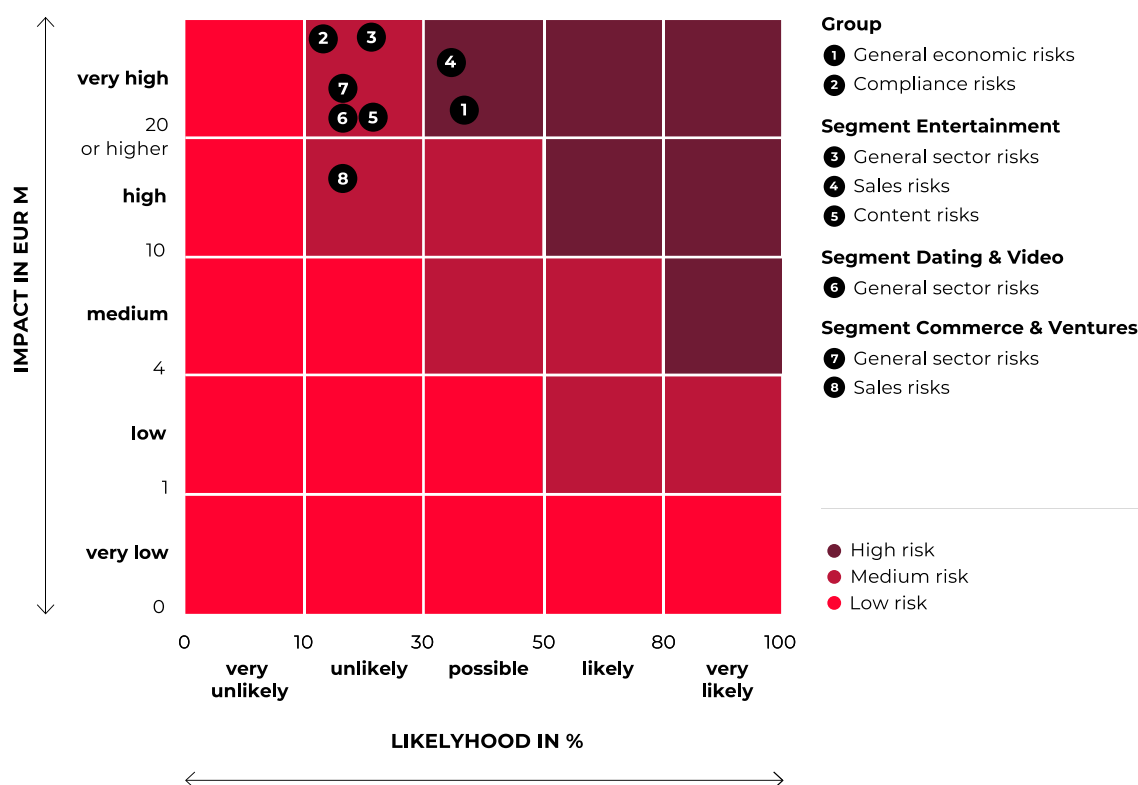
» INFORMATION

This Annual Report only presents relevant risks with a high or very high potential impact. We do not report on risks with a very low, low or medium potential impact here. We do not report on risks with an overall risk assessment of low here. However, if a risk that currently has a very low, low or medium potential impact changes into a risk with a high or very high potential impact, we will include this change in our future Risk Reports. Conversely, if risks which are currently rated as having a high or very high impact are downgraded to a very low, low or medium impact, such risks will not be described in detail in this report except for the change compared to the risk situation published in the Annual Report 2020 itself. Similarly, if a risk with an overall low assessment changes to a risk with an overall medium or overall high assessment, such a risk would be included in our future risk reports as soon as the potential impact of the risk is assessed as high or very high. If, on the other hand, a risk with an overall high or medium assessment changes to a risk with an overall low assessment, this risk would not be described in detail, regardless of the potential impact level – with the exception of the change compared with the risk situation itself published in the Annual Report 2020. The evaluation of likelihood of occurrence and risk impact and the general Group thresholds are unchanged compared to the previous period.

OVERVIEW OF THE RELEVANT RISKS

	Category	Risk	Change as of December 31, 2021 over the previous year	Possible Impact	Probability	Overall Risk
Group	Operating risks	General economic risks	Unchanged	Very High	Possible	High
		Impairment risks	Decreased	High	Very unlikely	Low
	Compliance risks	Compliance risks	Unchanged	Very high	Unlikely	Medium
Segment Entertainment	Operating risks	General sector risks	Unchanged	Very high	Unlikely	Medium
		Sales risks	Unchanged	Very high	Possible	High
		Content risks	Unchanged	Very high	Unlikely	Medium
Segment Dating & Video	Operating risks	General sector risks	Unchanged	Very high	Unlikely	Medium
Segment Commerce & Ventures	Operating risks	General sector risks	Unchanged	Very high	Unlikely	Medium
		Sales risks	Unchanged	High	Unlikely	Medium

OVERVIEW OF THE TOP RISKS



Graphic is not to scale. This Annual Report only presents relevant risks with a high or very high potential impact; we do not report on risks with a very low, low or medium potential impact here.

GROUP LEVEL

Operating Risks

General economic risks: The spread of COVID-19 and its variants had a decisive influence on the global economy for the second year in a row in 2021. In total, however, the economy picked up noticeably around the world. The International Monetary Fund (IMF) calculates that the global economy grew by 5.9% in 2021, following a decline of 3.1% in real terms in 2020 owing to the COVID-19 pandemic.

The German economy was able to recover in 2021, but did not yet reach the pre-crisis level of 2019. Owing to its strong industrial sector, the German economy is particularly affected by supply problems and price increases caused by the rapid global economic recovery and resulting high demand for raw materials and intermediate products last year. Private consumption remained at previous year's level. Although it grew strongly in the two summer quarters, following a weak start to the year, a further rise in infection rates and resulting restrictions caused it to slow again in the fourth quarter. The rising inflation rate towards the end of the year also narrowed private households' scope for consumption.

Nevertheless, the German economy is expected to return to growth after winter 2021/22, given that the global economy remains dynamic, order backlogs in industry are still high and the financial situation of private households is solid, meaning that potential for consumption is correspondingly high. The German government currently anticipates overall economic growth of 3.6% in real terms

for 2022. Forecasts are intrinsically subject to uncertainty, but they are currently particularly high, so the economic recovery could be slower, but it could also be much more dynamic. This will depend in particular on the further progression and intensity of the pandemic with its virus variants. In view of this, we consider general economic risks to be unchanged in comparison to the previous year. As in the previous year, we regard the probability of occurrence as possible; in the event of occurrence, a very high financial impact still cannot therefore be completely ruled out. We continue to rate this as a high risk overall.

→ **Development of Economy and Advertising Market** → **Future Business and Industry Environment**

Impairment risks: The risk of impairment of intangible assets has decreased in its assessment at a Group level due, among other things, to the improved pandemic situation during the course of 2021. We henceforth consider the probability of occurrence to be very unlikely (previous year: unlikely) and the impact to be high (previous year: very high). We therefore rate the risk as low overall (previous year: medium). Consequently, it is not discussed in any further detail in this report.

Compliance Risks

General compliance risks (including statutory reporting requirements, antitrust law, legal proceedings): Digital development is confronting legislators with new challenges, and companies are facing increasingly dense regulation, particularly in the areas of consumer and data protection. The resulting overall risk assessment has not changed for us compared to the previous year: We continue to rate compliance risks as a medium risk with a potentially very high impact and an unlikely likelihood of occurrence. To prevent possible legal violations, we closely monitor developments in the law in order to respond to changes appropriately. Together with policymakers and industry, the Group is aiming to promote the opportunities of digitalization in order to strengthen Germany as a location for business and innovation in the long-term. The following issues are currently top priorities:

The General Data Protection Regulation (GDPR) has harmonized the legal requirements for processing personal data in the European Union. However, the resulting rights and obligations in the area of online advertising still cannot be fully assessed yet. This applies in particular to the requirements for data processing for target group-specific online advertising. The online advertising industry has therefore founded a number of initiatives, such as the Transparency & Consent Framework, now in version 2.0 (TCF 2.0), to enable operators to request users' consent as required by data protection law. It has not yet been clarified whether and to what extent the responsible Belgian data protection authority will object to the TCF mechanism and what amendments it may insist on. The TCF's failure could harm ProSiebenSat.1 Group's advertising-financed business model, as it would make it much harder to obtain the permissions required for advertising feeds. We are also anticipating further legislative action on consent requirements for cookies and other online identifiers in Germany; in addition, a draft law on data protection in telecommunications and teleservices could further restrict central user recognition for the online advertising industry. Following the Schrems II judgment, the European Commission has adopted new standard contractual clauses (SCCs) for data transfers to non-secure third countries (particularly the USA); in order to agree to these clauses, the parties must define or implement additional protective measures. If adequate additional protective measures cannot be agreed on, it will be necessary to fall back on a less suitable provider within the European Economic Area. Notwithstanding the above, the respective operator of an online service and third parties that process data integrated into the online service are jointly responsible within the meaning of Article 26 GDPR. That means that the respective operator of the online service must conclude arrangements on joint data processing (joint controller arrangements, JCAs) with a large number of third parties in order to comply with the requirements of the GDPR.

The German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz), which was adopted in June 2021, will come into force on January 1, 2023. This will require ProSiebenSat.1 Group companies to implement certain appropriate measures to protect against specific risks relating to human rights and the environment, both within their own area of business and with respect to their direct and

indirect business partners. Any breach of the resulting obligations may have significant negative consequences in terms of liability and may lead to legal action and fines.

Various legislative initiatives at European and national level are intended to give consumers more rights. The entry into force of the national transposition of the EU legislative package on digital content and services and the sale of goods on January 1, 2022, strengthens the rights of consumers, particularly in terms of providing remedies regarding digital content, digital services and the purchase of goods. In addition, as part of the “New Deal for Consumers,” the EU Omnibus Directive provides for changes to withdrawal rights, new transparency regulations for online marketplaces and a revision of the Price Indication Regulation (Preisangabenverordnung), among other things. These provisions will come into force at a national level on May 28, 2022. In the event of certain violations, a provider could face fines of up to 4% of its annual revenues. Another component of the “New Deal for Consumers” package is the EU Collective Redress Directive adopted on December 24, 2020, which is to be transposed into national law within two years and will then come into effect six months after that. In the event of certain breaches of EU law, e.g. in the area of general consumer rights or data protection, “qualified entities” will, besides injunctive rights, in future be able to make claims for compensation, repair or contract termination, on behalf of consumers before the national courts. The “Fair Consumer Contracts Act” has also already been adopted, which, among other things, provides for more stringent regulation of long-term contracts, including making it easier for consumers to terminate contracts via an online cancellation button. These regulations will come into force on March 1, 2022, and July 1, 2022, respectively, and will affect parts of the Group’s segments (Commerce & Ventures and Dating & Video).

The dynamics of digital markets mean that adjustments to national and European antitrust law are necessary. Companies that are in a dominant position on the market will face stricter supervision with regard to abuses with the introduction of the German Act against Restraints of Competition (GWB-Digitalisierungsgesetz). An ex ante regulation on digital platforms and centralized implementation of the new regulatory framework have been initiated at European level. These are crucial steps in ensuring equal competitive conditions in digital markets and enabling action to be taken promptly in future against distortions of competition in digital ecosystems.

Finally, the reform of the copyright contract law is also relevant. The new legal regulations contain undefined legal terms and some other vague wording, about which only court rulings and industry practice over the next few years will provide greater legal certainty. We cannot therefore currently foresee the ultimate impact on ProSiebenSat.1 Group.

ENTERTAINMENT SEGMENT

Operating Risks

General sector risks (including consumer trends and reach development): Television remains the most important mass medium, in terms of both reach and media usage time. However, the rising use of the internet has changed media usage behavior on a lasting basis. For a long time now, TV content, for example, has been consumed not only live on TV sets, but also on-demand and on mobile devices such as laptops and smartphones. In general, video services that are available online, such as streaming platforms, show an unbroken high level of acceptance among users. We have aligned our strategy on this basis and are steadily expanding our portfolio.

The Group serves additional media usage interests by disseminating its content through as many channels as possible and offering it in a platform-independent manner. In this way, ProSiebenSat.1 is expanding its digital reach and simultaneously strengthening the brand profile of our classic station portfolio. At the same time, our in-house productions primarily focus on the key advertising period of prime time. In light of this, we feel that the risks of a change in video usage are unchanged compared to the previous year and consider their likelihood of occurrence to be

unlikely. As in the previous year, however, we cannot completely rule out a very high financial impact in the event of a fundamental change. We rate this as a medium risk overall.

→ **Group Environment**

Sales risks: Competition with global platform providers is intense. This entails the risk for the ProSiebenSat.1 Group that advertising customers could become less willing to invest or that prices for TV advertising could fall. We cannot rule out a very high impact on our revenue development in the TV advertising market, although we are pursuing a digital and cross-platform entertainment strategy.

We took this development into account in our financial planning compared with the previous year, whereby our overall risk assessment has not changed. Due to ongoing uncertainty about how the economic environment will develop in the context of the COVID-19 pandemic, the probability of occurrence of sales risks remains possible, as in the previous year, while the impact remains very high, so that we continue to rate overall sales risk as high.

→ **Future Business and Industry Environment**

Content risks: The national and international production market recovered strongly in 2021 compared with the previous year and developed positively. We expect demand for high-quality content to remain high in future, resulting in a positive market environment for the production companies of the ProSiebenSat.1 Group.

However, the production business continues to be affected by the COVID-19 pandemic: Many productions have been confronted with obstacles such as the shutdown of filming locations, logistical challenges, extensive hygiene processes and social distancing. The production companies have nevertheless managed to adapt their processes quickly and efficiently to this situation and have thus largely brought production-related COVID-19 risks under control. These established processes put the companies in a good position as the pandemic progresses, although we cannot completely rule out the possibility that the pandemic may have a further impact on production business in 2022. Consequently, our assessment of content risks is unchanged compared with the end of 2020 (compared with the risk: risks of program production (national and international)): We continue to rate this as a medium risk with a potentially very high impact. We still consider the likelihood of occurrence to be unlikely.

» **INFORMATION**

Risks of national and international program production, risks relating to impairments of programming assets and, in general, any risks relating to content have since 2021 been combined under the new risk "content risks" on an ongoing basis.

DATING & VIDEO SEGMENT

Operating Risks

General sector risks: The market for dating and live video formats has achieved a high level of consumer acceptance in just a few years. However, regulatory changes and intervention at national and international level could lead to risks for the Dating & Video segment's established business models. In particular, this could result in restrictions on free product design and pricing, which could negatively influence the development of revenues and earnings on the grounds of liability risks in the medium- to long-term.

Moreover, competition is very intense. As a result, there is a risk that consumer demand will change very rapidly due to new market players and technologies. Furthermore, the segment's digital business models entail the risk of a dependence on third-party providers, e.g. for processing

payments, providing video services or compliance with the rules on personalized advertising on mobile devices. Changes in these business relationships, as well as a rise in restrictive regulatory requirements for new and existing technologies, could have a similarly negative impact on revenues or costs.

We are monitoring these developments regularly in order to assess negative changes early on so that we can initiate countermeasures. If signs of regulatory changes emerge, work is done proactively on alternative services to counteract potentially negative impacts if the risks occur. By constantly refining the digital product offering, the Group is also aiming to secure a long-term competitive edge in the market. Against the backdrop of these measures, coupled with the development of the dating and live video market, we rate the general industry risks as a medium risk overall with an unlikely likelihood of occurrence, as in the previous year. If critical changes were to occur, the impact would still be very high.

COMMERCE & VENTURES SEGMENT

Operating Risks

General sector risks: Restraint in consumer demand has become apparent in the Commerce & Ventures segment since the fourth quarter of 2021. We believe that this development is the result of turbulence on international energy markets and a noticeable rise in inflation, as well as the ongoing pandemic.

In particular, the continual uncertainty about the further course of the pandemic and the exact point at which things will return to normal, and thus about when there will be a lasting recovery in the general economic situation, has a potentially negative impact on the economic situation of our business and cooperation partners in the Commerce & Ventures segment. The various sectors relevant to us are developing differently, but we nonetheless consider the general sector risks for the Commerce & Ventures segment to be a medium risk overall, as in the previous year, with a potentially very high impact and an unlikely likelihood of occurrence.

Sales risks: Increased competitor activity could cause selling expenses in connection with customer acquisition in the Commerce & Ventures segment to rise. To contain these risks, companies in this segment are working on even closer communication with customers and are expanding their portfolio, for example with apps or protected portals that offer added value for customers such as personalized additional information. We continue to rate the resulting sales risks as medium overall, with a potentially high impact and an unlikely likelihood of occurrence.

DISCLOSURES ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE (CONSOLIDATED) REPORTING PROCESS WITH EXPLANATORY NOTES

The internal control and risk management system in relation to the (Consolidated) reporting process is intended to ensure that transactions are appropriately reflected in the Consolidated Financial Statements of ProSiebenSat.1 Media SE (in accordance with the International Financial Reporting Standards (“IFRS”) effective at the end of the reporting period, as adopted by the European Union, and in accordance with the additional requirements of German commercial law pursuant to Sec. 315e (1) of the German Commercial Code (“HGB”)) and that assets and liabilities are recognized, measured and disclosed appropriately. This presupposes Group compliance with legal and company requirements. The scope and focus of the implemented systems were defined by the Executive Board to meet the specific needs of ProSiebenSat.1 Group. They are regularly reviewed and updated as necessary. Nevertheless, even appropriate and properly functioning systems cannot offer any absolute assurance that all risks will be identified and controlled. The company-specific principles and procedures to ensure that the Group's single-entity and (Consolidated) reporting is effective and correct are described below.

GOALS OF THE RISK MANAGEMENT SYSTEM IN REGARD TO FINANCIAL REPORTING PROCESSES

The Executive Board of ProSiebenSat.1 Media SE views the internal control system with regard to the financial reporting process as a component of the Group-wide risk management system. Controls are implemented in order to provide an adequate assurance that despite the identified risks inherent in recognition, measurement and presentation, the single-entity and (Consolidated) Financial Statements will be in full compliance with regulations. The principal goals of a risk management system in regard to single-entity and (Consolidated) reporting processes:

- To identify risks that might jeopardize the goal of ensuring that the (Consolidated) Financial Statements and the (Group) Management Report comply with regulations.
- To limit risks that are already known by identifying and implementing appropriate countermeasures.
- To analyze known risks as to their potential influence on the (Consolidated) Financial Statements, and to take these risks duly into account.

In addition, our process descriptions and our risk control matrices are subject to an annual review. This ensures that the descriptions are up-to-date and thus also brings about the establishment of continually effective control mechanisms. The results of these reviews and the findings of regular control tests become an integral part of the internal control and risk management system in relation to the (Consolidated) reporting process as part of updates. On the basis of the test results there is an assessment of whether the controls are appropriate and effective. Any identified deficiencies in the controls are eliminated, taking into account their potential impact.

ORGANIZATIONAL STRUCTURE

- The single-entity financial statements that are incorporated into the Consolidated Financial Statements are prepared using standardized software.
- The input data is then consolidated to form the Consolidated Financial Statements using stable market-based standardized software.
- The financial statements of the individual entities are prepared in compliance with local financial reporting standards, the input data in compliance with the accounting and reporting manual based on IFRS, which is made available to all employees involved in the reporting process. The individual entities included in the Consolidated Financial Statements provide their input data to the “Group Accounting & Reporting” department in a pre-specified format.
- The financial systems employed are protected with appropriate access authorizations and controls (authorization concepts).
- For the purposes of the Consolidated Financial Statements, there is a standardized chart of accounts, which must be followed in recording the various relevant transactions.
- Certain matters relevant to reporting (e.g. expert opinions with regard to pension provisions) are determined with the assistance of external experts.
- The principal functions of the reporting process – accounting, taxes, controlling, and treasury – are clearly separated. Areas of responsibility are clearly assigned.
- The departments and other units involved in the reporting process are provided with adequate resources in terms of both quantity and quality. Regular professional training sessions are held to ensure that financial statements are prepared at a consistent and reliable level of quality.
- An appropriate system of guidelines (e.g. IFRS-based accounting and reporting manual, intercompany transfer pricing guideline, purchasing guideline, travel expense guideline, etc.) has been set up and is updated as necessary. The efficiency of the internal control system in regard to processes relevant to financial reporting is reviewed (on a sample basis) by the process-independent Internal Audit unit.

PROCESS ORGANIZATION

- For the planning, monitoring, and optimization of the process of preparing the Consolidated Financial Statements, the Company uses tools that include a detailed calendar and all important activities, milestones, and responsibilities. All activities and milestones are assigned specific deadlines. Compliance with reporting duties and deadlines is monitored centrally by Group Accounting.
- In all accounting-related processes, controls are implemented such as the separation of functions, the dual-control principle, approval and release procedures, and plausibility testing.
- Tasks for the preparation of the Consolidated Financial Statements are clearly assigned (e.g. reconciliation of intragroup balances, capital consolidation, monitoring of reporting deadlines and reporting quality with regard to the data of consolidated companies, etc.). The “Group Accounting & Reporting” department is the central point of contact for specific technical questions and complex accounting issues.
- All material information included in the Consolidated Financial Statements is subjected to extensive systematic validation to ensure the data is complete and reliable.
- Risks that relate to the (Consolidated) reporting process are recorded and monitored continually as part of the risk management process described in the Risk Report.

OPPORTUNITY REPORT

OPPORTUNITY MANAGEMENT

Our aim is to identify and seize opportunities as soon as possible using suitable measures. To this end, ProSiebenSat.1 records the growth opportunities defined as relevant as part of its strategic planning. Individual growth opportunities are prioritized, specific objectives are derived, and measures and resources for operational target attainment are determined.

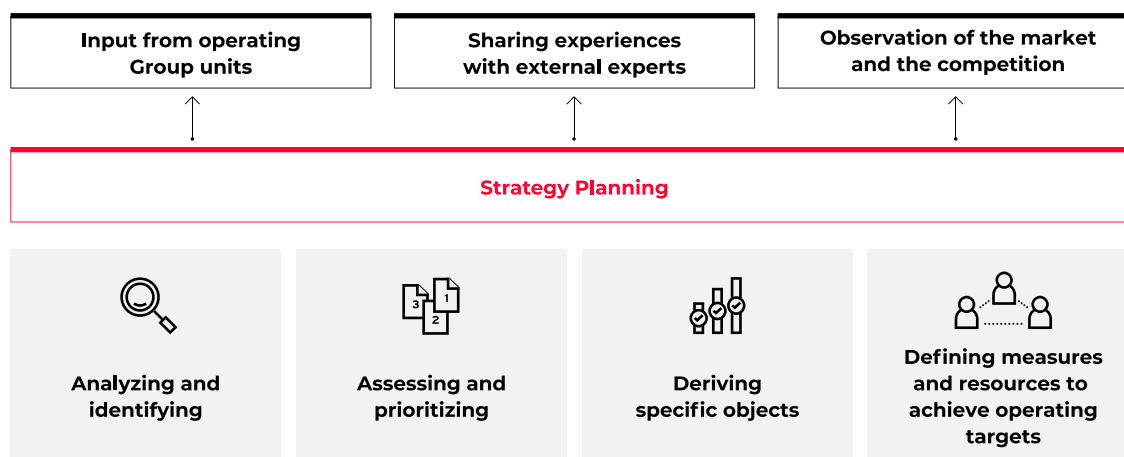
→ **Strategy and Management System**

Our opportunity management is part of the intragroup management system. The management of opportunities is decentrally organized in the business units. This process is supported and coordinated by the Group Strategy department, which is in close contact with the individual operational units and thus gains detailed insights into the business situation. In addition, market and competition analyses in addition to experience exchanges with external experts are important sources to identify growth opportunities for ProSiebenSat.1 Group.

» INFORMATION

We have incorporated opportunities that we consider to be likely in our forecast for 2022 and in our medium-term planning until 2026. We report on these growth opportunities in the Company Outlook. In addition, there is potential that has not yet been or not fully been budgeted for; we describe these possible positive budget variances in the section below if they are material and important for the planning period until 2026.

OPPORTUNITY MANAGEMENT



Synergies from networking business areas. The connecting of our segments and business areas gives rise to diverse and mutual synergies. This is an important competitive advantage. ProSiebenSat.1 Group reports in the three segments Entertainment, Dating & Video (formerly: Dating) and Commerce & Ventures and thus continues its consistent focus on synergy and value creation. In this context, Red Arrow Studios' production and distribution business, as well as the digital media and entertainment company Studio71, was integrated into the Entertainment segment at the beginning of the financial year 2021. ProSiebenSat.1 thus recognizes the strategic

proximity of the two businesses, as Red Arrow Studios is concentrating in particular on producing more content for the Group's entertainment platforms. The focus on local and live content distinguishes us from multinational streaming providers and is therefore an increasingly important competitive factor.

The Commerce & Ventures segment includes the investment arm SevenVentures, the portfolio of the investment vehicle SevenGrowth, and the companies of NuCom Group. The Group's minority and majority investment areas, which ProSiebenSat.1 establishes with media services and support and which thus contribute to the Group's growth strategy, are bundled in the segment. At the same time, synergies between the Entertainment and Commerce & Ventures segments and the resulting value creation can thus arise and be strengthened in a sustainable manner. For example, products and services from consumer internet areas are particularly suitable for video advertising on TV as well as our digital entertainment platforms. In addition, we can use our consumer-oriented digital platforms to build up extensive knowledge about consumption data and thus offer advertising customers added value.

The core of our strategy is the best possible use of synergies. This objective is also the basis for investment decisions, whereby media is an investment currency of central importance. Thanks to its high TV reach and diversified entertainment portfolio, ProSiebenSat.1 Group can effectively and sustainably strengthen brands that add value to the existing portfolio. In addition, ProSiebenSat.1 can rapidly respond to free advertising space and offer its own portfolio companies. By using media services, ProSiebenSat.1 can therefore exploit potential beyond the cost and revenue synergies typical for the market. Once a company has successfully passed through the initial growth phases that can be followed by the next stages of development, ProSiebenSat.1 Group also makes larger acquisitions.

One example of this is the purchase of The Meet Group. Its portfolio synergizes with Parship Group and makes a significant contribution to the entire Group's revenue diversification. The initial investment in the area of matchmaking was made via a media-for-revenue participation in Parship in 2012. In the subsequent years, ProSiebenSat.1 acquired a majority stake and other online dating brands. ParshipMeet Group, which was created via this buy-and-build strategy, operates in a profitable and rapidly growing market. Thanks to extensive expertise, we aim to further optimize ParshipMeet Group's platforms together and to benefit from the closer integration of the businesses.

→ Segments and brand portfolio

The successful integration of eharmony has already demonstrated the value that operating and technical synergies within ParshipMeet Group can create: After the acquisition in 2018, we migrated the platform available in North America, the United Kingdom, and Australia to a shared technology infrastructure with Parship and ElitePartner. Synergies in the areas of platform development, marketing, and purchasing have helped to significantly improve the economic performance. The Company has since been benefiting from these efficiency measures and the increased attractiveness of its offerings. Today, eharmony is the central growth driver of the matchmaking portfolio. The current focus topics of ParshipMeet Group include the repositioning of the Parship brand, whose groundwork was laid in fiscal year 2021. Meanwhile, the business bundled in the Group's Dating & Video segment is directly benefiting from access to existing systems, such as in purchasing, and can thus efficiently develop its own corporate structures.

In addition, there is potential for further cross-selling initiatives within ProSiebenSat.1 Group. In particular, the live video streaming expertise of ParshipMeetGroup strengthens our position in the Dating business and secures us new potential. The demand for live-streaming is high – creators produce around 200,000 hours of streaming content every day. However, we are not only using the live video streaming expertise for these offerings, we also see potential synergies with the Entertainment portfolio here. The aim is therefore to bring the two segments even closer together in the future. At the same time, we also make our vPaaS solution available to third-party companies and thus generate additional revenue.

The potential is high. Over the past 20 years, ParshipMeet Group's offerings have played a key role in promoting the popularity of online dating and driving innovation through proprietary technologies such as vPaaS. Beneficial to continue to align our offerings as closely as possible to the needs of our customers, we have conducted intensive market research in recent weeks and identified six key needs that will guide the further development of our apps in the context of the pandemic: Authenticity, appreciation, commitment, safety, perspective, and fun. Meeting these needs will be essential in order to continue to participate in the growth of the market in the best possible way and to strengthen our high consumer acceptance.

Entry into new, fast-growing business areas and portfolio focusing. Raising brand awareness quickly is a decisive competitive factor, especially for young companies in an early stage of development. We therefore offer start-ups TV advertising as a special form of start-up financing and can acquire companies at attractive valuations.

ProSiebenSat.1 follows various M&A approaches and frequently uses the Group's investment vehicles to first acquire a minority interest or invests in companies via media services. In accordance with the "reach meets business idea" principle, ProSiebenSat.1 can thus acquire knowledge of new market and business models, establish brands and accelerate companies' growth without high business risks. One example of this is the investment in the fitness aggregator Urban Sports Club with the aim to increase the company's brand awareness in the German-speaking region via advertising on the ProSiebenSat.1's TV and online platforms and thus promote its growth. In the previous reporting period, ProSiebenSat.1 Group acquired a 15.6% stake in Urban Sports Club.

This is a key pillar of our M&A strategy and at the same time a central competitive advantage, especially over global platform providers. In the future, there will also be a particular focus on the Commerce & Ventures segment, unlocking additional potential for us.

ProSiebenSat.1 Group regularly evaluates the synergy potential of its portfolio. However, if certain businesses no longer have a sufficient affinity with the Entertainment business or are not a platform business, we sell these well-developed commerce brands to a more suitable owner. In this way, the Group is focusing its portfolio and giving itself financial freedom for future value-creating investments.

Data-based business models and digitalization of TV advertising. Global platform providers such as Alphabet/Google, Meta/Facebook and Netflix Inc. ("Netflix") have great market power thanks to their databased business models. Because of their size, they can influence usage habits. This is particularly true with regard to young people's media usage. However, ProSiebenSat.1 Group began very early to expand its TV offerings and to develop them cross-media. In doing so, our local content strategy sets us apart from the offerings of global platform providers and makes a central contribution to media and opinion diversity. We are successfully asserting ourselves in this competition with our strategy. Our goal is to offer the right service for every form of use and on all screens.

Today, our program is already available online at any time, regardless of device, time or location. With Joyn, for example, we operate a streaming service, through which we also make our TV programs available to our viewers on-demand. In terms of distribution partners, our strong station brands remain our beacons. But we are also breaking new ground in distribution and creating additional reach and offerings in video-on-demand and new marketing opportunities, for example in the areas of data and Addressable TV, through expanded cooperation with distribution platforms. In this way, we are vigorously driving forward the digital transformation of ProSiebenSat.1 Group. Because it is becoming increasingly important to establish and build upon data-based business models for the sales of TV advertising time as well.

A milestone in this context is the clarification in court that regionally tailored advertising may be broadcast on all linear distribution channels in the future. Data-based forms of advertising have high potential for growth. Television advertising will thus take on new dimensions, become more

interesting to viewers and advertising customers and thus even more valuable in comparison to other media. After the ECJ decision of February 2021, the Stuttgart Regional Court's ruling of December 23, 2021, now underscores our political demand: Germany needs modern regulation and more equal opportunities in the advertising market – including to support rather than hinder domestic businesses in international competition. Global digital corporations like Google or Facebook, for example, have always been allowed contextual advertising such as the regional tailoring of advertising online. Now, we can also deliver advertising spots to targeted audiences on linear TV in a regionally selective manner. This gives us an opportunity to offer new products to additional customer groups.

Addressable TV spots are another example of targeted, contextual or even personalized adaptation of advertising on TV. ProSiebenSat.1 was the first TV group in Germany to broadcast them and is now promoting them via d-force, our joint venture with RTL Deutschland. In 2021, ProSiebenSat.1 implemented over 1,200 Addressable TV campaigns (around 20% more than in the previous year). ProSiebenSat.1's offerings are based on HbbTV technology, which enables online content to be displayed on Smart-TVs. This results in attractive advertising opportunities, as Addressable TV spots combine the benefits of digital advertising with linear television. The aim is to continually build on our leading position in the Addressable TV environment and meet the dynamically growing demand for innovative advertising technologies with new products.

Since December 2020, for example, the CrossDevice Bridge has enabled advertising customers to plan and adapt TV and digital advertising campaigns across devices. Customers no longer book the medium through which they want to broadcast their advertisement, but the quantity and frequency of contacts they want to generate. This makes cross-media advertising planning significantly easier and faster. The various screens can be connected and coordinated, so that certain target groups can be addressed more easily in overarching TV and digital campaigns. Seven.One Media already reaches a total of 38 million households via the CrossDevice Bridge, covering most digital media usage in Germany.

In order to enable the reach generated by combined TV and video campaigns to be measured and evaluated using unified criteria, ProSiebenSat.1 and the licensor Sky Media have jointly developed the CFlight concept for the German market. CFlight includes transparent, cross-media campaign reporting, which guarantees the comparability of TV and video advertising exposures. The results of this currency metric demonstrate once again that high-impact video campaigns work across media. This is the core of our sales strategy. In doing so, we consistently combine the advantages of traditional TV, such as its high reach, with the advantages of digital advertising, such as data-based targeting.

ADDITIONAL OPPORTUNITIES FROM THE DEVELOPMENT OF THE ECONOMIC CONDITIONS

The Group has based its full-year outlook for 2022 on the specific assumptions regarding to future economic conditions. Positive deviations from these key planning assumptions could additionally accelerate the growth of the entire Group. This applies in particular to a more favorable development of the advertising environment than described in the Company Outlook.

→ **Company Outlook**

OVERALL ASSESSMENT FROM THE MANAGEMENT'S VIEW: FORECAST FOR 2022

ProSiebenSat.1 Group is well positioned for the future. We have a solid financial basis and a clear corporate strategy that reflects the key trends in the various market environments in which we operate. We are focusing in particular on the synergies between our business areas, growth of our digital activities in the Entertainment and Commerce & Ventures businesses and the scalability of our Dating & Video platforms. This consistent alignment of our strategy is paying off. Over the course of 2021, we significantly improved in all of the most important financial performance indicators. Going forward, we will continue to concentrate on profitable growth as well as the medium-term improvement of our P7S1 ROCE (return on capital employed) to over 15%.

FUTURE BUSINESS AND INDUSTRY ENVIRONMENT

The IMF forecasts robust growth of 4.4% for the global economy in 2022. However, there are still considerable uncertainties because, firstly, the further course of the pandemic is unclear and the Omicron variant in particular is currently spreading rapidly. Secondly, shortages of raw materials and supply bottlenecks continue to influence business activity to a high degree. These developments are longer-lasting than most experts had anticipated during 2021.

It is nevertheless expected both that the fight against the pandemic will continue and that production processes will be ever better adapted to the prevailing conditions, at least in the developed economies. If necessary, further government support is likely to be deployed here, such as the US government's USD 550 billion infrastructure and investment program, which provides significant growth stimulus. Against this backdrop, the IMF expects strong growth of 4.0% for the US economy in 2022, despite the negative factors.

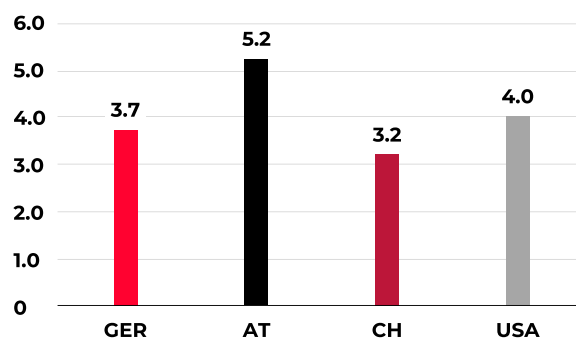
The recovery of the German economy largely came to a halt at the turn of 2021/22. As in the previous year, the number of COVID-19 infections rose sharply at the start of winter 2021, and contact-intensive services and brick-and-mortar retail were again restricted by protective measures. Unlike in previous peak phases of the pandemic, however, businesses and service providers were not completely closed, so the slowdown in private consumption ought to be less severe. However, the global supply bottlenecks that are weighing considerably on the German industrial sector – especially the important automotive and mechanical engineering industry – are having a negative impact on the economic situation.

It can therefore be assumed that pandemic restrictions and supply bottlenecks will shape the first quarter of 2022. Based on the institutes' assessment, however, the German economy – like in the previous year – is set to recover strongly at the start of summer. In particular, private consumer spending is likely to increase significantly. This is indicated by persistently favorable general conditions such as the robust labor market, stable incomes and high savings. In addition, the pressure on consumers due to inflation should lift somewhat over the course of the year. In parallel, industrial production is expected to gradually pick up speed again, especially given the high order backlogs. This ought to revive export growth accordingly. Against this backdrop, the economic experts expect an increase in real gross domestic product for the full-year 2022 of between 3.5%

(Halle Institute for Economic Research, IWH) and 4.1% (Deutsche Bundesbank). Private consumption is expected to be even more dynamic with forecast growth of between 6.5% (ifo Institute) and 7.6% (Leibniz Institute for Economic Research, RWI).

Forecasts are intrinsically subject to uncertainty, but they are currently particularly high, so the economic recovery could be slower, but it could also be much more dynamic. This will depend in particular on the further progression and intensity of the pandemic with its virus variants. In addition, the Russia/Ukraine war is causing further uncertainty.

FORECAST FOR GROSS DOMESTIC PRODUCT IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1



2022 e (Estimate).

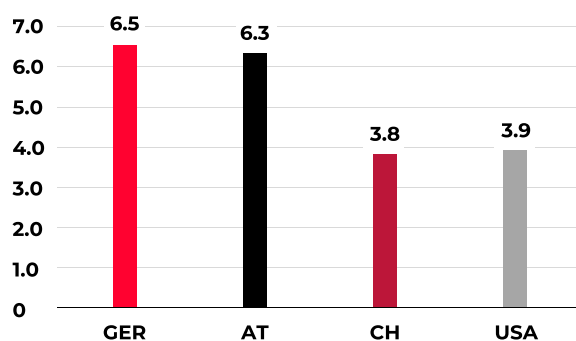
Sources: GER: ifo Economic Forecast, winter 2021 from December 14, 2021.

AT: WIFO, Economic Outlook, December 15, 2021.

CH: SECO, Economic Forecast, December 09, 2021.

USA: IMF, World Economic Outlook, January 2022.

FORECAST FOR PRIVATE CONSUMPTION IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1



2022 e (Estimate).

Sources: GER: ifo Economic Forecast, winter 2021 from December 14, 2021.

AT: WIFO, Economic Outlook, December 15, 2021.

CH: SECO, Economic Forecast, December 09, 2021.

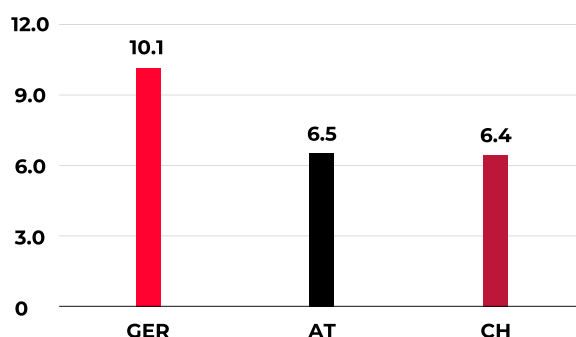
USA: IMF, World Economic Outlook, October 2021.

PricewaterhouseCoopers GmbH ("PricewaterhouseCoopers") expects the entertainment market to have a volume of EUR 40.5 billion overall in 2022, representing growth of 5.9% in consumer spending. Spending on digital entertainment services should then reach EUR 11.3 billion (2021: EUR 10.4 billion), with the streaming sector, among others, enjoying particularly dynamic growth. By 2025, the digital entertainment market looks set to generate annual growth of 6.5%, while the traditional entertainment market – including e.g. print, TV or concerts – will likely see average annual growth of 1.1% in this period. Nonetheless, the COVID-19 pandemic and high inflation rates

mean that there is still a considerable degree of uncertainty when it comes to future consumer spending on entertainment products. This is also true of the advertising industry as a whole.

Media agencies Magna Global and ZenithOptimedia forecast, respectively, that total net advertising spending will increase by 10.1% and 3.7% in 2022. While forecasts in previous years had anticipated a negative trend in the German TV advertising market, the net TV advertising market grew significantly in 2021, and experts anticipate further growth in 2022 (Magna Global: +5.0%; ZenithOptimedia: +3.0%). This underlines the importance of TV as a medium – including when looking into the future. Likewise, on a net basis, in-stream video advertising is expected to continue its dynamic development and to drive growth of the online advertising market. Despite this, forecasting uncertainty is high, particularly as the further sharp rise in nationwide infection rates in Germany since the beginning of 2022, owing to the new Omicron variant of the virus, is not yet reflected in forecasts. It also remains to be seen whether and to what extent inflation affects advertising budgets and investment.

FORECAST FOR NET ADVERTISING MARKETS IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1



2022 e (Estimate).

Source: Magna Global, Global Advertising Forecast December 2021, figures adjusted on a net basis, nonetheless methodological differences between different countries and sources.

As well as private consumption, online retail is an important indicator of revenue development in the Commerce & Ventures segment. According to IFH Cologne, the German e-commerce market is expected to reach an average volume of EUR 139 billion by 2025. Average annual growth from 2021 to 2025 would thus be 10.4%, and the share of online retail is expected to rise to 18.3% by 2025 (2021: 14.8%). Online retail was one of the biggest beneficiaries of the COVID-19 pandemic in 2020 and 2021.

According to Statista, the volume of the car rental market in Europe is expected to come to USD 14.3 billion in 2022 and will thus still not have returned to the pre-crisis level of USD 16.9 billion reached in 2019. The market volume of online comparison portals in the fields of energy, telecommunications, insurance, and consumer loans in Germany in 2022 is likely to depend heavily on how energy prices develop in particular.

The COVID-19 pandemic has strengthened the use of online services in many consumer markets. Digital channels are now a common means of communication and help to establish or deepen social interactions. This trend is also apparent in the Dating & Video segment. According to a recent study by a consulting firm on behalf of ParshipMeet Group, the total volume of the market that is relevant to our Dating & Video segment could continue to grow each year and develop dynamically, especially in the USA. Lockdowns in 2020 led to a particular rise in the number of people meeting over video call, which has now become a firmly established usage habit.

→ **Group Environment**

COMPANY OUTLOOK

Forecast

ProSiebenSat.1 Group pursues a clear strategy aiming at sustainable and profitable growth. As the macroeconomic development in ProSiebenSat.1 Group's core markets remains uncertain also in financial year 2022 amongst others due to the ongoing COVID-19 pandemic, the Group has decided to provide a midpoint with a plus/minus variance for its revenue and adjusted EBITDA outlook respectively that take this environment into account. The Group has considered in its outlook adverse effects on the business that are foreseeable amongst others as a result of the current course of the COVID-19 pandemic up until the preparation of the 2021 Annual Report on March 1, 2022. Further impacts on ProSiebenSat.1 Group's business beyond that, for example also due to negative effects of the Russia/Ukraine war on the Group's core markets, are not reflected in this forecast⁹.

→ Strategy and Management System → Future Business and Industry Environment

Overall, the Group targets further revenue growth for the full-year 2022 on this basis. Without further portfolio changes, the Group expects **revenues** in 2022 of around EUR 4.600 billion, with a variance of plus/minus EUR 100 million, compared with a previous-year figure adjusted for currency and portfolio effects of EUR 4.413 billion¹⁰. This translates into a Group revenue growth range in financial year 2022 of at least 2% to around 6%.

The range of the revenue target depends particularly on the development of advertising revenues in the German-speaking region (Germany, Austria, Switzerland). For the lower end of the variance, the Group assumes stable advertising revenues in the German-speaking region compared with the previous year as well as growth of 3% for the upper end of the variance.

Based on these revenue assumptions and excluding further portfolio changes, ProSiebenSat.1 expects Group **adjusted EBITDA** for the full-year 2022 – further mainly supported by the Entertainment segment – of around EUR 840 million with a variance of plus/minus EUR 25 million (previous-year figure adjusted for currency and portfolio effects: EUR 825 million¹¹). The Entertainment programming costs will be in total at the previous year's level (previous year: EUR 1.054 billion), with the main part of total programming costs being attributed to local content and with a possibility of being varied in the amount of around EUR 50 million depending on the development of the advertising market. The Group is taking advantage of the success of its local programming strategy to expand its reach across all platforms. In the past financial year, the Group was thus ahead of its main competitor RTL Deutschland's stations marketed by Ad Alliance in prime time in every quarter (market shares target group 14-49 years) and further extended its market leadership, especially in the important fourth quarter.

The **adjusted net income** of the Group is mainly determined by the development of the adjusted EBITDA. Furthermore, this key figure is influenced by the financial result, which includes the at-equity investment in the streaming platform Joyn, and by income taxes. On this basis and without

⁹ For ProSiebenSat.1 Group, the main currency apart from the euro is the US dollar. The Group anticipates a US dollar share in Group revenues for 2022 of approximately 20% and for adjusted EBITDA of approximately 15%. An average strengthening or weakening of the US dollar in relation to the euro by 1 cent over the entire financial year impacts Group revenues by approximately EUR 8 million and adjusted EBITDA by approximately EUR 1 million. For the outlook regarding the following figures, the Group uses a EUR/USD exchange rate of USD 1.15 to the euro in financial year 2022.

¹⁰ Based on revenues in financial year 2021 translated at the exchange rates used for planning purposes in financial year 2022 less in particular revenues of the companies deconsolidated in 2021, Sonoma Internet GmbH (Amorelie), moebel.de Einrichten & Wohnen AG and Gravititas Ventures LLC, at in total EUR 101 million.

¹¹ Based on adjusted EBITDA in financial year 2021 translated at the exchange rates used for planning purposes in financial year 2022 less in particular the adjusted EBITDA of the companies deconsolidated in 2021, Sonoma Internet GmbH (Amorelie), moebel.de Einrichten & Wohnen AG and Gravititas Ventures LLC, at in total EUR 17 million.

further portfolio changes, the Group expects that the adjusted net income for the full-year 2022 to be at or slightly above the previous year's level of EUR 362 million.

The **adjusted operating free cash flow** is the Group's relevant cash flow management indicator and is based on the development of adjusted EBITDA. Reaching a midpoint of the adjusted EBITDA target range, ProSiebenSat.1 assumes that the adjusted operating free cash flow for the full-year 2022 – for reasons of comparability adjusted for the change of investments in relation to the construction of the new campus at the premises in Unterföhring – should develop at or slightly above the previous year's figure of EUR 599 million.

ProSiebenSat.1 Group measures the medium-term financial success of the company on the basis of the key figure **P7S1 ROCE** (return on capital employed). In the financial year 2022, the Group expects P7S1 ROCE to be slightly above the level of the previous year of 14.1%.

→ Strategy and Management System

In general, ProSiebenSat.1 aims for a **leverage ratio** (the ratio of the Group's net financial debt to its LTM adjusted EBITDA) in a range between 1.5x and 2.5x. At the end of 2022, the Group anticipates – depending on business performance and excluding any portfolio changes – a leverage ratio at or slightly below the previous year's level (previous year: 2.2x).

The development of **audience shares** is ProSiebenSat.1 Group's most important non-financial performance indicator. For financial year 2022, the Group expects to maintain its leading position with regard to audience shares in the advertising-relevant target group of 14- to 49-year-olds at a high level.

Furthermore, ProSiebenSat.1 Group has set the following **medium- and long-term targets** for the entire Group:

- With its strong strategy based on three complementary segments, ProSiebenSat.1 Group intends to remain attractive for all stakeholders also in the medium- and long-term and to grow profitably in all three segments with a clear focus on earnings.
- In this context, ProSiebenSat.1 has set itself the target of further diversifying revenues and thus continually expanding the share of revenues outside TV advertising in the German-speaking region (Germany, Austria, Switzerland).
- The focus is on consistent value creation. In the medium-term, the Group intends to achieve a return on capital employed, i.e. P7S1 ROCE, of over 15%. Expansion and new investments will therefore pay back within three years and generate a return of at least 18%. Strategic projects are usually expected to pay off within five years.
- ProSiebenSat.1 Group also continues to aim for a leverage ratio in a range between 1.5x and 2.5x in the medium-term.
- All these targets reflect the strategy that ProSiebenSat.1 Group will be one of the leading digital first infotainment and entertainment providers in the German-speaking region (Germany, Austria, Switzerland) and will use this strength to establish and expand global synergistic digital consumer platforms.
- The Group also wants to maintain its dividend policy of distributing around 50% of adjusted net income as dividends in order to allow shareholders to participate in the sustainable success of the corporate strategy on an annual basis.

Dividend Proposal

For financial year 2021, the Executive Board recommends that the Supervisory Board proposes to the Annual General Meeting a dividend pay-out of EUR 0.80 per share (previous year: EUR 0.49) to

the holders entitled to dividend. This corresponds to an expected total distribution of around EUR 181 million. Payment of the proposed dividend is subject to approval by the Annual General Meeting on May 5, 2022.

→ **Financial Performance of the Group**

DIVIDEND PROPOSAL

Adjusted net income in EUR m	362
Number of shares outstanding ¹	233,000,000
Number of treasury shares ¹	6,694,738
Number of eligible shares ¹	226,305,262
Proposed dividend in EUR	0.80
Distribution in EUR m	181
Pay-out ratio in %	50

¹ As of December 31, 2021.

Predictive Statements

Forecasts are based on current assessments of future developments. In this context, we draw on our budget planning and comprehensive market and competitive analyses. The forecast values are calculated in accordance with the reporting principles used in the Group financial statements and are consistent with the adjustments described in the Group Management Report. However, forecasts naturally entail some uncertainties that could lead to positive or negative deviations from planning. If imponderables occur or if the assumptions on which the predictive statements are made no longer apply, actual results may deviate materially from the statements made or the results implicitly expressed. Developments that could negatively impact this forecast include, for example, lower economic momentum than expected at the time this report was prepared. These and other factors are explained in detail in the Risk and Opportunity Report. There we also report on additional growth potential; opportunities that we have not yet or not fully budgeted for could arise from corporate strategy decisions, for example. Potential risks are accounted for regularly and systematically as part of the Group-wide risk management process.