

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).

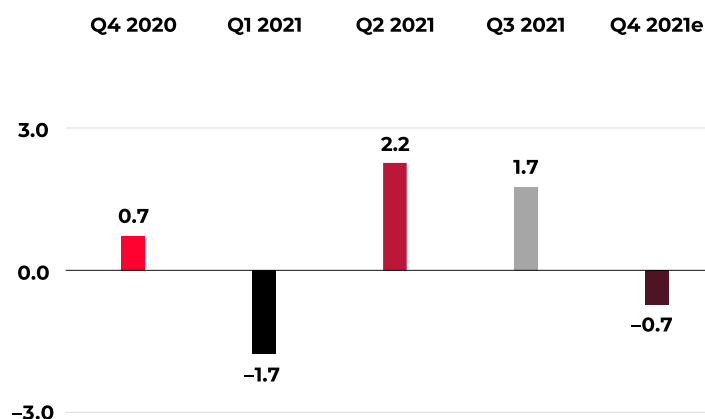
The industry of particular importance for the German economy, i.e. the manufacturing sector not including energy or construction, also came under pressure in the second half of the year. The industry had initially recovered significantly thanks to global demand, but was increasingly hampered by supply 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

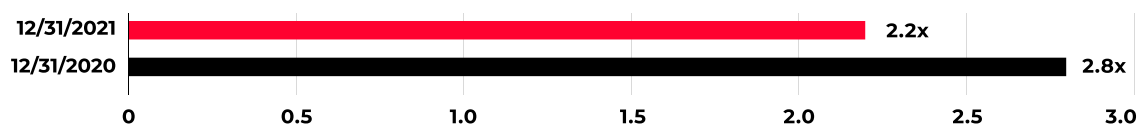
	12/31/2021	12/31/2020
Financial debt		
Term loan	1,197	2,092
Notes	—	600
Promissory notes	1,198	499
Other loans	51	1
Financial debt	2,446	3,192
Cash and cash equivalents	594	1,224
Net financial debt	1,852	1,968

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.