



ProSiebenSat.1 Media SE

Financial Statements for financial year 2019 and Management Report



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Management Report of ProSiebenSat.1 Media SE for financial year 2019

PROSIEBENSAT.1 MEDIA SE

ProSiebenSat.1 Media SE, based in Unterföhring, (the company) is a management holding company with its own operating businesses. In particular, the company generates revenue from the inter-company exchange of services and from the sale of ancillary program rights. The company is responsible for management functions such as corporate strategy and risk management for the ProSiebenSat.1 Group, the tasks of investment management, central financing and other service functions.

ProSiebenSat.1 Media SE manages its directly held material operating investments in ProSiebenSat.1 TV Deutschland GmbH, Unterföhring, ProSiebenSat.1 Entertainment GmbH, Unterföhring, NCG-NUCOM Group SE, Unterföhring, and Red Arrow Studios GmbH, Unterföhring, in addition to indirectly managing the investments held by these companies. ProSiebenSat.1 Media SE receives investment income from these investments in the form of profit transfers or distributions. In particular, the earnings, financial position and performance of ProSiebenSat.1 Media SE are defined by this net investment result and thus, to a significant degree, by the performance of ProSiebenSat.1 Group as a whole. For this reason, the Group's activities are dealt with in particular below.

The Management Declaration according to section 289f HGB is publicly available on the Company's website (<https://www.prosiebensat1.de/investor-relations/corporate-governance/erklaerung-zur-unternehmensfuehrung>) and can be viewed in the 2019 Annual Report (<https://www.prosiebensat1.de/investor-relations/publikationen/geschaeftsbericht>).

BUSINESS ACTIVITIES AND SEGMENTS

The economic situation of ProSiebenSat.1 Media SE as the Group's top holding company is largely determined by the group activities described below.

Corporate Profile and Market Position

ProSiebenSat.1 Group unites leading entertainment brands in the audience and advertising market with an international production business and a rapidly growing commerce portfolio under one roof. It is therefore one of the most diversified media companies in Europe. Our aim is to offer viewers and users entertainment on all screens - with the right offers at the right time, no matter where. However, digitalization is not only influencing and increasing the possibilities of video use on various end devices, but has also changed consumer behavior as a whole. This is why ProSiebenSat.1 Group has invested in leading digital commerce platforms in recent years, which are suitable for marketing on our TV stations and online platforms and synergize with our portfolio. In Germany, we are already the leading video marketer in both the conventional TV advertising business and online, number one in the TV audience market, and one of the most successful providers of digital entertainment in German-speaking Europe. On this basis, ProSiebenSat.1 Group is making targeted investments in the future of its business with the aim of strengthening its market position sustainably in the long term.

ProSiebenSat.1 Group's largest revenue market is Germany, where it also has its main headquarters. The Group also runs TV stations in Austria and Switzerland. An overview of the production and commerce business with all relevant sales markets and locations can be found in the brand portfolio.



Segments and Brand Portfolio

ProSiebenSat.1 Group promotes digital transformation throughout the Group. To this end, the Group is expanding its TV business with digital entertainment offerings and diversifying its portfolio with commerce companies that complement and add value to the entertainment business. Part of this strategy is also the dovetailing of the business areas within the Group.

Entertainment segment: We are able to reach over 45 million TV households in Germany, Austria and Switzerland with our 15 free and pay TV stations. For Germany alone, our TV offerings reach more than 60 million people per month. At the same time, the Group has a monthly reach of around 36 million unique users with its marketed online offerings.

Shows such as “Germany’s next Topmodel” and “The Masked Singer” are successful formats with which we delight audiences on TV and via digital offerings. At the same time, the Company is investing in the fields of AdTech and data in order to generate additional revenues with innovative, data-driven offerings and to customize advertising ever more precisely. ProSiebenSat.1 Group thus offers the advertising industry added value. The two sales subsidiaries SevenOne Media GmbH (“SevenOne Media”) and SevenOne AdFactory GmbH (“SevenOne AdFactory”) support advertising customers and agencies by finding ideas and concepts and implementing them across platforms on TV, online and via mobile devices. Accordingly, the Group bundles content, digital platform business and monetization under one roof in its Entertainment segment.

Joyn GmbH (“Joyn”), previously 7TV Joint Venture GmbH, is a joint venture between ProSiebenSat.1 Group and Discovery Communications Europe Ltd., London, United Kingdom (“Discovery”). ProSiebenSat.1 Group holds a 50.0% share (previous year: 50.0%) in Joyn. Joyn is a cross-channel entertainment streaming platform that bundles the content of the free TV channels from ProSiebenSat.1 and Discovery as well as other content partners on one platform and one app. In total, users can watch over 60 free TV channels in the live stream, as well as access a media library and numerous self-produced content. In addition to the free, ad-financed offer that started in June 2019, the premium offer Joyn PLUS + has been available since November 2019. There, subscribers will find live TV channels in HD, numerous exclusive series as well as films and series from the online video store maxdome. The goal is to create a comprehensive local OTT platform for cross-channel content.

Content Production & Global Sales segment: In this segment, ProSiebenSat.1 Group combines Red Arrow Studios’ GmbH (“Red Arrow Studios”) international TV production and distribution business with the global Digital-Studio Studio71. Studio71 gives the Group direct access to talents and platforms. This is an important competitive advantage in the digital sector, and can thus meet the growing demand for content on various digital channels. In 2019 Studio71 achieved an average of 9.9 billion video views per month.

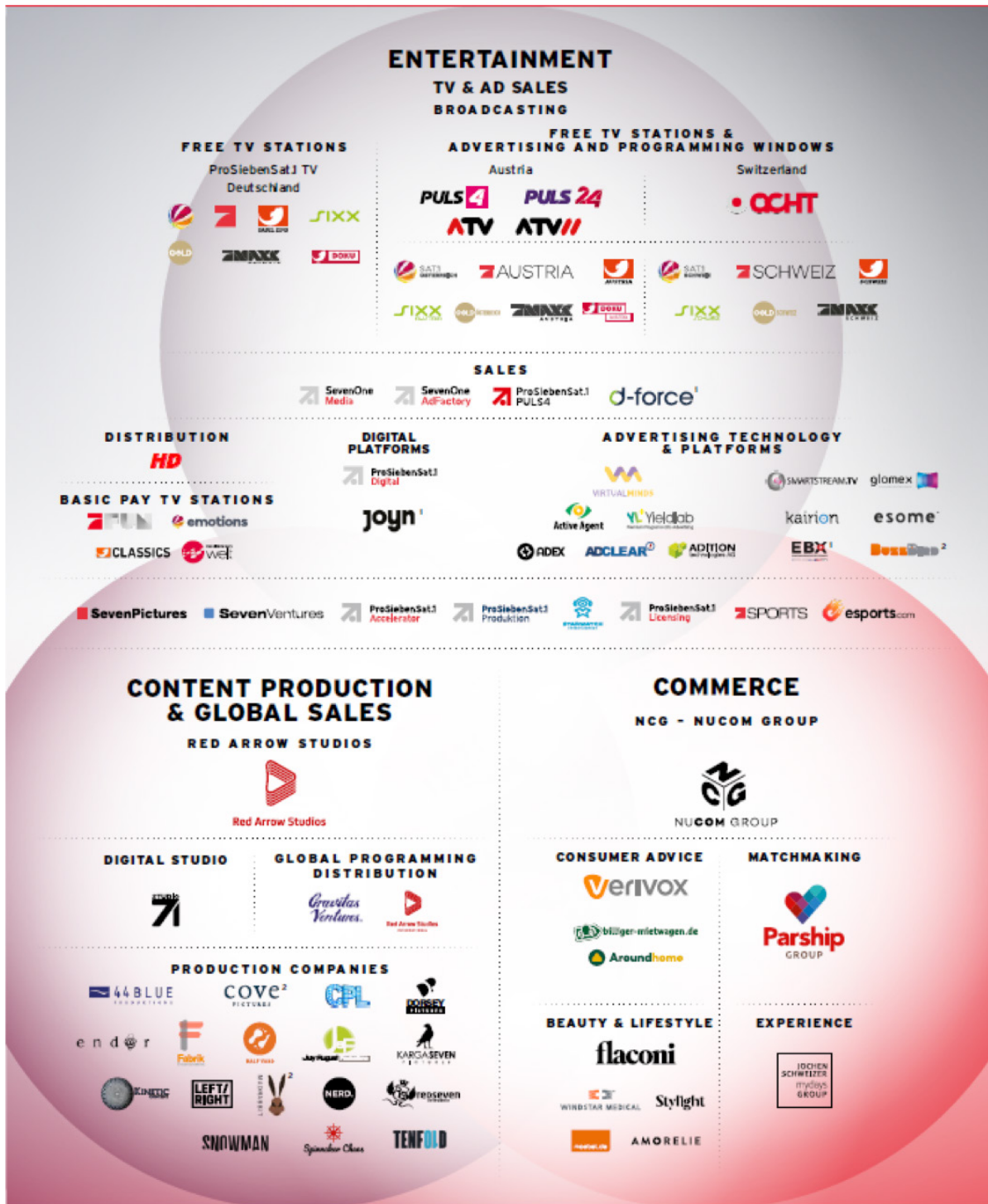
Shows such as “Bosch”, “The Weekly”, “Married at First Sight” and “Germany’s next Topmodel” are examples of successful productions from Red Arrow Studios. Close cooperation between Redseven Entertainment GmbH (“Redseven”) local production business and the Group’s Entertainment segment is particularly important. In 2019, ProSiebenSat.1 Group thus significantly increased the proportion of local programming on its own stations and strengthened the synergies between the business areas.

ProSiebenSat.1 Group initiated a strategic review for Red Arrow Studios in 2019 and is examining options for partnerships or selling the international production business. Redseven and Studio71 are excluded from this review.

Commerce segment: The Group bundles the Commerce business in NCG - NUCOM GROUP SE (“NuCom Group”). This comprises market-leading and predominantly digital commerce platforms in the fields of consumer advice (e.g. Verivox, be Around), matchmaking (Parship Group), experience (Jochen Schweizer mydays Group), and beauty & lifestyle (e.g. Flaconi).



STRATEGIC BRAND PORTFOLIO OF PROSIEBENSAT.1 GROUP



As of February 2020 / ¹ Joint venture / ² Associated company



Commerce business is the Group's predominant growth driver, making a significant contribution to the expansion of digital revenue sources. By advertising on our stations, we are strengthening our commerce brands. At the same time, the trading platforms generate customer data for targeted advertising products on our channels.

The implementation of a more independent Entertainment organization is an important step in the further advancement of the transformation of the entire Group. Therefore, it was decided in fall 2019 to transform the operative holding company, which was previously closely linked with the Entertainment business, into a strategic holding company to be reported separately from the Entertainment segment from January 1, 2020. The strategic holding company has a greater focus on strategic management and alignment, management of strategic core projects and measures, governance and capital allocation. Purely operative areas previously allocated to the holding company since belong to the appropriate segments. Support functions are bundled in Center of Excellence and Shared Service Center and are subject to the control of the holding company in order to increase efficiency and customer proximity. Overall, the company expects this to allow it to react more flexibly and quickly to market challenges and to better drive future growth.

CORPORATE STRUCTURE AND INVESTMENTS

The economic development of the ProSiebenSat.1 Group is largely determined by the directly and indirectly held subsidiaries. The parent company is ProSiebenSat.1 Media SE. In this function, her responsibilities include central financing, group-wide risk management and the further development of the corporate strategy.

The Group has an integrated portfolio that is also reflected in the investment structure. For example, ProSiebenSat.1 Media SE holds 100.0% of the shares in ProSiebenSat.1 TV Deutschland GmbH. The free TV stations of ProSiebenSat.1 Group and the pay TV channels (ProSiebenSat.1 Pay TV GmbH) work under its umbrella. ProSiebenSat.1 Media SE also indirectly holds a 100.0% stake in the sales companies SevenOne Media and SevenOne AdFactory. This results in advantages with regard to the stations' programming and the sale of advertising time. The global film and TV distribution companies and the international television production companies both belong to Red Arrow Studios as a wholly owned subsidiary of ProSiebenSat.1 Media SE.

As of December 31, 2019, General Atlantic PD GmbH ("General Atlantic"), held a 28.4% stake in NuCom Group.



STRATEGY AND MANAGEMENT SYSTEM

STRATEGY AND OBJECTIVES

Our industry is characterized by constant change: The digital development and the growing significance of the Internet have changed consumer behavior. Business models are being tested and new opportunities for addressing target groups are always emerging. This is also true with regard to media usage. We updated our Group strategy in 2018 and are implementing it in 2019 in order to benefit from these opportunities and promote digital transformation. Therefore we focus on clear priorities in each segment:

We are particularly improving our offering of local programming, building on our digital reach and our digital and smart advertising business, and further diversifying our business via NuCom Group's growth. At the same time, the Group is making greater use of synergies within the Group and is therefore connecting its business areas with one another. By investing in the Company's future, the aim is to further improve competitiveness and to accelerate revenues and earnings growth in the mid-term.

In order to make our organization even more agile, the Group is establishing a new and more independent Entertainment organization in which the content areas, the digital platform businesses and their monetization are more closely integrated. By bundling our market expertise, we can offer our viewers or users entertaining and relevant content that they can consume on their choice of platform. The same goes for advertising clients, who benefit from our marketing innovations across all channels and from better addressed advertising thanks to databased offerings.

PLANNING AND MANAGEMENT

The control parameter for ProSiebenSat.1 Media SE as the parent company is the balance sheet profit. The implementation of the long-term dividend policy is to be ensured, in particular, through the investment result in the form of profit transfers and distributions from affiliated companies. Therefore, controlling the entire group is essential for ProSiebenSat.1 Media SE.

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

Intragroup Management System

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

OVERVIEW OF RELEVANT KEY PERFORMANCE INDICATORS AS OF DECEMBER 31, 2019

MOST IMPORTANT NON-FINANCIAL PERFORMANCE INDICATORS

Entertainment Segment

- Audience shares

MOST IMPORTANT FINANCIAL PERFORMANCE INDICATORS

Group

- Revenues
- Adjusted EBITDA
- Adjusted net income
- Leverage ratio
- Free cash flow before M&A

Segments

- External revenues
- Adjusted EBITDA

- **Most important non-financial performance indicators:** The development of audience shares is a key criterion in programming and media planning in the advertising-financed TV business. In addition, this data is used as a benchmark for the calculation of advertising time prices since this indicates the number of potential customers a broadcast is able to reach. In Germany, TV usage data is collected by GfK Fernsehforschung on behalf of Arbeitsgemeinschaft Fernsehforschung (“AGF”). ProSiebenSat.1 Group analyses viewer ratings that have been empirically collected by the institutions on a daily basis. In addition to this data on linear TV consumption, we also analyze digital reach figures and KPIs relating to our data-based business models.
- **Most important financial performance indicators:** Revenues, adjusted EBITDA and adjusted net income are the central key figures used to manage profitability. The earnings figure adjusted EBITDA stands for adjusted earnings before interest, taxes, depreciation and amortization. Reconciling items, such as M&A-related expenses, reorganizations and legal claims, are not taken into account so that this figure provides the Executive Committee as the chief operating decision maker with the appropriate performance measure to assess the operating profitability of the Group and the segments respectively. Adjusted net income is the adjusted net income attributable to shareholders of ProSiebenSat.1 Media SE and provides a suitable indicator for calculating the dividend. In addition to the adjustments from adjusted EBITDA, effects of purchase price allocations and other reconciling items in particular are adjusted in the calculation.

Reconciling items can influence or even overshadow operating performance and can make a multi-year comparison difficult. Therefore, adjusted earnings figures constitute suitable measures of performance with regard to sustainable profitability. However, the analysis of unadjusted key earnings’ figures provides a holistic view of the expense and income structure. For this reason, ProSiebenSat.1 Group also uses in addition to the above-mentioned main financial performance indicators EBITDA as a less significant financial performance indicator. Also, EBITDA facilitates international comparison, as it does not take into account the effects of taxes and depreciation and amortization or the financing structure.



ProSiebenSat.1 Group is investing in markets with long-term growth opportunities and examining options to expand its portfolio. Part of the investment strategy is the acquisition of companies that complement our value chain synergistically. A capital-efficient leverage ratio is a most important financial performance indicator for the Group's financial planning. The leverage ratio indicates the level of net financial debt in relation to LTM adjusted EBITDA – i.e. the adjusted EBITDA that ProSiebenSat.1 Group has generated in the last twelve months (LTM=last twelve months). The target is a ratio of between 1.5 and 2.5 at the end of the relevant year; the target range may be exceeded for a short period of time as a result of fluctuations during the year if, for example, important strategic investments are required. Free cash flow before M&A is also one of the most important financial performance indicators. This key figure is defined as free cash flow adjusted for cash used and generated by M&A transactions (excl. transaction costs) related to majority acquisitions that are carried out and planned, the purchase and sale of investments accounted for using the equity method and other investments with the exception of media-for-equity investments.

A primary objective is to increase the above earnings figures through continuous revenue growth in all segments. The business units operate mainly as profit centers, which means that they act with full responsibility for revenues and earnings. At the same time, this results in flexibility, which is an important element for ProSiebenSat.1 Group's success, as the Group operates in a dynamic industry environment. The organizational entities reach operating decisions independently within a centrally adopted framework based on the competitive environment. This performance-based approach supports entrepreneurial activities among our employees on all levels. The new strategic holding company is further increasing this focus and concentrating on strategic management and alignment, management of strategic core projects and measures, governance and capital allocation.

Adjusted EBITDA is the key indicator for the Group and its segments. In addition to adjusted EBITDA, also in financial year 2019 EBITDA served as a less important performance indicator and as a basis for measuring performance-based employee compensation thanks to the holistic view of the Company's expense and income structure. From financial year 2020, individual employee targets and financial bonuses will no longer be linked. Starting in financial year 2020, employees at senior management levels as well as selected sales functions will receive a performance bonus based on the company's success and on the most important financial performance indicators sales, adjusted EBITDA, free cash flow before M&A (holding company) and operating free cash flow (segments). Operating free cash flow is the cash flow measure used for performance management at segment level and is defined as operating free cash flow before interest and taxes. It is calculated as EBITDA less capital expenditure (programming and other investments) and changes in net working capital. Adjusted net income, EBITDA (where necessary, adjusted for effects arising from significant changes in IFRS accounting standards, from unplanned effects from M&A transactions conducted within the reporting period, and from measurements of Group-wide, multi-year variable compensation plans), free cash flow before M&A and for the first time relative total shareholder return served as a variable basis for determining the Executive Committee's compensation in financial year 2019.

ProSiebenSat.1 Group concentrates on continually increasing value, which in the medium term should be reflected in an improved P7S1 ROCE (return on capital employed). From 2020, the Group is therefore managing investments even more consistently and evaluating each project in the various segments according to the same target parameters. Calculation according to the internal rate of return of each project and the payback period play a key role here. Accordingly, investments in transformation and growth projects should generate a minimum return after taxes of 18% and a payback period of three years. In the case of strategic projects, the payback period should not usually exceed five years. The P7S1 ROCE is calculated as follows:

	P7S1 ROCE
	P/L
Return (ROCE) LTM¹	Adj. EBIT ³ ./. Pension expenses + Result from at equity investments
	/
	Balance sheet
Capital employed average²	Intangible assets (incl. Goodwill & PPA) Property, plant & equipment Investments accounting for using the equity method Media for Equity investments Program assets Inventories Accounts receivables & other current assets ./. Other provisions Accounts receivables Liabilities to at equity investments Other liabilities

¹ LTM = Lasttwelve months

² Average of the closing capital of the last five quarters

³ 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.

In financial year 2019, the P7S1 ROCE was 16% after 22% in financial year 2018.

DEFINITION OF SELECTED NON-IFRS FIGURES

ADJUSTED EBITDA

Adjusted EBITDA stands for adjusted earnings before interest, taxes, depreciation and amortization. It describes earnings before interest, taxes, depreciation and amortization, adjusted for certain influencing factors (reconciling items). These reconciling items include:

- M&A-related expenses include consulting expenses and other expenses for ongoing, closed or canceled M&A transactions.
- Reorganization expenses include functional and personnel expenses for reorganizations and restructurings. They comprise expenses such as severance payments, leave compensation, consulting costs, legal consultancy fees and impairments on non-current assets.
- Expenses for legal claims include fines, penalties and consulting costs in connection with significant ongoing or expected legal claims.
- Fair value adjustments of share based payments include the portion of the changes in the fair value of cash-settled share-based payment plans that affects profit or loss, which results from the difference between the share price on the issue date and the current price on the closing date.



-
- Results from changes in scope of consolidation include income and expenses in the context of mergers, demergers, acquisitions or disposals of Group entities.
 - Results from other material one-time items include transactions approved by the Group Chief Financial Officer but not connected to current operating performance. In this context, ProSiebenSat.1 Group considers transactions of at least EUR 0.5 million to be significant.
 - Valuation effects relating to strategic realignments of business units primarily comprise largely expenses incurred in the context of changes in the underlying business objective or strategy of the unit in question.

ADJUSTED NET INCOME

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

- Depreciation, amortization and impairments from purchase price allocations.
- Valuation effects included in other financial result, impairments and valuation effects of investments, entities accounted for using the equity method and other financial assets recognized in other financial result. The Group can also acquire control over investees previously accounted for using the equity method through multi-stage company acquisitions. Effects from the valuation of such original shares at fair value upon initial consolidation also fall under this category.
- Valuation effects of put-options and earn-out liabilities include valuation, currency and interest effects of put-options and earn-out liabilities.
- Valuation effects from interest rate hedging transactions include ineffectiveness, valuation effects and reversals of amounts from cash flow hedges recognized under other comprehensive income and effects from interest rate hedging transactions for which there is no hedge accounting as defined by IAS 39.

Moreover, the tax effects resulting from such adjustments are also adjusted.

REPORTING AND USE OF NON-IFRS FIGURES

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

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

Operational and Strategic Planning

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

- Corporate planning:** Corporate planning comprises operating planning (budget) and long-term corporate planning (multi-year planning) and constitutes a detailed quantitative depiction of strategic planning. It is on a monthly basis for the first year and an annual basis for a further four years. The strategically derived targets for the first planning year are specified for the most important financial and non-financial performance indicators in a top-down/bottom-up process and carried forward to the multi-year planning. The financial figures from the income statement of financial position and cash flow statement of individual subsidiaries are analyzed and aggregated at segment and Group level.
- Monthly reporting and trend projections:** Trend projections are an important tool in planning during the year. They allow the Company's expected performance for the year to be calculated on the basis of the targets achieved to date and to be compared with the target figures that were originally budgeted. The aim is to identify potential discrepancies between the target and actual figures immediately and to implement the necessary countermeasures promptly.

In 2019, the Executive Committee and the Supervisory Board also discussed short-term and long-term targets. In addition to monthly reporting, potential risks are reported to the Group Risk Officer on a quarterly basis. In particular, any changes to the early warning risk indicators during the year and over time are analyzed here. For example, the development of audience shares is an important early warning indicator. Additional opportunities and therefore potential positive deviations from projected targets are analyzed in parallel with risk management; they are taken into account in budget planning, if their probability of occurrence is more than 50 percent.

BUDGET PLANNING AND RISK MANAGEMENT AT PROSIEBENSAT.1 GROUP

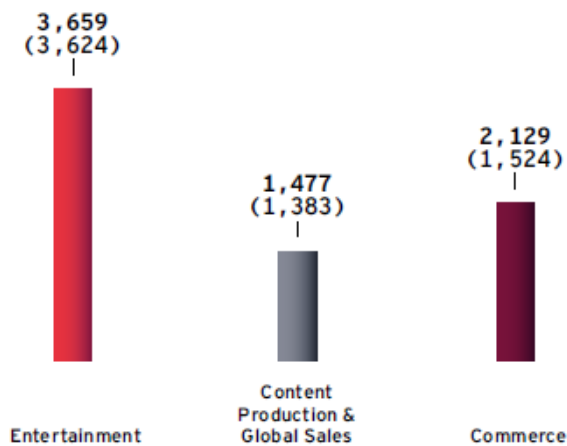


EMPLOYEES*

Additional information on employees and employee matters can be found in the separate non-financial summary report (www.prosiebensat1.com/en/sustainability/information/publications).

In the period under review, the Group's average number of employees (calculated on the basis of full-time equivalents) rose by 11% to 7,265 (previous year: 6,532). In 2019, an average of 506 employees (previous year: 609) - and thus considerably fewer than in the previous year - were employed at ProSiebenSat.1 Media SE, of which 136 worked at the strategic holding company. The latter focuses on strategic activities at Group level and the Group's management activities. Since January 1, 2020, overarching support functions have been bundled in the Center of Excellence and Shared Service Center. While the average number of employees in the Entertainment segment hardly changed year-on-year (+1% to 3,659 employees), there was a 7% increase in workforce in the Content Production & Global Sales segment to 1,477 employees and, in particular due to acquisitions, a strong increase in employees in the Commerce segment by 40% to 2,129 employees. In Germany, Austria, and Switzerland, the Group had an average of 6,071 full-time equivalents in the reporting period (previous year: 5,458). As in the previous year, this amounts to 84% of the Group as a whole.

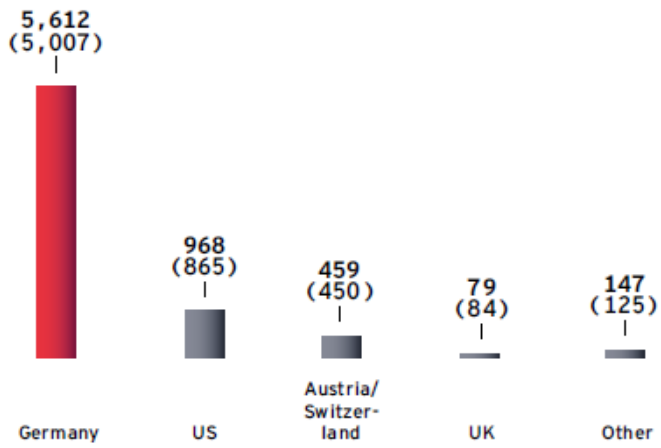
EMPLOYEES BY SEGMENT average full-time equivalents (FTEs), 2018 figures in parentheses



* The management report uses the more reader-friendly variant "employees" instead of "employees and employee". The chosen masculine form is representative of all genders.



EMPLOYEES BY REGION average full-time equivalents (FTEs), 2018
figures in parentheses



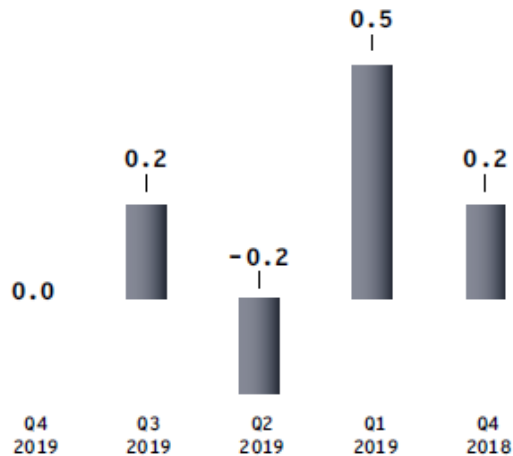
CONDITIONS AND ENVIRONMENT OF PROSIEBENSAT.1 MEDIA SE

ProSiebenSat.1 Media SE bundles all central administration services for the entire group. For this reason, the same general conditions apply to the company as to the entire Group. As a result, the further explanations at group level are explained.

ECONOMIC DEVELOPMENT

In 2019, the German economy grew by 0.6% in real terms compared to the previous year (previous year: +1.5%). After a strong start of the year, which was driven for example by extraordinary effects such as the favorable development of the construction industry, the upward momentum in the industrial sector in particular was curbed primarily by considerable external strains such as the imminence of Brexit and the trade conflict between the USA and China. In the second quarter, gross domestic product declined by 0.2% in real terms compared to the previous quarter; in the third quarter, it rose slightly by 0.2%. There was no quarter-on-quarter growth recorded in the final quarter.

DEVELOPMENT OF GROSS DOMESTIC PRODUCT IN GERMANY in %, change vs. previous quarter



Adjusted for price, seasonal and calendar effects.

Source: Destatis, Press Release from February 14, 2020.

In 2019, the growth was primarily supported by the domestic economy. Private consumer spending, supported by a robust labor market and substantial wage rises, increased by 1.6% in real terms (previous year: +1.3%). The purchasing behavior was also visible in the development of retail, which accounts for around one third of private consumer spending. The German Federal Statistical Office estimates that the real revenue growth here was between 2.9% and 3.0%. The online and mail order business developed particularly dynamically again (January to November: +7.4% in real terms). The German economy was also supported by construction investments (+3.8%) and government spending.

DEVELOPMENT OF MEDIA CONSUMPTION AND ADVERTISING IMPACT

In the last few years, digitalization has extended the range of media usage and changed usage habits. The once strong ties between content and end devices are increasingly coming undone and the bounds between different media are merging. This also applies to television and video usage in general, with the following emerging trends:

- The same video content can be used on different screens. At the same time, the prevalence of mobile devices such as smartphones and tablets alongside traditional, linear viewing via the TV set is giving rise to new forms of usage such as catch-up television via apps on mobile devices. Television is also becoming ever more diverse thanks to powerful consumer electronics and innovations inside TV sets themselves. Examples include digital television in high definition (HD/UHD) and video-on-demand (VoD) on large TV screens. This development is being driven by broadband Internet access with fast data speeds and the high number of satellite households in Germany.
- Despite the diversity of additional offerings, television, radio and smartphones remain by far the most-used media devices with usage rates of around 90%.
- 91% of Germans aged between 14 and 69 watch linear television at least occasionally (previous year: 93%, 2014: 95%). Alongside reach, usage time also plays a crucial role in comparison to other media. Television is the most relevant here, too, with daily usage of 202 minutes (adults aged 14–69) according to AGF.

TV HOUSEHOLDS IN GERMANY BY DELIVERY TECHNOLOGY

Number of TV households

	2019 ¹	2018 ²
Potential in millions (analog + digital)	38.77	38.80
Terrestrial	1.01	1.30
Cable	15.39	15.77
Satellite	17.68	17.14
IPTV	4.69	4.59

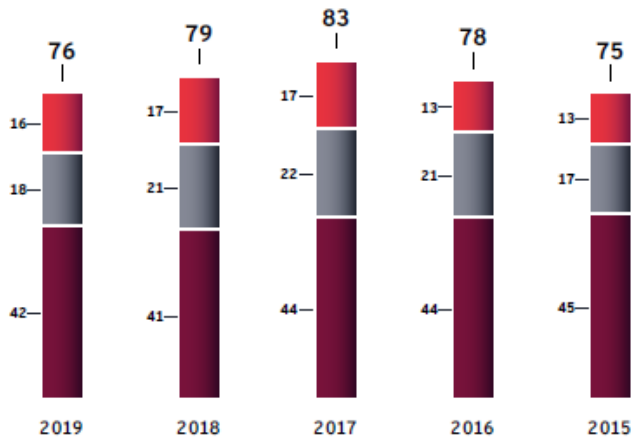
¹ Information as of December 1, 2019.

² Information as of December 1, 2018.

Source: AGF in cooperation with GfK / market standard TV / VideoScope 1.3 / households.

Daily TV usage time in Germany is measured and reported on behalf of AGF. In order to provide the market with general data about the usage of video content, the corresponding instruments are continuously developed to also record the detailed use of video content on PCs, laptops, tablets and smartphones. The project is designed to model these video offerings regardless of whether they come from a television station or a purely online provider. This therefore includes the use of media libraries, offerings from Internet TV stations, and video content on traditional websites. Since 2019, ProSiebenSat.1 Group has also reported total video viewtime, i.e. the total usage volume of minutes viewed on the linear channels and digital entertainment platforms.

PARALLEL USAGE TV/INTERNET in %



■ Often ■ Sometimes ■ Seldom

Basis: 14-49 years old, TV/Internet used at least occasionally.

Source: SevenOne Media / forsa.

The findings of the representative studies of the “Media Activity Guide 2019” and “ViewTime Report 2019” provide a detailed insight into media usage behavior in Germany:

- After years of growth, the usage time of media in general has stopped going up: For the time being, it seems that a ceiling has been reached at 11 hours and 27 minutes a day. Germans spend an average of 687 minutes (previous year: 713 minutes) a day on media usage and communication. People aged between 14 and 69 spend 236 minutes or 42% of the pure media use on TV (previous year: 248 minutes or 42%); this relates to linear and alternative transmission channels. Radio and content-driven Internet usage get 18% each, or 100 minutes (previous year: 109 minutes) and 101 minutes (previous year: 97 minutes) respectively. Content-driven Internet usage includes, for example, social media use, the consumption of online videos and online banking. The time spent reading newspapers and magazines amounts to 22 minutes every day (previous year: 23 minutes).
- The way in which people consume video content is changing. The use of online videos continues to increase, albeit at a slower rate than in previous years. Nevertheless, there is a shift from linear toward non-linear video usage. Younger people (adults aged 14-29) in particular make intensive use of alternative TV distribution channels: Digital recordings or livestreams from station websites and apps account for 22% (25 minutes a day).

This is connected to the fact that TV sets increasingly provide access to online content. 58% of media users now own smart TVs, of which 77% are actually connected to the Internet. One in five consumers uses streaming sticks, which bring even conventional TV sets without Internet functionality online.

- The parallel usage of different screen media, known as second screens, is falling slightly, but remains high at a rate of 76% (adults aged 14-49) in 2019 after 79% in the previous year. 92% of second-screen users use their smartphone while watching television, while nearly half use a laptop (45%) or tablet (41%).
- 16% of Germans use pay VoD services on a daily basis. More than half of pay VoD use is via a TV set, 13% on a smartphone. Free online videos via streaming services, on video sites or TV stations’ video libraries have also gained popularity in recent years. Per day, people aged between 14 and 69 watch free online videos for an average of 26 minutes. The most popular platform for this is YouTube LLC (“YouTube”): At 12 minutes (47%), the video site accounts



for nearly half of the daily viewtime. Six minutes (23%) of usage time is spent on video libraries, which are particularly popular among younger people as a supplement to linear television. They are used by three quarters of adults aged 14 to 29 (adults aged 14-69: 59%). Among people aged 14 to 69, over one third of video library usage is by TV set (37%), one quarter by smartphone (24%).

- Germans also use social networks for 17 minutes a day (adults aged 14-69)-including professional offerings and online dating sites.

The "Media Activity Guide" examines the Germans' usage of media on an annual basis. The study is conducted by forsa on behalf of the advertising sales company SevenOne Media. Germans' media usage behavior was surveyed in telephone interviews from March 6, 2019, to April 2, 2019; the data analyzed relate to the first quarter of 2019. In addition to the annual Media Activity Guide and likewise in cooperation with forsa, we examine all forms of video and social media usage on a quarterly basis in the "ViewTime Report".

The studies show that digitalization is increasingly opening new doors to media use and video usage is increasingly shifting from traditional to digital channels. Television remains the most important mass medium, both in terms of reach and usage time. TV is also the number one medium in terms of advertising impact:

- Linear television is now independent of the TV set. The same content is consumed via various channels on different devices; smartphones and tablets are used in addition to the TV set. At the same time, new cross-media advertising spaces are emerging, which coupled with the impulses of parallel usage is resulting in higher viewer retention. This is increasing TV's relevance in marketing: For example, 43% of 14- to 49-year-old parallel TV and Internet users have bought a product online while doing so.
- TV is the most important and effective advertising medium thanks to its high reach. In addition, video advertising on TV inspires a greater emotional attachment to a brand than any other medium. This results in brand loyalty among consumers and pays off for advertisers in the short and long term. This is shown in the "ROI Analyzer".

The ROI Analyzer was developed and launched by SevenOne Media. Since the start of 2015, it has been continued and enhanced under the aegis of the TV and video initiative Screenforce. It calculates the short- and long-term sales impact of TV advertising and quantifies the short- and long-term ROI (Return on Investment). In an elaborate and comprehensive modeling approach, data from the GfK Consumer Panel are merged with TV usage data from AGF. The ROI Analyzer has found that TV advertising works very efficiently for advertising campaigns for FMCGs and increases the sale of the advertised brands not only in the short term but also over longer periods. Currently, the average short-term ROI after one year for the 70 analyzed campaigns is EUR 1.13 and will be even EUR 2.57 after five years. The ROI is therefore around the level of the two previously done ROI surveys. Nearly half of the campaigns currently analyzed achieve an ROI of at least EUR 2, 30% of more than EUR 3.

DEVELOPMENT OF PROSIEBENSAT.1 GROUP'S RELEVANT BUSINESS AND MARKET ENVIRONMENTS

Entertainment

According to PricewaterhouseCoopers GmbH ("PwC"), the volume of the entertainment market in Germany totaled around EUR 37 billion in 2019 (previous year: EUR 36 billion); of which EUR 29 billion was attributable to the traditional and EUR 8 billion to the digital entertainment market (previous year: EUR 29 billion and EUR 7 billion, respectively), with the digital share growing by 13% year-on-year. ProSiebenSat.1 Group achieved a market share of less than 1%.

ProSiebenSat.1 Group has updated its strategy in order to translate the market's high potential into growth and generate additional revenues: The aim is to expand the range of local content in order to set itself apart from global Internet platforms. At the same time, the Group is boosting its digital reach by integrating its video offerings across different media types.

In connection with this, ProSiebenSat.1 Group is increasingly combining its linear and digital offerings and thus increasing its total reach. Since May 2019, AGF has published a daily, convergent total reach metric. Together with AGF, the Group is driving the integration of the YouTube platform into the analysis systems. These new indicators account for altered media usage: The lines between different media are increasingly blurring and the same content is more often being consumed via various channels on different devices. The resulting overlaps between the various forms of use can be presented with the reach metric "total reach." As the next step, this reach is to be made addressable so that advertising can be tailored to the respective viewers in an optimum manner ("smart reach"). In order to reach advertising customers easily and via standardized technology, ProSiebenSat.1 Group founded the joint venture d-force GmbH ("d-force") together with Mediengruppe RTL Deutschland GmbH ("Mediengruppe RTL Deutschland"). As a cross-marketer platform for booking addressable TV and online video inventory as well as through technical standardization, d-force is intended to create additional growth opportunities in this area. The joint venture commenced operations and launched its first campaigns in December 2019.

ProSiebenSat.1 Group's biggest revenue market is Germany, where the Group holds a leading position in the TV market and has a station profile of seven free TV brands that address different viewer groups. Since 2010, the Group has launched four new special interest stations in Germany, namely sixx, SAT.1 Gold, ProSieben MAXX and Kabel Eins Doku. In addition, ProSiebenSat.1 Group offers various advertising-financed free TV stations in Austria and Switzerland that complement each other.

In Germany, the Group increased its stations' combined audience share for the second time in a row in 2019, posting growth of 0.4 percentage points compared to the previous year. Over the year as a whole, the Group achieved a market share of 28.2% among 14- to 49-year-old viewers and thus the best annual market share since 2015. The station ProSieben particularly excited audiences in 2019 with new local entertainment formats such as "The Masked Singer" and "Joko und Klaas gegen ProSieben." For example, the final of "The Masked Singer" generated a market share of 38.1% among 14- to 49-year-old viewers. In addition, ProSieben MAXX celebrated the most successful year since the station was launched with a market share of 1.7%, thanks in part to sports broadcasts featuring American football, rugby and soccer. Kabel Eins increased its market share by 0.2 percentage points to 5.2% in 2019, including with new, local, live factual productions, and is thus one of the five most successful German private stations. The market share of the ProSiebenSat.1 stations amounted to 27.9% in the fourth quarter (previous year: 28.8%). The stations marketed by IP Deutschland (RTL, VOX, n-tv, Super RTL, NITRO, RTLplus and VOXup as of December 1, 2019) had a market share of 25.7% in the year as a whole (previous year: 24.3%) and 25.2% in the fourth quarter (previous year: 24.7%).

The Austrian broadcasting group ProSiebenSat.1 PULS 4 GmbH (“ProSiebenSat.1 PULS 4”) achieved a combined market share of 28.4% among viewers aged between 12 and 49 years in 2019 (previous year: 28.6%) and is thus the leading private TV provider by some distance. In particular, the Austrian stations ATV, ATV2 and PULS 4 set a new record with a combined market share of 11.1% among viewers aged between 12 and 49 years. September 2019 also saw the launch of PULS 24, the Group’s fourth Austria-only TV station, and an app of the same name. The offerings focus on news, business, live events and Austrian content. ProSiebenSat.1 Group thus continues to extend its authority regarding informative content. In Switzerland, the ProSiebenSat.1 station’s audience share among 15- to 49-year-olds over the year as a whole was on a par with the previous year at 17.7%.

**AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS
 IN GERMANY** in %

Target group 14-49 years	Q4 2019	Q4 2018	2019	2018
ProSiebenSat.1 Group	27.9	28.8	28.2	27.8
SAT.1	7.9	8.0	7.8	8.1
ProSieben	9.3	10.0	9.6	9.5
Kabel Eins	5.0	5.2	5.2	5.0
sixx	1.5	1.3	1.4	1.4
SAT.1 Gold	1.6	1.5	1.6	1.6
ProSieben MAXX	1.7	1.8	1.7	1.6
Kabel Eins Doku	0.9	0.9	0.9	0.7

Relevant target groups ¹	Q4 2019	Q4 2018	2019	2018
SAT.1	7.6	7.8	7.6	8.0
ProSieben	11.8	13.4	12.6	12.5
Kabel Eins	5.0	5.2	5.2	5.0
sixx	2.1	1.7	1.8	1.9
SAT.1 Gold	3.0	2.7	3.0	2.8
ProSieben MAXX	3.3	3.1	2.8	2.7
Kabel Eins Doku	1.0	0.7	0.9	0.6

¹ Relevant target groups: SAT.1: adults aged 14 - 59 / ProSieben: adults aged 14-39 / Kabel Eins: adults aged 14-49 / sixx: women aged 14-39 / SAT.1 GOLD: women aged 40-64 / ProSieben MAXX: men aged 14-39 / Kabel Eins Doku: men aged 40-64. / Figures are based on 24 hours (Mon-Sun). SAT.1, ProSieben, Kabel Eins, sixx, SAT.1 GOLD, ProSieben MAXX, Kabel Eins Doku; source: AGF Videoforschung in cooperation with GfK / market standard TV / VideoScope 1.3 / January 1, 2018 - December 31, 2019.

**AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS
 IN AUSTRIA** in %

Target group 12-49 years	Q4 2019	Q4 2018	2019	2018
ProSiebenSat.1 PULS 4	29.0	29.5	28.4	28.6
SAT.1 Österreich	3.9	5.0	3.8	4.6
ProSieben Austria	6.6	7.7	6.6	7.5
Kabel Eins Austria	2.9	2.9	2.8	2.8
PULS 4	4.9	4.7	4.9	4.5
sixx Austria	1.3	1.1	1.2	1.2
SAT.1 Gold Österreich	1.0	0.7	0.9	0.8
ProSieben MAXX Austria	1.2	1.0	1.1	1.0
Kabel Eins Doku Austria	0.9	0.8	0.9	0.7
ATV	4.9	4.7	4.8	4.3
ATV2	1.5	1.1	1.4	1.1

Austria: A 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 (since April 7, 2017, at ProSiebenSat.1 PULS 4, before that an independent group; source: AGTT / GfK TELETEST / Evogenius Reporting / January 1, 2018 - December 31, 2019 / weighted for number of people / including VOSDAL / timeshift / standard.

**AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS
 IN SWITZERLAND in %**

Target group 15-49 years	Q4 2019	Q4 2018	2019	2018
ProSiebenSat.1 Group	17.2	19.2	17.7	17.7
SAT.1 Schweiz	5.3	5.8	5.2	5.1
ProSieben Schweiz	5.3	6.7	5.8	6.2
Kabel eins Schweiz	2.1	2.7	2.5	2.5
sixx Schweiz	1.3	1.1	1.2	1.1
SAT.1 Gold Schweiz	1.2	0.9	0.9	1.0
ProSieben MAXX Schweiz	1.2	1.0	1.1	0.8
Puls 8	0.9	1.1	1.0	1.0

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 (since October 8, 2015) / advertising-relevant target group: 15- to 49-year-olds / market shares relate to German-speaking Switzerland / D - CH / total signal; source: Mediapulse TV Data.

In addition to this increasingly specific, targeted approach to viewers, ongoing digitalization is providing ProSiebenSat.1 Group with new revenue models for the TV business. The distribution of programs in high definition (HD) is one example. Here, the 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 HD stations had 10.0 million users in 2019, 6% more than in the previous year. In 2019, the Group also expanded its technical reach and made new distribution agreements, including with HD PLUS, Zattoo, Telecolumbus/Primacom and Deutsche Telekom. In addition, more shows were broadcast in the new ultra-high definition (UHD) standard. The Group also offers its programs in HD quality in Austria and Switzerland.

Partnerships emphasize the Group's strategic objective of offering programs via as many distribution channels as possible and expanding reach across different media types. In line with this entertainment strategy, ProSiebenSat.1 Group founded the streaming platform Joyn as a joint venture with Discovery and launched it in June 2019. The streaming service offers viewers livestreams of over 60 channels and an extensive on-demand offer of local series produced in-house, shows and exclusive previews. The paid Joyn PLUS+ service with exclusive content, originals, pay TV stations and HD content was added in November 2019. At the end of 2019, seven months after it launched, Joyn already had more than 7 million users across all devices; according to measurements by AGOF (Arbeitsgemeinschaft Onlineforschung e.V.), the free streaming service reached 3.46 million unique users in Germany in December 2019.

A further essential component of ProSiebenSat.1 Group's portfolio is Studio71. It pools the broadcasting group's digital content offerings and distributes them via digital platforms. In addition, the digital studio cooperates with some of the social influencers with the highest reach in Germany. In 2019, Studio71 achieved over 9.9 billion video views a month (previous year: 9.2 billion video views).

In 2019, ProSiebenSat.1 Group counted total video viewtime of 1,075,839 million minutes (previous year: 1,092,515 million minutes). This figure represents the total number of minutes viewed across ProSiebenSat.1 Group's linear and digital platforms. Digital viewtime grew by 30.3% compared to the previous year. With this development, the Group did not fully compensate the decline in linear reach. In the fourth quarter, total video viewtime amounted to 282,795 million minutes (previous year: 291,318 million minutes).

Production Market

The proportion of local programming on the Group's own stations has become a particular strategic focus. ProSiebenSat.1 Group's objective is to set itself apart from competitors with locally produced formats and further hone the stations' brand profiles with original productions. For example, the German production subsidiary Redseven produced 17.6% of the local prime-time content for the stations SAT.1, ProSieben and Kabel Eins in 2019. This is an increase of 4.3 percentage points compared to the previous year. Similarly, Studio71 developed and produced more new formats for the German market, such as the web series "Krass Klassenfahrt" for the Joyn streaming platform.

Advertising Market

According to Nielsen Media Research, gross TV advertising investment in Germany rose by 0.8% to EUR 16.31 billion in 2019 (previous year: EUR 16.18 billion). In the fourth quarter of 2019, there was a 0.6% increase to EUR 5.50 billion (previous year: EUR 5.46 billion). TV has the greatest relevance in comparison to other media. In 2019 as a whole, 49.0% of gross advertising investment went on TV advertising (previous year: 49.3%). This figure was 51.9% in the fourth quarter of 2019 (previous year: 52.6%).

MEDIA MIX GERMAN GROSS ADVERTISING MARKET

In %, 2018 figures in parentheses



Source: Nielsen Media Research.

Data from Nielsen Media Research are important indicators for assessing the advertising market's development. However, they are collected on a gross revenue basis, meaning that they do not take account of discounts, self-promotion or agency commission. In addition, the figures also include TV spots from media-for-revenue-share and media-for-equity transactions. Furthermore, the advertising revenues of major digital players from the US such as Google LLC ("Google") and Facebook Inc. ("Facebook") are not reflected in the Nielsen figures and therefore do not represent the entire gross market. This also results in the deviations to the net development of the TV advertising market.

In 2018, unlike in previous years, the German net TV advertising market drew only limited benefit from total solid macro-economic development and posted a slight decline of -1.2%. This was due chiefly to sector-specific effects. In 2019, conditions deteriorated further. Economic momentum slowed considerably, especially externally. This restrained the advertising behavior of the highly export-oriented German automotive industry, for example. In ProSiebenSat.1 Group's view, the TV advertising market therefore fell markedly short of the previous year on a net basis in 2019; there are similar assessments from experts from the Organization of Advertisers in the German Brands Association ("Organisation Werbetreibende im Markenverband – OWM"). Official data on the net TV advertising market for 2019 will be published by the German Advertising Federation ("Zentralverband der deutschen Werbewirtschaft – ZAW") in May 2020.

Against the backdrop of the developments described above, the agency forecasts for 2019 as a whole vary considerably: The forecasts for the German TV advertising market range between minus 0.5% (GroupM) and minus 3.1% (Magna Global). As described above, the TV advertising market fell markedly short in ProSiebenSat.1 Group's view. Net forecasts for the German advertising market as a whole range between plus 1.8% (Magna Global) and minus 0.7% (ZenithOptimedia). In-stream video advertising is likely to have continued its dynamic development and be driving growth on the online advertising market. For the online advertising market as a whole, the agency groups expect net growth of between 6.0% (GroupM) and 10.0% (Magna Global).

ProSiebenSat.1 Group is the market leader in the German TV advertising market and generated, according to Nielsen Media Research, gross TV advertising revenues of EUR 6.36 billion in 2019 (previous year: EUR 6.42 billion). In the fourth quarter of 2019, revenues decreased by 3.5% to EUR 2.17 billion (previous year: EUR 2.25 billion). For the full year of 2019, this resulted in a market share of 39.0%; in the fourth quarter, ProSiebenSat.1 Group achieved a market share of 39.5% (same periods of the previous year: 39.7% and 41.2% respectively).

MARKET SHARES GERMAN GROSS TV ADVERTISING MARKET In %, 2018 figures in parentheses



Source: Nielsen Media Research.

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 390.1 million in the full year of 2019 (previous year: EUR 293.5 million). This corresponds to year-on-year growth of 32.9%. At the same time, the market share increased from 46.3% to 47.9%. In the fourth quarter, the Group generated EUR 138.7 million here (previous year: EUR 107.0 million); this results in an advertising market share of 49.6% (previous year: 47.5%). The market volume for advertising budgets for in-stream video ads in Germany rose by 28.6% to EUR 814.5 million in 2019 (previous year: EUR 633.5 million), and by 24.0% to EUR 279.7 million in the fourth quarter (previous year: EUR 225.6 million).

Overall, investments in online forms of advertising rose by 4.6% to EUR 3.85 billion in 2019 (previous year: EUR 3.68 billion). In the fourth quarter, they amounted to EUR 1.19 billion (previous year: EUR 1.17 billion). With these investments, the Group generated revenues of EUR 478.3 million in the year as a whole (+26.5%) and of EUR 171.2 million in the fourth quarter (+36.8%). In addition to in-stream videos, the online advertising market also includes display ads such as traditional banners and buttons.

In ProSiebenSat.1 Group's view, the online advertising market developed above the previous year's level on a net basis in 2019. This is particularly attributable to the growing in-stream market.

Nielsen Media Research designates gross figures for the online advertising market in Germany. They do not comprise data from Google/You-Tube and Facebook, among others, and therefore they do not represent the entire market. For the overall online video market, it can be assumed that it has grown.

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

	Development of the TV advertising market in Q4 2019 (Change against previous year)		Development of the TV advertising market in 2019 (Change against previous year)	
Germany		+ 0.6		+ 0.8
Austria		+ 9.1		+ 2.4
Switzerland		+ 16.3		+ 3.4

	Market shares ProSiebenSat.1 Group Q4 2019	Market shares ProSiebenSat.1 Group Q4 2018	Market shares ProSieben- Sat.1	Market shares ProSiebenSat.1 Group 2018
Germany	39.5	41.2	39.0	39.7
Austria	44.2	43.8	44.5	43.4
Switzerland	27.1	26.4	27.6	26.4

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.

Commerce

Overall, e-commerce on all digital devices in Germany is expected to have grown by around 8.6% to a market volume of EUR 68.3 billion in 2019. As such, e-commerce probably accounted for 11% of total retail in 2019. This was the result of a current study by the Institute of Retail Research in Cologne (Institut für Handelsforschung Köln). According to this study, mobile commerce is likely to have been of great significance for e-commerce growth in Germany in the period under review, with a volume of around EUR 36.6 billion (previous year: EUR 30.7 billion). This corresponds to 53.6% of online revenues in Germany overall. The individual e-commerce areas differ in terms of their dynamics. Relevant markets for ProSiebenSat.1 Group are described below:

- Beauty and Lifestyle:** In 2019, the German beauty and personal care market was worth EUR 15 billion (previous year: EUR 14.7 billion). E-commerce accounted for around 27% of revenues in the beauty market in 2019, and this is to rise to as much as 40% by 2023.
- Online dating:** According to Statista GmbH ("Statista")'s Digital Market Outlook, revenues in the online dating market increased to EUR 204 million in 2019 (previous year: EUR 195 million). The market comprises the matchmaking, singles site and casual dating segments. Our portals Parship and ElitePartner belong to the matchmaking segment, which generates the highest revenues in the online dating market and accounts for roughly 43% of total revenues.
- Consumer Advice:** The market volume of online comparison portals in the fields of energy, telecommunications, car insurance and consumer loans in Germany is expected to come to approximately EUR 760 million in 2019 (previous year: EUR 721 million).
- Experiences:** The market volume for experiences (including gift experiences, experience-based short trips and recreational experiences) is expected to have come to approximately EUR 4.5 billion in Germany in 2019. A joint study by mydays GmbH ("mydays") and Statista found that shared experiences were a favored gift under the Christmas tree. Nearly half the men and around two-thirds of the women surveyed said that they would be most pleased with the gift of a shared experience for Christmas.



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.

We conduct intensive market research in every area relevant to our business activities and in every area in which the Company sees growth potential. In 2019, expenses for Group-wide market research activities amounted to around EUR 9 million (previous year: EUR 9 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 use 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 also 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, we are particularly working on making our advertising products more intelligent. This means that we are developing offers to target TV and video advertising to specific target groups. This is for example based on anonymous user data regarding age, gender, household income or weather. In 2019, the marketer SevenOne Media launched the addressable TV Spot in the advertising market in addition to its existing offerings in the area of targeted advertising. This enables the Company's own commercials to be cross-faded with addressable spots in all advertising blocks, thus addressing viewers based on their interests. The offer is based on an advertising technology that SevenOne Media developed and has applied for a European patent. In addition, we are continuously developing our own digital platforms, for example in the commerce business.

SIGNIFICANT EVENTS IN FINANCIAL YEAR 2019

ProSiebenSat.1 Group regularly analyzes its portfolio and assesses possible growth and synergy potential. This strategy includes portfolio expansions, company disposals and investments in promising growth areas. In this context, the following events were significant in financial year 2019.

- In the financial year 2019, a dividend of EUR 1.19 per share was distributed based on the resolution of the Annual General Meeting on June 12, 2019. The total dividend payment was EUR 269 million. In addition, it was decided to transfer an amount of EUR 200 million from retained earnings to other revenue reserves. As a result of these resolutions, the balance sheet profit decreased by EUR 469 million.
- In the second quarter of 2019, the Group extended the maturities for most of the syndicated credit agreement consisting of a term loan and a revolving credit facility (RCF) until April 2024.
- In the third quarter of 2019, ProSiebenSat.1 Group continued the transformation of its Entertainment business and decided to establish a new and more independent organization for this segment. At the same time, the operating holding company, which was previously closely interwoven with the Entertainment business, was transformed into a strategic holding company.

OVERALL ASSESSMENT OF THE COMPANY'S BUSINESS PERFORMANCE BY THE EXECUTIVE COMMITTEE

ProSiebenSat.1 Media SE achieves in financial year 2019 an annual profit of EUR 302 million (previous year: EUR 122 million). The investment result of 525 million euros increased slightly compared to the previous year (previous year: 521 million euros). The previous year was also characterized by significant extraordinary effects. On the one hand, the recognition of a provision for impending losses in connection with programming assets in the previous year led to an expense of 176 million euros. On the other hand, a profit of EUR 108 million was generated in the previous year from the sale of shares in NUCOM GROUP SE, Unterföhring, to General Atlantic PD GmbH, Munich. The elimination of these effects and significant cost reductions in the income statement items other operating expenses, personnel expenses and interest expenses led to a significant improvement in earnings. Taking into account a lower tax expense, the annual surplus was EUR 302 million (previous year: EUR 122 million). Equity increased by EUR 35 million to EUR 2,963 million.

EARNINGS OF PROSIEBENSAT.1 MEDIA SE

STATEMENT OF INCOME ACCORDING TO GERMAN GAAP (HGB) in EUR m

	2019	2018
Revenues	107	102
Other operating income	73	181
Program and material expenses	54	226
Personnel expenses	76	97
Depreciation	11	14
Other operating expenses	105	151
Operating expenses	246	488
Investment result	525	521
Financial result	-44	-56
Taxes	112	138
Income after taxes	302	122
Other taxes	0	0
Profit of the year	302	122

ProSiebenSat.1 Media SE's revenues increased by EUR 5 million to EUR 107 million in financial year 2019. In particular, this development is due to an increase in the rent paid to Group companies that caused rental income to rise by EUR 4 million. Revenues from the disposal of programming assets and ancillary programming rights remained stable at EUR 36 million, as did proceeds from administrative services of EUR 42 million (previous year: EUR 43 million).

Other operating income declined by EUR 108 million year-on-year to EUR 73 million. In particular, this was caused by the income of EUR 108 million generated by the sale of shares in NCG-NUCOM Group SE to General Atlantic PD GmbH in financial year 2018.

Operating expenses amounted to EUR 246 million (previous year: EUR 488 million). The high value of the programming and material expenses in the previous year was caused in particular by the recognition of provisions for onerous contracts in connection with the change of strategy for programming assets of EUR 176 million. Personnel expenses declined significantly as a result of the drop in headcount by an average of 122 to 575 and lower non-recurring payments of EUR 12 million (previous year: EUR 18 million). Other operating expenses decreased by EUR 46 million to EUR 105 million. This results in particular from a decline in legal and consulting costs of EUR 21 million and a reduction of EUR 9 million in intragroup expenses.

The investment result, consisting of income from profit transfer agreements and investment income less expenses from loss absorption, amounted to EUR 525 million (previous year: EUR 521 million). Income from profit transfer agreements, which stems almost exclusively from P7S1 TV Deutschland GmbH, of EUR 551 million (previous year: EUR 530 million) and investment income from NCG-NUCOM Group SE of EUR 25 million (previous year: EUR 14 million) was partly offset by expenses from loss absorption of EUR 51 million (previous year: EUR 23 million).

In financial year 2019, the financial result, consisting of interest income netted against interest expenses including write-down of financial assets, improved by EUR 12 million to minus EUR 44 million (previous year: EUR -56 million). In particular, this was on account of a significant reduction in the interest expense for taxes.

Tax expenses amounted to EUR 112 million compared to EUR 138 million in the previous year. The recognition of provisions for onerous contracts described above was not tax-deductible in financial year 2018.



In financial year 2019, the developments described resulted in profit for the year of EUR 302 million. This represents a year-on-year increase of 148% or EUR 180 million.

ProSiebenSat.1 Media SE has concluded long-term rental contracts for property at the Unterföhring site classified as operating leases under the German Commercial Code (HGB). Rental expenses including ancillary costs amounted to EUR 25 million in financial year 2019 (previous year: EUR 22 million).

Performance, financial position and liquidity of ProSiebenSat.1 Media SE

BALANCE SHEET IN ACCORDANCE WITH GERMAN GAAP (HGB) in EUR m

	12/31/2019	12/31/2018
ASSETS		
Intangible assets	3	3
Properties	52	50
Financial assets	7,676	7,578
Non-current assets	7,731	7,631
Receivables and other assets	927	946
Cash and cash equivalents	704	731
Current assets	1,631	1,677
Prepaid expenses	2	3
Excess of plan assets over pension liability	0	1
TOTAL ASSETS	9,364	9,311
LIABILITIES AND EQUITY		
Equity	2,963	2,928
Provisions	297	365
Liabilities	6,103	6,018
Deferred income	1	0
TOTAL LIABILITIES AND EQUITY	9,364	9,311

BALANCE SHEET

As of December 31, 2019, the total assets of ProSiebenSat.1 Media SE increased by 1% or EUR 53 million to EUR 9,364 million. Fixed assets increased by 1% or EUR 100 million year-on-year to EUR 7,731 million. The rise essentially resulted from contributions to the capital reserve by the direct subsidiaries ProSiebenSat.1 Entertainment GmbH, NCG-NUCOM GROUP SE and Red Arrow Studios GmbH in the period under review, in addition to intragroup lending that is not expected to be repaid before the end of 2020.

Current assets decreased by 3% or EUR 46 million to EUR 1,631 million. This development is essentially due to the decline in tax receivables of EUR 44 million on account of an adjustment of subsequent prepayments for 2018. Material items in current assets also include intragroup receivables of EUR 785 million (previous year: EUR 752 million), bank balances of EUR 704 million (previous year: EUR 731 million) and advance payments for programming assets of EUR 88 million (previous year: EUR 86 million).

As of December 31, 2019, the equity of ProSiebenSat.1 Media SE increased by 1% or EUR 35 million to EUR 2,963 million. The equity ratio was therefore 32% (previous year: 31%).



Provisions decreased by EUR 67 million to EUR 298 million. This was due to the reduction in provisions for onerous contracts for the future acquisition of programming assets.

Amounting to EUR 6,103 million as of December 31, 2019, liabilities were EUR 85 million higher than the previous year's figure of EUR 6,018 million. This development above all reflects the rise in trade payables for programming assets.

FINANCIAL POSITION AND LIQUIDITY

Cash management for ProSiebenSat.1 Group is performed centrally with Group cash flows predominantly being pooled by an implemented cash pooling system at ProSiebenSat.1 Media SE as the holding company. Therefor the cash flows of ProSiebenSat.1 Group affect the liquidity of ProSiebenSat.1 Media SE to a very large degree.

ProSiebenSat.1 Media SE has issued an unsecured bond of EUR 600 million with a coupon of 2.625% maturing in April 2021.

There is also an unsecured syndicated loan agreement comprising a bullet loan with a nominal volume of EUR 2,100 million and a revolving credit facility (RCF) with a volume of EUR 750 million. The revolving credit facility was not utilized in financial year 2019. In the financial year, the terms of the loan and the RCF were mostly extended until April 2024. The portion of the loan not prolonged of EUR 151 million and of the RCF of EUR 74 million are still set to mature in April 2023. The loan agreement was concluded with an international banking group.

In addition, ProSiebenSat.1 Media SE issued three unsecured syndicated promissory notes totaling EUR 500 million with maturity ranges 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) in the financial year 2016.

For Group companies, especially the German TV stations, ProSiebenSat.1 Media SE acts as purchasing agent for programming assets. In financial year 2019, EUR 524 million (previous year: EUR 564 million) was spent on investments in programming assets (including prepayments for programming assets). In the past financial year, the inflow from the internal transfer of programming assets to Group companies amounted to EUR 544 million (previous year: EUR 561 million). As of December 31, 2019, the total future financial obligations from programming purchase agreements already concluded decreased to EUR 1,829 million (previous year: EUR 2,295 million) as expected on account of the previous year's change in programming strategy.

In the period under review, cash outflows for purchases of tangible fixed assets at ProSiebenSat.1 Media SE amounted to EUR 14 million. This represents a year-on-year increase of EUR 3 million.

A total net amount of EUR 67 million (previous year: EUR 118 million) was spent on contributions to the capital reserve at direct subsidiaries and on company acquisitions and company disposals in financial year 2019.

ProSiebenSat.1 Media SE was and is capable of satisfying its own payment obligations at any time.

For further information on the balance sheet and income statement, refer to the Notes to the Annual Financial Statements of ProSiebenSat.1 Media SE.

OVERALL ASSESSMENT OF THE BUSINESS PERFORMANCE – MANAGEMENT VIEW

Our most important financial and non-financial performance indicators developed largely in line with the guidance in financial year 2019. Revenues rose by 3% in the mid single-digit percentage range to EUR 4,135 million (previous year: EUR 4,009 million). By contrast, adjusted net income was lower than in the previous year, as announced, at EUR 387 million (previous year: EUR 541 million) and reflected the development of adjusted EBITDA. Adjusted EBITDA declined by 14% to EUR 872 million (previous year: EUR 1,013 million). The adjusted EBITDA margin was 21,1% and the adjusted net income conversion rate was 44%. Both figures were slightly lower than the figures forecast at the start of the year, which were subject not only to the effects of investments recognized as expense in the Entertainment business and the Commerce business, but also—as announced—to the development of the Company's TV core advertising revenues and the macroeconomic environment. As of the end of the year, TV core advertising revenues were down 5% year-on-year on account of increased macroeconomic uncertainties, which meant weaker than originally projected development of the TV advertising business. Consequently, the earnings figures reflect the earnings scenario that the Group forecast in November 2019. The development of the leverage ratio should also be seen in this context. In contrast to the projection at the start of the year, earnings in the Commerce business were slightly lower than the previous year's figure. This is because, over the course of the year, the Group had decided to further accelerate and strengthen the competitive position in the online beauty business through additional investments recognized as expense in the portfolio company Flaconi. The development of the Verivox consumer portal also played a role here, as its revenues and earnings were affected by a challenging market and competitive environment, particularly as a result of the insolvency of a low-cost electricity provider in the beginning of 2019. As announced in November 2019, adjusted EBITDA in this segment was around EUR 100 million.

ProSiebenSat.1 Group is driving the digital transformation forward across the Group and is expanding its TV business with digital entertainment offerings to serve various media usage interests. We are responding to the change in viewer behavior with a sharper focus on local programming. With this programming strategy, we have laid an important foundation for a modern and forward-looking entertainment business and have further increased our viewer ratings 0.4 percentage points to 28.2% in the German market. This is the Group's most important key non-financial performance indicator.

Advancing digitalization and the associated changes in media usage entail both major opportunities and new challenges for us. This is reflected in the Group's revenue performance. While revenues increased as expected in both the Content Production & Global Sales and Commerce segments, revenues in the Entertainment segment—even adjusted for portfolio effects—were below the previous year. There was highly dynamic growth in the digital and smart advertising business, but this only partly compensated for the decline in TV core advertising revenues. This reflects in particular the increased macroeconomic uncertainties associated with the general decline of the TV advertising market and structural changes in media consumption.

2019 was a challenging year in which we further developed our strategy to respond to changes in the media market. In order to make the organization even more agile and drive forward digital transformation, the Group is establishing a new and more independent Entertainment organization in which the content areas, the digital platform businesses and their monetization are more closely integrated. By bundling our market expertise, we can offer our viewers or users entertaining and relevant content that they can consume on their choice of platform. The same goes for advertising clients, who benefit from our marketing innovations across all channels and from better addressed advertising thanks to databased offerings.



COMPARISON OF ACTUAL AND PROJECTED BUSINESS PERFORMANCE FOR THE GROUP

	Actual figures 2018	Forecast FY 2019 March 7, 2019	Q2 2019 August 7, 2019	Q3 2019 November 7, 2019	Actual figures 2019
Revenues (in EUR m)	4,009	Increase in the mid single-digit percentage range, based on at least stable or only slightly declining TV core advertising revenues in the Entertainment segment and a stable macroeconomic environment	Confirmation of the forecast from March 7, 2019, subject to the development of the macroeconomic environment and the TV advertising market in the second half of 2019	Confirmation of the forecast from March 7, 2019, subject to the development of the macroeconomic environment and the TV advertising market	4,135 an increase of 3.1%
Adjusted EBITDA margin (in %)	25.3%	22%-25%; based on at least stable or only slightly declining TV core advertising revenues in the Entertainment segment and a stable macroeconomic environment. Should the general conditions deteriorate beyond the assumptions made, this would have a negative impact on profitability in the Entertainment segment and at Group level. Provided stable to only slightly declining TV core advertising revenues in the Entertainment segment in the full-year, there is the assumption that the impact of the planned investments recognized as expense on adjusted EBITDA of the Group in full-year 2019 will be restricted to a mid double-digit million figure compared with the previous year.	Confirmation of the forecast from March 7, 2019, subject to the development of the macroeconomic environment and the TV advertising market in the second half of 2019	Adjusted EBITDA margin at the lower end of the target range of 22% to 25% subject to the development of the macroeconomic environment and the TV advertising market; should TV core advertising revenues decline by up to a high single-digit percentage in Q4 alongside planned additional investments recognized as expense, adjusted EBITDA could fall to around EUR 850 million	21.1%
Adjusted net income (conversion rate of adjusted EBITDA to adjusted net income in %)	53.4%	Around 50%	-	Adjusted net income below previous year	44%
Leverage ratio (net financial debt/LTM adjusted EBITDA)	2.1 x	1.5-2.5x	-	-	2.6 x
Free cash flow before M&A (in EUR m)	244	Stable	-	-	339

COMPARISON OF ACTUAL AND PROJECTED BUSINESS PERFORMANCE FOR THE GROUP

	Actual figures 2018	Forecast FY 2019 March 7, 2019	Q2 2019 August 7, 2019	Q3 2019 November 7, 2019	Actual figures 2019
Entertainment					
External revenues (in EUR m)	2,626	Stable; under the condition of stable or only slightly declining TV core advertising revenues as well as a contrary positive development of other Entertainment revenues and based on a stable macroeconomic environment. Should the general conditions deteriorate beyond the assumptions made, this would have a negative impact on profitability in the Entertainment segment and at Group level.	-	-	2,518
Adjusted EBITDA (in EUR m)	881	Significant decrease; on the condition of stable or only slightly declining TV core advertising revenues as well as a contrary positive development of other Entertainment revenues and based on a stable macroeconomic environment. Should the general conditions deteriorate beyond the assumptions made, this would have a negative impact on profitability in the Entertainment segment and at Group level.	-	-	726
Content Production & Global Sales					
External revenues (in EUR m)	552	Significant increase	-	-	652
Adjusted EBITDA (in EUR m)	31	Significant increase	-	-	48
Commerce					
External revenues (in EUR m)	831	Significant increase	-	-	965
Adjusted EBITDA (in EUR m)	103	Significant increase	Announcement on strengthening the competitive position in the online beauty business through additional investments recognized as expense in the portfolio company Flaconi and further accelerating growth	Adjusted EBITDA of around EUR 100 million	98
German TV audience market					
(Market share in %)	27.8%	Leading market position at a high level	-	-	28.2%

RISK REPORT

As a holding company, ProSiebenSat.1 Media SE itself and through the operational holdings with a wide range of business activities it directly and indirectly is exposed to a wide variety of risks. Due to the perceived holding function, the risks and opportunities of the Group are essentially congruent with the risks and opportunities of ProSiebenSat.1 Media SE.

PROCESS MANAGEMENT

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

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

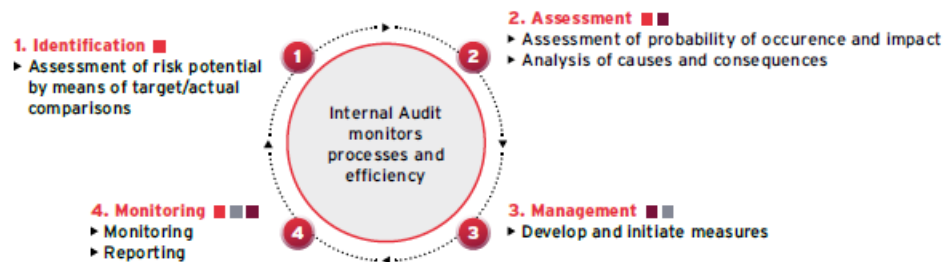
2. Assessment: The relevant risks are assessed on the basis of a matrix. On the one hand, the circumstances are categorized on a five-level percentage scale in terms of the probability of their occurrence. On the other hand, their level of potential financial impact is estimated; the financial equivalents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

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

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

Risk is defined in this report as a potential future development or event that could significantly influence our business situation and result in a negative deviation from targets or forecasts. The risk indicators that we have already taken into account in our financial planning or in the Consolidated Financial Statements as of December 31, 2019, therefore do not come under this definition and are consequently not explained in this Risk Report.

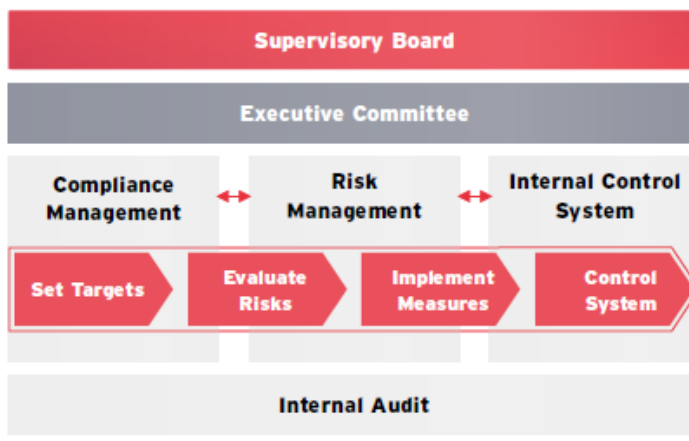
RISK MANAGEMENT PROCESS



■ Decentralized risk manager ■ Executive Committee/Supervisory board ■ Group Risk Officer

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

RISK MANAGEMENT SYSTEM



- **Decentralized risk managers:** The risk managers identify the risks from their respective area of responsibility according to the standard Group system described. They document their results in an IT database every quarter.
- **Group Risk Officer:** The Group Risk Officer reports the risks identified in the database to the Executive Committee and Supervisory Board on a quarterly basis. In addition, relevant risks arising at short notice are reported immediately. In this way, the Executive Committee and Supervisory Board receive all analyses and data relevant for decision making regularly and at an early stage so that they can respond.
- The **Risk Office** supports the various corporate units in identifying risk at an early stage. It ensures the efficacy and timeliness of the system by training the decentralized risk managers and continuously monitoring the scope of risk consolidation. Moreover, the Internal Audit unit regularly reviews the quality and compliance of the risk management system. The results are reported directly to the Group CFO and then discussed in the Executive Committee and presented to the Supervisory Board for its information.

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

DEVELOPMENT OF RISK CLUSTERS

ProSiebenSat.1 Group divides the risks at segment and Group level into the "operating risks", "finance risks", "compliance risks", "strategic risks" and "non-financial risks" categories. Due to their thematic diversity, ProSiebenSat.1 Group also subdivides the respective "operating risks" into the following risk clusters: "External risks", "sales risks", "content risks", "technological risks", "personnel risks", "investment risks", "product risks" and "other risks". The risk clusters in turn comprise various different risks. These are not necessarily the only risks that the Group faces. However, we are not currently aware of any additional risks that could impact our business activities, or we do not consider them relevant in the context of this report.

We monitor all risks identified as part of the risk management process; however, this Risk Report focuses only on risks that could have a material or lasting impact and describes the respective change compared to the previous year. This describes a change in reporting compared to the previous year, in which risks were reported with at least a medium overall assessment. Contingent liabilities from possible compliance risks are presented in the notes.

This Management Report only presents risks with a high or very high potential impact; we do not report on risks with a very low, low or medium potential impact here. This describes a change in reporting compared to the previous year, in which risks were reported with at least a medium overall assessment. However, if a risk that currently has very low, low or medium potential impact changes into a risk with a high or very high potential impact, we will include this change in our future Risk Reports. Conversely, if risks which are currently rated as having a high or very high impact are downgraded to very low, low or medium impact, such risks will not be described in detail in this report except for the change compared to the risk situation published in the Annual Report 2018 itself. The evaluation of probability of occurrence and risk impact and the general Group thresholds are unchanged compared to the previous period.

Overall, the overall risk situation has increased compared to the previous year. This is because, on the one hand, macroeconomic risks have increased at Group level. Furthermore the license risks and the production risks associated to the local content strategy in the Entertainment segment have increased from a low to a medium impact compared to December 31 2018. In addition, sales risks in the commerce segment have increased compared with 31 December 2018 and are now classified as possible rather likely. On the other hand, the production risks in the Content Production & Global Sales segment has decreased from a high to a medium impact compared to December 31, 2018. All other risks and risk clusters – if not explicitly mentioned – have not changed.

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

Overall risk situation: To assess the overall risk situation, ProSiebenSat.1 Group initially classifies all individual risks as part of the quarterly assessment process, aggregates them, and assigns them to clusters. When assessing the overall risk situation, ProSiebenSat.1 Group weights the clusters according to their significance for the Group. The assessment of the overall risk situation is thus the result of an aggregate analysis of the main risk categories of the Group and its three segments Entertainment, Content Production & Global Sales and Commerce, whereby no risks with a high or very high impact were detected in the Content Production & Global Sales or Commerce segments.

OVERVIEW OF THE RELEVANT RISKS

OVERVIEW OF THE RELEVANT RISKS

Category	Cluster	Risk	Change	Possible Impact	Probability	Overall Risk
Segment Entertainment						
Operational risks	External risks	→ ▶ General sector risks (e.g consumer trends) Entertainment	Unchanged	Very High	Possible	High
	Sales risks	→ ▶ Entertainment reach (TV and digital)	Unchanged	High	Possible	Medium
		→ ▶ Entertainment sales (TV and digital)	Unchanged	Very High	Likely	High
Group						
Operational risks	External risks	↑ ▶ General economic risks	Increased	Very High	Possible	High
Finance risks		→ ▶ Counterparty risks	Unchanged	Very High	Unlikely	Medium
Compliance risks		→ ▶ General compliance (statutory reporting obligations, antitrust, litigation) incl. data protection and eprivacy	Unchanged	High	Possible	Medium

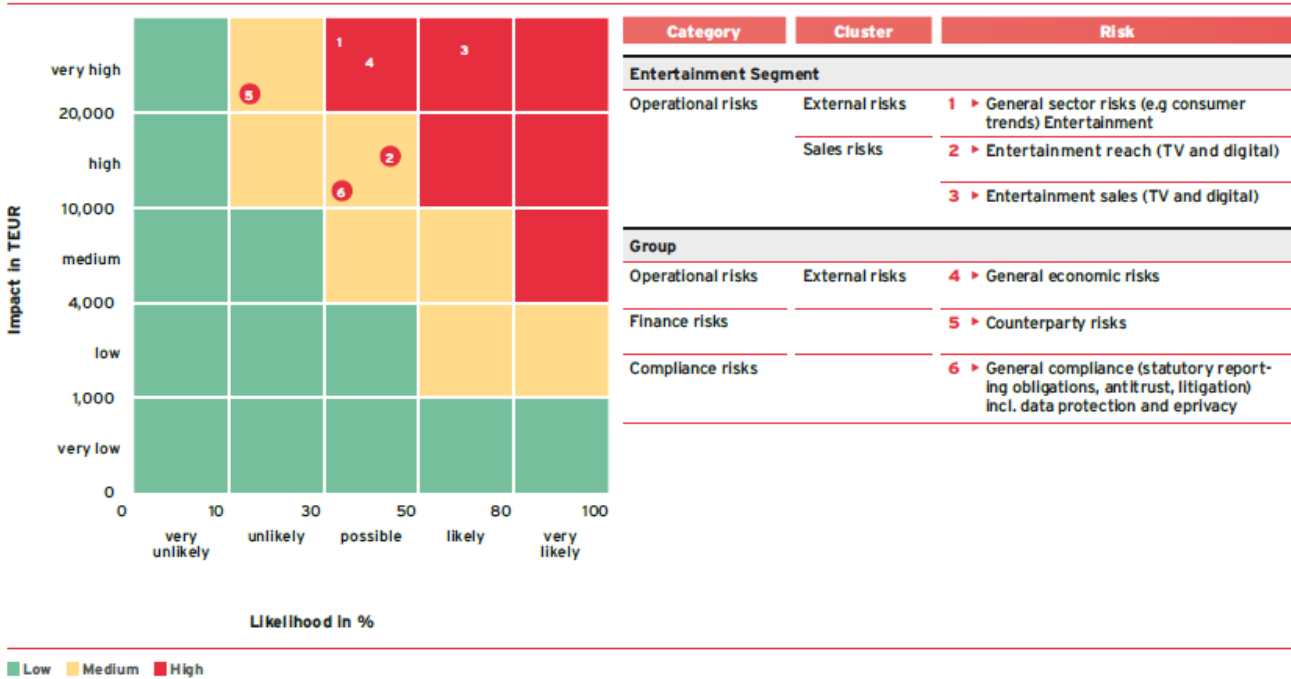
↔ unchanged ↑ increased

As already explained, this report describes risks with a potentially high or very high impact, but does not describe risks with a potentially very low, low or medium impact. This represents a change compared to the previous year's report, in which risks were described with a medium or high overall assessment, but not those with a low overall assessment. Due to this change, the following risks, each with a medium overall assessment, are not described in this report:

- §32a UrhG Bestseller (Non Fiction) in the segment Entertainment
- Licence program/negotiating position with major and independent studios (incl. program quality) in the segment Entertainment
- Productions in the segment Content Production & Global Sales
- Security risks on group level
- Regulatory risks on group level
- Claims for disclosure and action for damages by RTL 2 Television GmbH & Co. KG and El Cartel Media GmbH & Co. KG in the segment Entertainment
- Success of in-house and commissioned productions and local content strategy in the segment Entertainment
- Sales risks (TV-efficiency and media availability) in the segment Commerce.

OVERVIEW OF THE TOP RISKS

OVERVIEW OF THE TOP RISKS



ENTERTAINMENT SEGMENT

Operating Risks: External Risks

General sector risks (incl. media usage behavior): We believe that the risks from a change in video usage are unchanged and continue to see their occurrence as possible. In the event of a fundamental change, we cannot completely rule out a very high financial impact. We therefore rate this as a high risk overall.

The digital transformation, and particularly the growing use of the Internet, have changed media usage behavior. For a long time now, TV content for example has been used not only linearly and on conventional TV sets but also via mobile devices such as laptops and smartphones. These alternative forms of use are becoming increasingly popular, especially among younger viewers. Today, 20% of all TV use by 14- to 29-year-olds is not via a TV set but on devices such as smartphones, tablets and PCs/laptops.

Together with radio, TV has been the medium with the furthest reach in Germany for over 50 years. The TV viewing time calculated by AGF was around 202 minutes per day (adults aged 14–69) in 2019. Traditional television will continue to dominate video usage in Germany in the future. Although TV usage on non-mobile devices is likely to continue to decline slightly, it will still remain in first place. At the same time, the popularity of web-based video offers will continue increase. Streaming platforms with own content are therefore gaining in importance. We have made this the focus of our strategy and expectations.

We further extend our portfolio with digital offers. We do this through our own products as well as through partnerships with other platform providers. The most important example of this is our joint venture Joyn, in which ProSiebenSat.1 Group owns 50%.

In line with our strategy, we bracket the various forms of use, i.e. the use of TV, catch-up and other online video content, together as video usage. This is reflected in particular by the planned reporting of comprehensive, overall reach for all these forms of use under the name "total reach".

Operating Risks: Sales Risks

The development of sales risks is influenced by a number of factors. In addition to measurements of reach, macroeconomic data and sector-specific trends such as the general development of the advertising market and the distribution of advertising budgets among the media mix are relevant. In this context, there is considerable risk potential in reallocating budgets to online media, possibly going hand-in-hand with a declining TV share in the media mix or a negative trend in the revenue volume of the net TV advertising market.

Risks from reach development (TV and digital): The risks from reach development have not changed: We continue to classify this risk category as possible; the potential effects would be high. On the whole, we consider it a medium risk.

ProSiebenSat.1 Group has implemented an early warning system in order to keep a close eye on short, medium and long-term developments in reach. Audience market shares, which ProSiebenSat.1 Group analyzes daily on the basis of data from AGF, are an important indicator here. In 2019, we successfully increased the audience market shares in the important revenue market of Germany while extending our reach on digital platforms. Thereby, a shift of the total reach from TV to digital offers was observed.

Our objective is to offer entertainment - whenever, wherever and on any device. In this context, the Group brought its entertainment activities in the TV and digital sectors even closer together in one segment in 2019. This will allow us to make use of synergies, to compensate for fluctuations in reach within the portfolios and simultaneously to react to the change in media usage habits resulting from the growing attractiveness of web-based offerings. This objective is also reflected in the enhancement of our early warning system: In 2018 ProSiebenSat.1 Group expanded its risk definition for reach development to the digital sector. In the medium term, the total reach of linear and digital distribution channels (including Joyn) is to be expressed in standardized KPIs ("Total reach") and advertising is to be more precisely addressable ("Smart reach"). "Total reach" allows overlaps between the various forms of use to be presented, e.g. joint viewers of the TV broadcast of a show and the accompanying catch-up offering. "Smart reach" will also give us the opportunity to show more relevant and individual advertising for users, enabling an improved offer for advertising customers to address their target groups. These new indicators will adequately reflect the change in usage of the traditional TV and the digital entertainment offering.

In addition to these quantitative analyses, qualitative studies are also an important control instrument, as they give stations direct feedback from their audience. Nevertheless, individual mistakes cannot be ruled out. The production and acquisition of appropriate programs is a process whose success depends to a significant degree on the subjective opinion of our viewers. Moreover, competition will remain fierce, both within the German market and with regard to international digital corporations.

Ad sales risk (TV and digital): ProSiebenSat.1 Group considers the convergence of media not only in terms of reach development, but also in enhancing its risk management system in the sales area. Therefore, the various risks identified in this context were aggregated into an overall risk for TV and digital ad sales in 2018.

The competition with global digital providers has become more intensive. The transition from traditional linear television to streaming and catch-up video offerings is constantly accelerating. This entails the risk for ProSiebenSat.1 Group that advertising customers could be less willing to invest or prices for TV advertising could fall. We cannot therefore rule out very high effects on our revenue development in the TV advertising market, although we are pursuing a digital entertainment strategy.

The success of ad sales, including in the digital sector, depends on several factors, such as the attractiveness of the platforms on which the content is reproduced, but of course of the content itself, and its reach and monetization. In addition, adblockers represent a further sales risk in the sale of online advertising. These plug-ins, which are offered for browsers or apps for mobile devices, prevent advertising from being displayed. In order to limit this risk, ProSiebenSat.1 Group has introduced technical means that can effectively prevent the adblockers from functioning. We are also taking legal action and have filed an application for an injunction against the most widespread adblocker in Germany (AdBlock Plus).

Based on the above measures and developments as well as various market studies, which were also used to prepare the 2020 budget, we see ad sales risk as unchanged compared to the previous year. The probability of occurrence is still likely. The potential impact on revenue performance would be very high, so we categorize the risk overall as high, as in the previous year.

RISKS AT LEVEL OF PROSIEBENSAT.1 MEDIA SE

ProSiebenSat.1 Media SE, as a holding company of the ProSiebenSat.1 Group, is exposed to a variety of risks due to the Group's extensive business activities. To the extent that the requirements for accounting were met, adequate precautions were taken for all recognizable risks.

The following sections describe risks that may affect the ProSiebenSat.1 Group's net assets, financial position and results of operations.

Operating Risks: External Risks

General economic risks

Over the course of 2019, global growth momentum has slowed significantly. This had a negative impact on the strongly export-oriented German economy, which grew by 0.6% in real terms, a much weaker rate than in 2018, with a growth of 1.5%. While industry showed a pronounced weakness, the domestic economy developed robustly and the private consumption solidly.

The International Monetary Fund expects the global economy to recover slightly in 2020. However, this recovery will be modest at best and is also fraught with considerable risk. The unfavorable and increasingly uncertain external conditions could therefore spread to Germany's previously robust domestic economy. We therefore consider the economic risks to be higher than at the end of 2018. As companies' advertising expenditure and other investment decisions are influenced by the general economic situation and sentiment, we see this external risk as a high risk with a very high impact on earnings performance. Previously, we considered the risk to be medium with a high impact on earnings performance. We continue to classify the probability of occurrence as possible. Visibility in the advertising market remains limited. ProSiebenSat.1 Group therefore aims to increase its independence from the highly profitable but economically sensitive free TV business and thus further diversify the risk.

Finance Risks

The Group is exposed to various finance risks in its operating and financing activities. These include financing risk, counterparty risk, interest risk, currency risk and liquidity risk; with the exception of counterparty risk, we classify finance risks as having low significance. We counter these risks with extensive measures and use derivatives for hedging purposes.

The assessment and management of finance risks is coordinated centrally. To this end, the Group Finance & Treasury department analyzes the development in the markets, derives potential opportunities and losses for ProSiebenSat.1 Group on this basis, and regularly assesses the risk situation. The measures required are defined in close cooperation with the Group's Executive Committee. Principles, tasks, and responsibilities are defined on a Group-wide basis and regulated via binding guidelines for all subsidiaries of ProSiebenSat.1 Group.

Counterparty risk: The Group concludes finance and treasury transactions exclusively with business partners which meet high credit rating requirements. The counterparties' profiles are monitored systematically and continuously in this context. As well as using credit checks, ProSiebenSat.1 Group limits the probability of occurrence of counterparty risks through a broad diversification of its counterparties. The conditions for concluding finance and treasury transactions are regulated in standardized Group guidelines. We continue to rate the occurrence of counterparty risk unchanged as unlikely. However, as lenders' defaults could have a very high impact on our earnings performance and financial position, we classify the risk as medium overall.

Compliance Risks

General compliance risks (incl. statutory reporting obligations, antitrust, litigation): The General Data Protection Regulation has been in force since May 2018. ProSiebenSat.1 Group took measures and implemented them throughout the Group at an early stage. The companies of ProSiebenSat.1 Group are currently focused on satisfying the rights of data subjects, especially responding to their inquiries regarding data protection law.

The impact of the General Data Protection Regulation on the advertising industry cannot yet be fully predicted. This particularly includes the processing of data for targeted online advertising, which can be tailored more precisely the better users' interests are known. This is especially true in the context of the German data protection authorities' controversially debated guidance for telemedia services of March 2019. Due in part to outstanding decisions by the German Federal Court of Justice and ongoing legislative initiatives, it is unclear whether the implicit or even explicit consent of the user will need to be obtained from a certain point in the future when developing profiles.

On March 29, 2019, the European Parliament, Council and Commission also came to an agreement regarding the proposal for a directive on "better enforcement and modernization of EU consumer protection rules." This regulation, also known as the Omnibus Directive, centers on EU-wide class actions, changes to the right of withdrawal, and new transparency rules for online marketplaces: Consumers will be able to band together across Europe and file actions against enterprises via consumer protection organizations. The right of withdrawal will also apply to digital content in the future. Online marketplaces will have to meet higher transparency requirements. In cases of widespread infringements affecting consumers in multiple EU member states, the maximum fine amounts to 4% of the provider's annual revenues in the respective member state. We expect the directive to enter into force in the respective member states at the end of 2021. We are closely monitoring the current developments, in particular with regard to the General Data Protection Regulation and digital consumer protection, in order to be able to react appropriately to expected and unexpected conditions and thereby minimize the financial risk.

We consider the general compliance risks to be unchanged. However, we cannot completely rule out high negative effects on the Group's earnings performance in this context and continue to consider their occurrence to be possible. We still classify the overall risk as a medium risk.

DISCLOSURES ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE (CONSOLIDATED) REPORTING PROCESS (SECTION 289 (4) OF THE GERMAN COMMERCIAL CODE) WITH EXPLANATORY NOTES

The internal control and risk management system in relation to the reporting process is intended to ensure that transactions are appropriately reflected in the Single Financial Statements and the Consolidated Financial Statements of ProSiebenSat.1 Media SE (prepared in line with German GAAP and International Financial Reporting Standards (IFRS) adopted in the EU) and that assets and liabilities are recognized, measured and presented appropriately. This presupposes Group compliance with legal and company regulations. The scope and focus of the implemented systems were defined by the Executive Committee to meet the specific needs of ProSiebenSat.1 Group. They are regularly reviewed and updated as necessary. Nevertheless, even appropriate and properly functioning systems cannot offer any absolute assurance that all risks will be identified and controlled. The company-specific principles and procedures to ensure that the Group's single-entity and consolidated reporting is effective and correct are described below.

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

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

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

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

ORGANIZATIONAL STRUCTURE

The single-entity financial statements that are incorporated into the Consolidated Financial Statements are prepared using standardized software.

- The financial statements of the individual entities are prepared in compliance with German GAAP, the input data in compliance with the accounting and reporting manual based on IFRS, which is made available to all employees involved in the reporting process. The individual entities included in the Consolidated Financial Statements provide their input data to the Group Accounting & Reporting department in a specified format.
- The financial systems employed are protected with appropriate access authorizations and controls (authorization concepts).
- Certain matters relevant to reporting (e.g. expert opinions with regard to pension provisions) are determined with the assistance of external experts.
- The principal functions of the reporting process – accounting, taxes, controlling, and treasury – are clearly separated. Areas of responsibility are assigned without ambiguity.
- The departments and other units involved in the reporting process are provided with adequate resources in terms of both quantity and quality. Regular professional training sessions are held to ensure that financial statements are prepared at a consistent and reliable level of quality.
- An appropriate system of guidelines (e.g. German GAAP-based accounting manual, IFRS-based accounting and reporting manual, intercompany transfer pricing guideline, purchasing guideline, travel expense guideline, etc.) has been set up and is updated as necessary. The efficiency of the internal control system in regard to processes relevant to financial reporting is reviewed on a sample basis by the Internal Audit unit, which is independent of the process.



PROCESS ORGANIZATION

- In all accounting-related processes, controls are implemented such as the separation of functions, the dual-control principle, approval and release procedures, and plausibility testing.
- Tasks for the preparation of the Single Financial Statements as well as the Consolidated Financial Statements are clearly assigned (e.g. reconciliation of intragroup balances, capital consolidation, monitoring of reporting deadlines and reporting quality with regard to the data of consolidated companies, etc.). The Corporate Accounting department and the Group Accounting & Reporting department is the central point of contact for specific technical questions and complex accounting issues.
- Risks that relate to the consolidated accounting process are recorded and monitored continuously as part of the risk management process described in the Risk Report.

As part of the 2019 annual audit, the auditor examined the early risk detection system in accordance with Section 317 (4) German Commercial Code in conjunction with Section 91 (2) AktG and confirmed its regularity.



OPPORTUNITY REPORT

OPPORTUNITY MANAGEMENT

Growth opportunities are identified as part of the Group's opportunity management and are specified in the planning process. Our opportunity management is part of the intragroup management system. The objective is to identify and seize opportunities as soon as possible using suitable measures. At ProSiebenSat.1 Group, the management of opportunities is decentrally organized in the business units. The defined opportunities are recorded as part of strategic planning.

EXPLANATORY NOTES ON KEY OPPORTUNITIES

We have incorporated opportunities that we consider to be likely in our forecast for 2020 and in our planning until 2024. In addition, economic performance-related factors such as cost awareness and efficient process management are key requirements for further strengthening ProSiebenSat.1 Group's market position. We report on these growth opportunities in the Company Outlook. In addition, there is potential that has not yet been or not fully been budgeted for. In particular, this potential may arise from strategic measures. In the section below, we report on these opportunities if they are material and important for the planning period until 2024.

The media industry is in the midst of digital transformation. New competitors and technologies have emerged, altering both revenue models and media usage itself. We continue to make process and are consistently pushing ahead with the transformation from a traditional TV company into a digital group with a diversified business portfolio. The Group is linking its segments and business areas increasingly closely, using digital technologies, and tapping into additional markets with acquisitions or strategic partnerships. Despite economic uncertainties, we continue to act in a sustainable and long-term manner and have made the deliberate decision to invest in particular to improve our offering of local programming, to build on our digital reach and our digital and smart advertising business, and to further diversify our business via NuCom Group's growth.

Synergies from networking business areas. In order to remain competitive going forward and grow profitably, ProSiebenSat.1 Group's portfolio has been organized into three segments since 2018. Bringing together the linear TV business and digital entertainment was an important step here. By dovetailing its investments and producing or bundling successful formats for use on various platforms from one source, the Group increases the efficiency of its investments and creates additional growth opportunities through synergy. In order to make the Group Organization even more agile, ProSiebenSat.1 Group also established a new and more independent Entertainment organization in 2019, in which the content areas, the digital platform businesses and their monetization are more closely connected. This is the next step to proceed with the digital transformation and increase our competitive opportunities.

These days, television and moving pictures content is accessed regardless of time and place and watched not only on TV screens but also other devices such as smartphones and tablets. The ProSieben format "The Voice of Germany" is one example: In 2019, the music show achieved more than 266 million video views across all digital platforms. By disseminating content via as many channels as possible, the Group serves additional media usage interests and especially the growing popularity of digital media among young target groups. An important step in this context was the launch of Joyn as cross-channel entertainment streaming platform, which bundles content of ProSiebenSat.1 Group's and Discovery's free TV stations and other content partners on a single platform and an app. Additional features and content are being added

here all the time. At the same time, cross-media marketing offers allow ProSiebenSat.1 Group to better monetize reach. This development is being driven by broadband Internet access with fast data transfer rates.

Data-based business models and digitalization of TV advertising. ProSiebenSat.1 Group is consistently linking its television business to digital entertainment media and thus expanding its (“Total Reach”). As the next step, this reach is to be made addressable so that advertising can be tailored to the respective viewers in an optimum manner (“Smart Reach”). ProSiebenSat.1 Group is also relying on new technologies to achieve this. For instance, we were the first TV group in Germany to broadcast addressable TV spots with the hybrid broadcast broadband TV (HbbTV) technological standard. In 2019, over 800 addressable TV campaigns were booked in total, more than 100 of which were spot campaigns. These advertisements combine the high reach of traditional television with the opportunities provided by digital advertising, including target-group-based advertisements and advertisements individualized to devices.

We made an important step for better monetization of online videos by founding d-force, a joint venture with Mediengruppe RTL Deutschland. The joint venture makes the addressable TV and online video inventories of both media groups available for programmatic media buying via a booking platform used by both partners. The initiative is open to other partners and intends to expand from Germany and the DACH region to the rest of Europe in the future.

High-growth business areas and portfolio focus. In the Entertainment segment, the Group expanded its portfolio by launching the streaming platform Joyn in June 2019. Up to the end of 2019, the advertising-financed app was downloaded more than 6.5 million times. It was augmented in November 2019 by a premium offering including pay TV integration under the Joyn Plus+ brand. Besides exclusive content, a media library and TV previews, Joyn also offers livestreams of over 60 TV stations, including ARD and ZDF. In addition, we are in talks with leading European media companies about launching in other European countries as well.

The past M&A strategy has sustainably strengthened the Group’s growth. One of our strategic priorities is to invest in the dynamically growing commerce sector with NuCom Group. Products and services that add value via the mass medium of TV are particularly relevant for ProSiebenSat.1 Group from a strategic point of view. With TV advertising, the Group can quickly and efficiently increase the revenues of its investments without high cash investments. These are key pillars of our M&A strategy, which give rise to revenue and cost synergies. NuCom Group is focusing its portfolio on consumer advice, matchmaking, experiences, and beauty & lifestyle and is striving to be the market leader in these areas.

OVERALL ASSESSMENT OF THE RISK AND OPPORTUNITY SITUATION – MANAGEMENT VIEW

Our industry is characterized by constant change. This is why we have structured the Group’s organization around agility and greater efficiency so that we can actively translate this transformation into growth potential. Today, ProSiebenSat.1 Group is already a broad-based entertainment and commerce company with strong brands, a leading position in the audience and TV advertising markets, innovative marketing offerings, an international production network as well as a profitable commerce portfolio. The digital development opens up new growth markets for all of our segments. But there are also risks. Social, technological and economic areas have significantly changed as a result of digitalization. This trend will continue and gather pace in the years to come. Therefore, the identification and management of potential opportunities is just as important for our Group as the recognition and controlling of potential risks. We have implemented a comprehensive risk management system that integrates all relevant business units. We estimate that there are no risks that, individually or in combination with other risks, could have a material or lasting adverse effect on the assets, liabilities, financial position and profit or loss. Although the overall risk has increased compared to the previous year, the identified risks pose no threat to the Company as a going concern, even not looking into the future. The opportunity situation has not changed compared to the previous year.

FORECAST REPORT

In its further business development, ProSiebenSat.1 Media SE depends largely on the subsidiaries of the group, because the result of ProSiebenSat.1 Media SE is determined to a large extent by the investment result and thus by the possible distributions from the subsidiaries. The forecast for the Group's economic developments thus serves as an assumption for the forecast of ProSiebenSat.1 Media SE. Therefore, in addition to the future framework conditions, the development of key parameters in the Group is also discussed below.

FUTURE BUSINESS AND INDUSTRY ENVIRONMENT

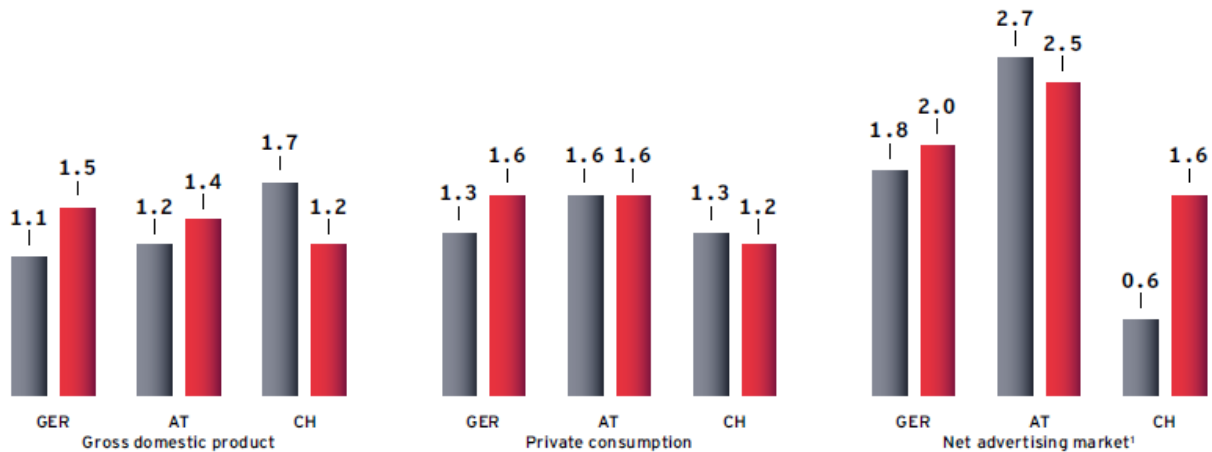
The International Monetary Fund (IMF) lowered its growth forecasts for the global economy and the eurozone several times over the course of 2019 and at the beginning of 2020: The downward corrections were chiefly due to increasing trade barriers and geopolitical uncertainties in emerging countries. Nevertheless, after a plus of 2.9% in 2019 (previous year: +3.6%), the global economy is set to expand with a little more momentum again in 2020 with growth of 3.3%. The reasons for this development include the emerging easing of the trade conflict between the USA and China and potential trade agreements after the Brexit. Growth in the euro zone is expected to accelerate somewhat; in the USA, on the other hand, an economic downturn is expected. In addition, the forecast risks remain high.

The growth forecasts for the German gross domestic product in 2020 are above the 2019 figure at between 1.1% (ifo; Institute for Economic Research) and 1.2% (DIW; Deutsches Institut für Wirtschaftsforschung e.V.). However, 0.4 percentage points are attributable solely to additional working days as a result of calendar effects. Despite emerging easing, the basic economic trend however is not expected to change much at first. Uncertainties regarding trade restrictions and conflicts as well as geopolitical tensions and the resulting downward risks remain unchanged: German industry, which is highly export-oriented, will remain weak for the time being due to the external economic environment and technological challenges. The economy will continue to be supported by consumer spending and the construction industry. Forecasts for the increase in private consumer spending range between 1.2% (RWI; Leibniz-Institut für Wirtschaftsforschung e. V.), 1.3% (ifo) and 1.7% (DIW).

According to current forecasts, the German net TV advertising market declined in 2019 in a slowing economic environment. Major uncertainty dominated during the year, and expectations still diverge widely. The agency groups' assessments again differ significantly in 2020. This is also related to the advertising industry, which responds quickly and often procyclically to the general economic situation. Private consumption is an important indicator here. However, economic forecasts naturally involve uncertainties. It therefore remains to be seen whether and what implications macroeconomic risks will have for the TV advertising market. There are also sector-specific developments that are reducing visibility. For the German TV advertising market in 2020, Magna Global currently anticipates a decline of 2.1%; ZenithOptimedia forecasts a drop of 1.5%. GroupM expects growth of 1.0%. In the past, however, forecasts often deviated negatively from actual market developments.

In contrast, in-stream video advertising is likely to continue its dynamic development and drive growth on the online advertising market. For the online advertising market as a whole, the agency groups expect net growth of between 5.0% (GroupM) and 8.2% (Magna Global) in 2020. For the German advertising market as a whole, Magna Global anticipates net growth of 1.8%.

FORECAST FOR GDP, PRIVATE CONSUMPTION AND NET ADVERTISING MARKET IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1 GROUP in %, change vs. previous year



■ 2020e ■ 2021e

Sources: GER: ifo Economic Forecast, winter 2019. / AT: Austrian Institute for Economic Research (WIFO): Winter 2019/2020 forecast of December 19, 2019 / CH: Economic forecast by Federal Government's Expert Group: Winter 2019/2020

¹ Source: Magna Global, Ad Forecasts December 2019, figures adjusted on a net basis, nonetheless methodological differences between different countries and sources.

For 2020, PwC expects the entertainment market to be worth EUR 38 billion, with EUR 29 billion attributable to the traditional and EUR 9 billion to the digital entertainment market. The digital entertainment market will grow by 11% while the traditional entertainment market is expected to decline by 1% per year until 2023.

The German e-commerce market is expected to have a market volume of around EUR 89.8 billion by 2023. According to the Institute of Retail Research (IFH) in Cologne, the average annual growth between 2018 and 2023 is likely to amount to 7.4%. Online retail's share in retail is expected to increase to 13.6% in 2023. Mobile shopping is set to increase to 69.5% of online revenues; this would equate to online mobile revenues of around EUR 62.3 billion by 2023.

The relevant sectors for ProSiebenSat.1 Group will develop as follows: According to Statista, the beauty and personal care market as a whole is expected to grow by an average of 2.0% per year to EUR 16.3 billion up to 2023, with the share of e-commerce continuing to increase significantly. The market for consumer advice in the fields of energy, telco, car insurance and consumer loans is likely to grow to a volume of around EUR 922 million by 2021. This equates to an increase of 22% since 2019. According to the Statista Digital Market Outlook, the online dating market is expected to grow by 8% by 2021. Until 2022, OC&C Strategy Consultants forecasts annual growth rates of around 5 to 7% for the experiences segment and around 3% for the recreational experiences market.



COMPANY OUTLOOK

OUTLOOK OF PROSIEBENSAT.1 GROUP

ProSiebenSat.1 Group pursues a clear strategy aiming at sustainable and profitable growth. As Germany's macroeconomic development remains uncertain in financial year 2020, the Group has decided to provide ranges for its revenue and adjusted EBITDA outlook that take this environment into account. Overall, the Group aims at further growth in full-year 2020 – on the basis of constant exchange rates¹ and without portfolio changes – and at increasing Group revenues to EUR 4.2 billion to EUR 4.4 billion. In the base case scenario, the Group expects year-on-year revenue growth to around EUR 4.3 billion (previous year: EUR 4.13 billion). An important factor for the development of the Group's revenues is the Entertainment segment, in which ProSiebenSat.1 Group expects revenues in the base case scenario for the full-year to be on previous year's level. This expectation is based on the assumption of a slight decline in total Entertainment advertising revenues, with the Company anticipating a decline in TV core advertising revenues, to be partly offset by the growing digital and smart advertising business, and an increase in distribution revenues amongst others. Based on discussions that the Group has had with advertising customers about their readiness to invest, the Company also expects a weak start and better development in the second half of the year in the TV advertising business. In the Content Production & Global Sales (Red Arrow Studios) and Commerce (NuCom Group) segments, the Group is aiming for further revenue growth in the low-double-digit percentage range respectively.

On the basis of constant exchange rates and without portfolio changes, the Group is targeting adjusted EBITDA of around EUR 870 million in the base case scenario (range: EUR 800 million to EUR 900 million) in full-year 2020 (previous year: EUR 872 million). This assumption of around EUR 870 million is likewise based on stable Entertainment revenues compared to 2019. The upper and lower end of the outlined range particularly depends on the development of total Entertainment advertising revenues – a combination of declining TV core advertising revenues and a growing digital and smart advertising business. Furthermore, the predicted adjusted EBITDA range reflects different assumptions regarding the composition of Group revenues as well as the Company's decision to invest an additional up to around EUR 50 million in local content in 2020 compared to 2019. For the upper and lower range of total Entertainment advertising revenues, the Group expects, compared with the base case scenario, variability of -3% and +2% in 2020 compared to the previous year. In financial year 2019, the focus on local content already paid off with increasing audience market shares and growing digital view time. This development is expected to continue in 2020. A considerable earnings increase is expected in the Commerce segment, while the Company is targeting a stable development in the Content Production & Global Sales segment.

On the one hand, in the full-year, the Group's adjusted net income will reflect the development of adjusted EBITDA. On the other hand, as a result of higher depreciation effects and potentially slightly increasing investments in Joyn, the joint streaming platform with Discovery, which are recognized at equity, the Group's adjusted net income may decline in the double-digit million-euro range. Moreover, the Group assumes that free cash flow before M&A in the full-year will be significantly determined by the development of adjusted EBITDA and increased expenditures for the construction of the new campus at the premises in Unterföhring. As tax refunds for 2019 as significant one-time item are not applying in 2020, the Group expects an overall decline in free cash flow before M&A in at least a double-digit million-euro range compared to the previous year (previous year: EUR 339 million).

¹ The main currency besides EUR remains USD, which accounted for 13% and 16% of revenue and costs respectively last year. These are mainly currency translation effects. In 2019, the EUR/USD exchange rate was around USD 1.1196.



At the end of 2019, stable gross financial debt of EUR 3.2 billion compared with cash of EUR 950 million. The Group therefore closed 2019 with a leverage ratio (the ratio of the Group's net financial debt to its LTM adjusted EBITDA) of 2.6 and thus slightly above the upper end of the target range of 1.5 to 2.5. The leverage ratio - depending on business performance and not including any portfolio changes - may likewise be slightly above the upper end of this target range at the end of 2020.

The development of audience shares is ProSiebenSat.1 Group's most significant non-financial performance indicator. For financial year 2020, the Group expects to maintain its leading position with regard to audience shares in the advertising-relevant target group of 14- to 49-year-olds at a high level.

The Group has also decided to measure the mid-term financial success of the Group much more consistently. Therefore, P7S1 ROCE (return on capital employed) was introduced as a new key figure for the entire Group from financial year 2020 onwards. In financial year 2020, we are targeting a figure of over 10% (previous year: 16%).

The long-term targets for the entire Group are summarized as follows:

- ProSiebenSat.1 Group has set itself the target of further diversifying its revenues. The digital and smart advertising business' share in Entertainment revenues is to reach 25% in the mid-term (2019: 9%), and the digital business' share in Group revenues (before portfolio changes) is to increase to over 50% (2019: 34%).
- ProSiebenSat.1 Group also continues to aim for a leverage ratio of between 1.5 and 2.5. As M&A activities cannot be precisely predicted, they can also temporarily affect the leverage ratio both positively and negatively.
- The Group is increasingly concentrating on continually growing value, which ought to be reflected in an improved P7S1 ROCE. For the Group as a whole, this key figure is expected to exceed 15% again in the mid-term. In the short term, P7S1 ROCE may be below this figure, like in 2020, for example, because of strategic investments.
- All these targets reflect the strategy of expanding ProSiebenSat.1 Group into a diversified digital company.
- The Group's dividend policy of distributing 50% of adjusted net income as a dividend is to be maintained in order to let the shareholders participate in the sustained success of the corporate strategy every year.

Outlook of ProSiebenSat.1 Media SE

As the parent company of the Group, ProSiebenSat.1 Media SE receives the results of the major German subsidiaries through profit transfer agreements and distributions. The economic situation of ProSiebenSat.1 Media SE is particularly characterized by this investment result and thus essentially by the business development of the entire ProSiebenSat.1 Group. Based on the forecast for the development of the group shown, we expect investment income and net income for the 2020 financial year to be at previous year's level. The balance sheet profit will develop accordingly and enable the communicated dividend policy to be maintained.

Overall, ProSiebenSat.1 Media SE is thus well positioned and is expected to continue to develop steadily over the next year.



Dividend proposal

Since financial year 2018, ProSiebenSat.1 Media SE has pursued a dividend policy of distributing around 50% of adjusted net income to the shareholders as a dividend. The Group will use cash inflows exceeding the dividend distribution primarily for investments in organic and inorganic growth. In line with the distribution policy, the Executive Committee is advising the Supervisory Board to propose a dividend of around 50% of adjusted net income or EUR 0.85 per share (previous year: EUR 1.19) to the Annual General Meeting for financial year 2019. This corresponds to a dividend yield of around 6% (previous year: 8%) of the closing price of the ProSiebenSat.1 Media SE share at the end of 2019.

DIVIDEND PROPOSAL

Adjusted net income in EUR m	387
Number of shares outstanding ¹	233,000,000
Number of treasury shares ¹	6,859,180
Number of eligible shares ¹	226,140,820
Proposed dividend in EUR	0.85
Distribution in EUR m	192
Pay-out ratio in %	50

¹ As of December 31, 2019



TAKEOVER-RELATED DISCLOSURES (IN ACCORDANCE WITH SECTION 289A (1) OF THE GERMAN COMMERCIAL CODE)

As a publicly traded company whose voting shares are listed in an organized market as defined by Section 2 (7) of the German Securities Acquisitions and Takeover Act (WpÜG), ProSiebenSat.1 Media SE is obliged to disclose the information stipulated in Sections 289a (1) of the German Commercial Code (HGB) in the management report. The disclosures are intended to enable a third party interested in taking over a publicly traded company to inform itself about the company, its structure, and any obstacles to the takeover. In addition to these statutory disclosures, the following section also includes the related explanations in accordance with Section 176 (1) Sentence 1 of the German Stock Corporation Act (AktG) in conjunction with Article 9 (1) lit. c) ii) SE Regulation.

COMPOSITION OF THE SUBSCRIBED CAPITAL

As of December 31, 2019, the share capital of ProSiebenSat.1 Media SE amounted to EUR 233,000,000. It is divided into 233,000,000 no-par registered common shares with a pro rata share in the share capital of EUR 1.00 per share. All shares entail the same rights and obligations. Each share in ProSiebenSat.1 Media SE grants one vote at the Annual General Meeting and an identical share in profits.

As of December 31, 2019, the total number of treasury shares held by the Company was 6,859,180; this corresponds to 2.94% of the share capital.

RESTRICTIONS AFFECTING VOTING RIGHTS OR THE TRANSFER OF SHARES, AND SHAREHOLDINGS THAT EXCEED 10% OF THE VOTING RIGHTS

The Executive Committee has no information on any restrictions on the exercise of voting rights or the transferability of shares that go beyond the legal requirements of the law governing the capital market and the German Interstate Broadcasting Treaty (Rundfunkstaatsvertrag).

On the basis of the voting rights notifications according to Sections 33 and 34 of the German Securities Trading Act (WpHG) received by the Company by December 31, 2019, there are no investments in the Company that exceed 10% of the voting rights. Mediaset S.p.A., Milan, Italy ("Mediaset") holds shares amounting to 15.11%, which, according to the voting rights notification dated November 11, 2019, are composed of 7.40% of shares with voting rights and 7.71% of instruments within the meaning of Section 38 (1) No. 1 of the German Securities Trading Act (WpHG).

SHARES WITH SPECIAL RIGHTS THAT CONFER CONTROLLING POWERS AND VOTING CONTROL IF EMPLOYEES HOLD A CAPITAL SHARE

No shares with special rights that confer controlling powers have been issued.

There is no control over voting rights in the event that employees hold a share in the share capital of ProSiebenSat.1 Media SE and do not exercise their controlling rights directly.

APPOINTMENT AND REMOVAL OF EXECUTIVE COMMITTEE MEMBERS

In accordance with Section 7 (1) Sentence 1 of the Company's articles of incorporation, the Executive Committee of ProSiebenSat.1 Media SE comprises several people. The exact number is determined by the Supervisory Board in accordance with Section 7 (1) Sentence 2 of the articles of incorporation. Members of the Executive Committee are appointed and removed by the Supervisory Board in accordance with Article 39 (2) SE Regulation. In accordance with Section 7 (2) Sentence 1 of the articles of incorporation in conjunction with Article 46 SE Regulation, Executive Committee members are appointed for a maximum period of five years. Reappointments are permitted for a maximum of five years respectively. Executive Committee members can be removed by the Supervisory Board prematurely for good cause. The appointment and removal of Executive Committee members require a simple majority of the votes cast in the Supervisory Board. In the event of a tie, the vote of the Supervisory Board Chairman shall prevail (Article 12 (1) Sentence 3 of the Company's articles of incorporation). In urgent cases, the court shall appoint a member at the request of one of the parties involved if the Executive Committee does not have the required number of members (Section 85 (1) Sentence 1 AktG in conjunction with Article 9 (1) lit. c) ii) SE Regulation).

AMENDMENTS OF THE ARTICLES OF INCORPORATION

The Annual General Meeting must decide on changes to the articles of incorporation (Article 59 (1) SE Regulation). In the case of ProSiebenSat.1 Media SE, a resolution by the Annual General Meeting to change the articles of incorporation requires the simple majority of the votes cast if at least half of the share capital entitled to vote is represented when the resolution is being passed (Article 59 (2) SE Regulation, Section 51 Sentence 1 of the German SE Implementation Act (SEAG)). Otherwise, this requires a majority of two thirds of the votes cast (Section 59 (1) SE Regulation) unless the articles of incorporation or the law require a greater majority. For example, this is the case for changing the purpose of the Company (Section 179 (2) Sentence 1 AktG in conjunction with Article 59 (1) and (2) SE Regulation and Section 51 Sentence 2 of the German SE Implementation Act) and creating Contingent Capital (Section 193 (1) Sentences 1 and 2 AktG in conjunction with Article 57 SE Regulation, Section 51 Sentence 2 of the German SE Implementation Act) or Authorized Capital (Section 202 (2) Sentences 2 and 3 AktG in conjunction with Article 57 SE Regulation, Section 51 Sentence 2 of the German SE Implementation Act) for which a majority of at least three quarters of the valid votes cast is required. The Supervisory Board is authorized to pass amendments that relate solely to the wording of the articles of incorporation (Section 179 (1) Sentence 2 AktG in conjunction with Article 9 (1) lit. c) ii) SE Regulation and Section 13 of the Company's articles of incorporation).

EXECUTIVE COMMITTEE'S POWERS TO ISSUE OR REPURCHASE SHARES

In accordance with section 71 (1) no. 8 of the German Stock Corporation Act, the Annual General Meeting of June 12, 2019, authorized the Company, with the approval of the Supervisory Board, to acquire, in accordance with the more detailed conditions of the authorization, its treasury shares on or before June 11, 2024, in the total amount of up to 10.0% of the Company's share capital on the date the authorization was granted or – if this figure is lower – on the date the authorization is exercised, and to use these, also under exclusion of preemptive rights in the cases described in more detail in the authorization. Treasury shares may also be acquired using derivatives up to a total of 5.0% of the share capital on the date the authorization was granted or – if this figure is lower – on the date the authorization is exercised in accordance with the more detailed conditions of the authorization. With regard to the acquisition of treasury shares, the 2018 authorization supersedes the former authorization of the Annual General Meeting of May 21, 2015, which would have expired on May 20, 2020 ("2015 authorization").

On the basis of the 2015 authorization, a total of 2,906,226 of the Company's treasury shares were acquired in the period from November 9, 2018, up to and including December 11, 2018, without any restrictions on use; no other treasury shares of the Company were acquired in financial year 2018. The incidental acquisition costs incurred amounted to EUR 0.4 million and were accounted for as a deduction from equity. No treasury shares were acquired in financial year 2019.

By resolution of the Annual General Meeting of June 30, 2016, the Executive Committee is authorized, subject to the consent of the Supervisory Board, to increase the share capital of ProSiebenSat.1 Media SE on one or more occasions on or before June 30, 2021, by not more than EUR 87,518,880 in return for contributions in cash and/or in kind by issuing new registered no-par value shares (Authorized Capital 2016). Following the capital increase in November 2016 resulting from the partial utilization of Authorized Capital in the amount of EUR 14,202,800, Authorized Capital 2016 currently amounts to EUR 73,316,080. Subject to the consent of the Supervisory Board, the Executive Committee is also authorized to determine the further content of the rights attached to the shares and the conditions of the share issue. Shareholders generally have a legal preemptive right when new shares are issued.

By resolution of the Annual General Meeting of June 30, 2016, the Executive Committee is also authorized, subject to the consent of the Supervisory Board, to issue bearer and/or registered convertible and/or warrant-linked bonds in the total nominal amount of up to EUR 1.5 billion with a limited or unlimited term, on one or more occasions on or before June 29, 2021, and to grant conversion or option rights to the holders or creditors of such bonds in order to acquire up to 21,879,720 new registered no-par value shares in the Company in the pro rata amount of up to EUR 21,879,720 of the Company's share capital as specified in more detail in the terms and conditions of the bonds and/or to stipulate the corresponding conversion rights of the Company.

By resolution of the Annual General Meeting on June 30, 2016, there was a contingent increase in share capital by up to EUR 21,879,720 due to the issuance of up to 21,879,720 new registered no-par value shares (Contingent Capital 2016). The Contingent Capital increase serves to grant shares to holders or creditors of convertible bonds in addition to holders of option rights attached to warrant-linked bonds to be issued on or before June 29, 2021, as a result of the authorization granted by resolution of the Annual General Meeting of June 30, 2016, by the Company or a German/foreign entity in which the Company either directly or indirectly holds the majority of votes and capital.

SIGNIFICANT AGREEMENTS OF THE COMPANY SUBJECT TO A CHANGE OF CONTROL RESULTING FROM A TAKEOVER BID

ProSiebenSat.1 Media SE concluded the following significant agreements that entail regulations for the event of a change of control, which could result from a takeover bid:

- ProSiebenSat.1 Media SE has an unsecured syndicated facilities agreement which, as of December 31, 2019, includes a term loan of EUR 2.1 billion and a revolving credit facility with a facility amount of EUR 750 million. In the event of a change of control over ProSiebenSat.1 Media SE due to the direct or indirect acquisition of more than 50% of the voting rights in ProSiebenSat.1 Media SE by a third party, the lenders are entitled to terminate their participation in the facility and to demand repayment of outstanding amounts allocable to them within a certain period after the change of control takes place.
- In addition, ProSiebenSat.1 Media SE has outstanding unsecured notes of EUR 600 million. In the event that control over ProSiebenSat.1 Media SE changes due to the direct or indirect acquisition of more than 50% of the voting rights in ProSiebenSat.1 Media SE by a third party (change of control) and a negative rating event occurs following such a change of control, the note creditors are entitled to call in their notes and demand repayment.



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- In addition, ProSiebenSat.1 Media SE issued three unsecured syndicated promissory notes totaling EUR 500 million with maturity ranges 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). In the event of a change of control over ProSiebenSat.1 Media SE due to the direct or indirect acquisition of more than 50% of the voting rights in ProSiebenSat.1 Media SE by a third party (change of control), the lenders are entitled to call in their loan participation and demand repayment.
 - In addition, some license agreements for films, TV series and other programs that are important for the Company include regulations that, in the event of a change of control, entitle the provider of the program content to terminate the corresponding license agreement prematurely. In the event of a change of control, individual format license agreements grant the contract partner the right to terminate the respective agreement. In addition, individual contracts with cable network operators also grant the contract partner the right to terminate the respective agreements.

COMPANY'S COMPENSATION AGREEMENTS WITH EXECUTIVE COMMITTEE MEMBERS OR EMPLOYEES FOR THE EVENT OF A TAKEOVER BID

The employment contracts of all Executive Committee members contain change of control clauses in the event of, among other things, control over the Company is acquired by one or multiple third parties as defined in Section 29 (2) and Section 30 of the German Securities Acquisitions and Takeover Act. More information can be found in the Compensation Report. In this case, Executive Committee members have the right to terminate their employment contract with three months' notice and resign if the change of control significantly impairs the position of the Executive Committee. On effective exercise of the right to terminate, the respective Executive Committee members shall receive a cash severance payment equating to up to three years' compensation, but no more than the compensation for the remaining term of the Executive Committee employment agreement.

Apart from that, the employment contracts of ProSiebenSat.1 Media SE employees only rarely include change of control clauses.

COMPENSATION REPORT

The Compensation Report describes the main features of the compensation system for the Executive Committee and Supervisory Board of ProSiebenSat.1 Media SE for financial year 2019. It explains the structure and level of compensation of the individual members of the Executive Committee and Supervisory Board. The Executive Committee compensation system for financial years from 2018 was fundamentally revised by the Supervisory Board of ProSiebenSat.1 Media SE and presented for approval to the Annual General Meeting in May 2018, which granted its approval by a broad majority of 93%. All new Executive Committee employment contracts that have since been concluded already use the new compensation system; all Executive Committee employment contracts that existed at the time were converted to the new Executive Committee compensation system, which has therefore applied retroactively since January 1, 2018.

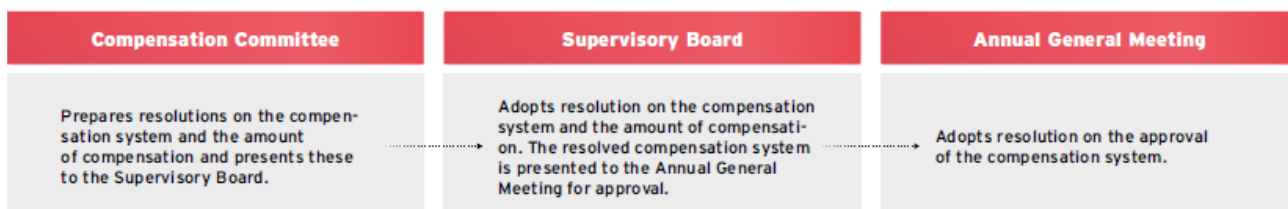
This Compensation Report complies with the applicable statutory requirements. It also takes into account the recommendations of the German Corporate Governance Code (GCGC) in the version of February 7, 2017 (see the December 2019 Declaration of Compliance).

COMPENSATION OF THE EXECUTIVE COMMITTEE

Responsibility and procedure for determining the Executive Committee compensation

In addition to their functions as directors and officers of the Company, the members of the Executive Committee of ProSiebenSat.1 Media SE have contractual relationships with the Company. The ProSiebenSat.1 Media SE Supervisory Board is responsible for making the employment agreements with the members of the Executive Committee. The employment contracts of Executive Committee members have a maximum term of five years and also regulate compensation. After a proposal by the Compensation Committee, the structure and amount of the Executive Committee's compensation are defined by the Supervisory Board as a whole and are regularly reviewed. The Supervisory Board hereby ensures that there is an appropriate relationship between the personal performance and areas of work and responsibility of the individual members of the Executive Committee on the one hand and the Company's business situation on the other.

DETERMINING EXECUTIVE COMMITTEE COMPENSATION



In addition, the compensation structure within ProSiebenSat.1 Media SE is taken into account, whereby the Supervisory Board above all considers the relationship of Executive Committee compensation to the compensation of senior management and the workforce as a whole and looks at the amount and structure of Executive Committee compensation in comparable companies. The Supervisory Board currently considers comparable companies to be companies listed in the DAX, MDAX and STOXX Europe 600 Media, a sub-index of the STOXX Europe 600 index comprising companies from the

European media industry, and direct competitors. The comparable companies therefore include, for example, ITV plc and Vivendi SA. If the Supervisory Board deems it necessary or expedient, it consults experts to determine and review the Executive Committee compensation. To date, the Supervisory Board has also had the Executive Committee compensation reviewed at regular intervals by independent external consultants with regard to common market practice. The last such review was performed by an international and independent compensation consulting firm when the compensation system for financial years from 2018 was adjusted.

Principles of the compensation system

The ProSiebenSat.1 Media SE compensation system has clear and transparent structures and is in line with our Group strategy. In order to continuously improve, we review our compensation system regularly. For this reason, we also increasingly entered into dialog with relevant capital market participants last year. The aim of the compensation system for the Executive Committee is to create an incentive for successful and sustainable company performance. The system is therefore geared toward a compensation that is transparent, performance-based and closely linked to the Company's success. This depends in particular on long-term and challenging individual targets and the performance of the ProSiebenSat.1 Media SE share. The compensation system is intended to motivate the members of the Executive Committee to achieve the targets enshrined in ProSiebenSat.1 Media SE's business strategy and to avoid disproportionate risks.

Structure and components of Executive Committee compensation

The Executive Committee compensation system comprises three components: a fixed base salary, an annual and a multi-year variable compensation component. The weighting of the individual compensation components is 35:30:35 (fixed base salary to annual variable compensation to multi-year variable compensation) for the Chairman of the Executive Committee and 40:20:40 for the other Executive Committee members. The weighting for Jan David Frouman, who left the Executive Board from the end of February 28, 2019, was slightly different at 41:20:39 because he had received a higher fixed base salary to compensate trips home; this higher percentage of fixed compensation was already part of his Executive Board compensation before financial year 2018.

STRUCTURE OF THE COMPENSATION SYSTEM

CEO	Other Executive Board Members
Long-Term Incentive (35%)	Long-Term Incentive (40%)
Short-Term Incentive (30%)	Short-Term Incentive (20%)
Fixed Base Salary (35%)	Fixed Base Salary (40%)
Company pension and other non-performance related fringe benefits	Company pension and other non-performance related fringe benefits

There is also a Company pension for Executive Committee members. The Company's annual contribution to the Company pension amounts to 20% of the fixed base salary. In addition, Executive Committee members receive fringe benefits.

The following overview gives a summary of the elements of the Executive Committee compensation system followed by a description of the individual items:

OVERVIEW EXECUTIVE COMMITTEE COMPENSATION SYSTEM

BASE SALARY	
	Fixed base salary
Scope	Oriented toward the respective area of competence and responsibility of the Executive Committee member.
Payment date	In monthly installments.
VARIABLE COMPENSATION	
Annual variable compensation	
	Short-Term Incentive (Performance Bonus)
Target compensation	Target amount contractually fixed.
Cap	Cap: 200% of the target amount.
Missing targets	Complete forfeiture possible if targets not met.
Target parameters	Financial target parameters (equally weighted): – Group EBITDA – Group free cash flow Modifier (+/- 20%) serving as a bonus/malus, based on: – Individual targets – Team targets
Payment date	Within one month after the audited and approved consolidated financial statements for the relevant financial year are available.
Multi-year variable compensation	
	Long-Term Incentive (Performance Share Plan) (share-based compensation component)
Term	Term of each tranche: 4 years (performance period).
Grant value	Contractually agreed annual grant value.
Cap	Cap: 200% of the target value.
Missing targets	Complete forfeiture possible if targets not met.
Target parameters	– Annual adjusted Group net income targets during the term of the respective tranche (50% weighting) – Relative positioning of Total Shareholder Return (TSR) compared with STOXX Europe 600 Media companies during the term of the respective tranche (50% weighting).
Grant	Grant of so-called performance share units (PSUs) in annual tranches. Determination of the number of PSUs according to the grant value, based on the volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days before the beginning of the term (January 1) of the respective tranche.

Determination of payout amount	<p>Determination of the final number of performance share units at the end of the term of a tranche by multiplying PSUs by a performance-based conversion factor.</p> <p>The conversion factor depends</p> <ul style="list-style-type: none"> _ 50% on the achievement of annual adjusted net income targets during the term of the respective tranche and _ 50% on the relative Total Shareholder Return (TSR) positioning against the STOXX Europe 600 Media companies during the term of the respective tranche. <p>No option to retroactively adjust the conversion factor or undertake discretionary adjustments to target achievement.</p> <p>The payout amount per performance share unit corresponds to the volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days preceding the end of the term of the respective tranche, plus cumulative dividend payments on each share during the term of the tranche.</p> <p>In the event of settlement in shares, the payout amount will be converted into treasury shares using the share price cited above.</p>
Dividend payments	<p>All dividend payments during the term of the tranche are accounted for through inclusion of cumulative dividend payments per share in the payout amount.</p>
Vesting	<p>1/12 of the PSUs granted vest at the end of each month of the first year of the term of a respective tranche. If the employment contract as Executive Committee member of ProSiebenSat.1 commences during the first financial year of the plan term the grant value will be on a pro rata temporis basis, but with full vesting of such pro rata temporis portion until the end of the first financial year of the plan term.</p>
Payout	<p>Payment is generally made in cash or, at the Company's discretion, by issuing a corresponding number of treasury shares.</p>
Payment date	<p>The respective Long-Term Incentive tranche is paid out or settled, as the case may be, after the audited and approved consolidated financial statements for the final financial year of the four-year performance period are available.</p>

PURCHASE AND HOLDING OBLIGATIONS

Until the prescribed levels are reached, there is an obligation to invest 25% of the annual gross payouts from annual and new multi-year variable compensation in ProSiebenSat.1 Media SE shares.

Shares must be held at least until the end of an Executive Committee member's appointment.

Volume:

- _ Chairman of the Executive Committee: 200% of fixed gross base salary
- _ Other members of the Executive Committee: 100% of fixed gross base salary

FIXED BASE SALARY

The base salary is paid in twelve equal installments at the end of each month. If the employment contract begins or ends during a financial year, the base salary for this financial year is granted pro rata temporis.

VARIABLE COMPENSATION

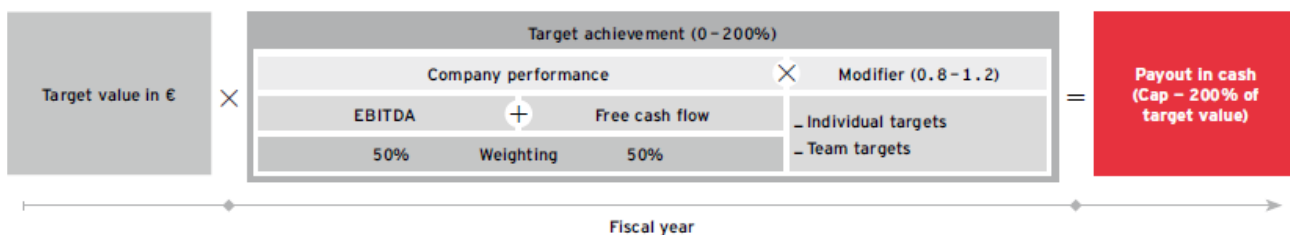
Variable compensation comprises two elements: annual variable compensation (Short-Term Incentive) in the form of an annual bonus payment (performance bonus) and multi-year variable compensation (Long-Term Incentive) in the form of virtual shares in ProSiebenSat.1 Media SE (Performance Share Plan).

SHORT TERM INCENTIVE (PERFORMANCE BONUS)

The Short-Term Incentive depends on ProSiebenSat.1 Group's business performance in the past financial year. It is calculated on the basis of the target achievement (0%–200%) identified for the financial year for EBITDA (earnings before interest, taxes, depreciation and amortization) and FCF (free cash flow), both at Group level, and a modifier (0.8 to 1.2) for the assessment of the individual and collective performance of the Executive Committee members. The final payment is capped at a maximum of 200% of the individual target amount agreed in each employment contract.

The Supervisory Board has identified the two key financial figures EBITDA and FCF as relevant target parameters. EBITDA is an industry-standard and frequently used measure of operating earnings, which allows a high degree of comparability with other businesses in the media industry and is also regularly used on the capital market for enterprise valuations on a multiplier basis. For shareholders, FCF is also an important measure of the cash and cash equivalents generated with operating business and after the deduction of investments, which are available for debt service or distributions to shareholders. Equally, FCF is an important indicator for measuring the cash return on investments and a common basis for the calculation of cash-flow-based enterprise valuations. ProSiebenSat.1 Media SE reports both key financial figures, EBITDA and FCF, in the regular financial reporting for ProSiebenSat.1 Group.

HOW THE SHORT-TERM INCENTIVE WORKS



EBITDA AT GROUP LEVEL

EBITDA at Group level is included in the Short-Term Incentive with a weighting of 50% for the purposes of determining target achievement.

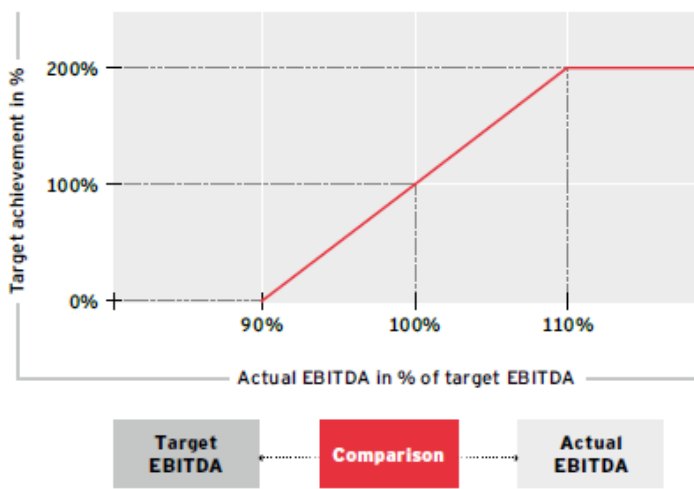
The EBITDA target value is set annually by the Supervisory Board in EUR and is derived from budget planning for ProSiebenSat.1 Group.

Where necessary, to determine the target achievement, the actual Group EBITDA reported by ProSiebenSat.1 Media SE will be adjusted for effects arising from significant changes in IFRS accounting standards, from unplanned effects from M&A transactions conducted within the reporting period, and from measurements of Group-wide, multi-year variable compensation plans. This allows the Supervisory Board to correct potential distortions in target achievement. No further adjustment is provided for.

To measure the target achievement, the actual EBITDA as reported in the relevant audited and approved consolidated financial statements of ProSiebenSat.1 Media SE, subject to the above adjustments, is compared with the target value for the respective financial year.

If the actual EBITDA corresponds to the target value, the target achievement is equal to 100%. The target achievement is equal to 0% if there is a negative deviation from the target EBITDA of 10% or more. To reach the maximum target achievement of 200%, the actual EBITDA must exceed target EBITDA by 10% or more. Intermediate values are interpolated in a straight line. The EBITDA target achievement curve is symmetrically designed, meaning that an over- or underachievement of the target will be reflected evenly.

REPORTED EBITDA TARGET ACHIEVEMENT CURVE



FREE CASH FLOW AT GROUP LEVEL

FCF at Group level is likewise included in the Short-Term Incentive with a weighting of 50% for the purposes of determining target achievement.

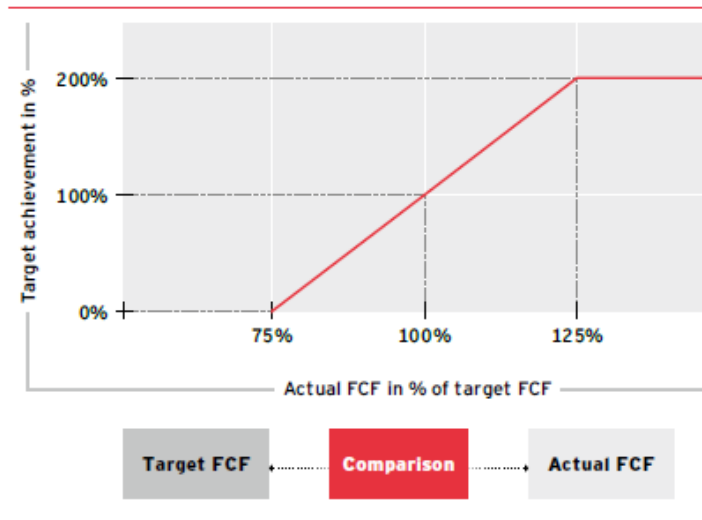
The FCF target value is set annually by the Supervisory Board in EUR and is derived from budget planning for ProSiebenSat.1 Group.

Where necessary, to determine the target achievement, the actual Group FCF reported by ProSiebenSat.1 Media SE will be adjusted for effects arising from significant changes in IFRS accounting standards and from M&A transactions. This allows the Supervisory Board to correct potential distortions in target achievement. No further adjustment is provided for.

To measure the target achievement, the actual FCF as reported in the relevant audited and approved consolidated financial statements of ProSiebenSat.1 Media SE, subject to the above adjustments, is compared with the target FCF for the respective financial year.

If the actual FCF corresponds to the target value, the target achievement is equal to 100%. The target achievement is equal to 0% if there is a negative deviation from the target FCF of 25% or more. To reach the maximum target achievement of 200%, the actual FCF must exceed target FCF by 25% or more. Intermediate values are interpolated in a straight line. The FCF target achievement curve is symmetrically designed, meaning that an over- or underachievement of the target will be reflected evenly.

REPORTED FREE CASH FLOW (FCF) TARGET ACHIEVEMENT CURVE



MODIFIER

To determine the individual and collective performance of the Executive Committee members, the Supervisory Board assessed both the achievement of individual targets and the Executive Committee members' contribution to the fulfillment of collective targets on the basis of criteria defined in advanced. Examples of relevant criteria include customer satisfaction, corporate social responsibility, corporate governance and strategic projects, but also other key financial figures of the Group or segments. If targets relate to key financial figures of ProSiebenSat.1 Group, target achievement is determined on the basis of the audited and approved consolidated financial statements of ProSiebenSat.1 Media SE for the financial year in question. The resulting modifier for adjusting the size of the Short-Term Incentive can range between 0.8 and 1.2. The modifier therefore has a bonus/malus effect. The individual and collective targets are agreed annually in advance in a target agreement between the Supervisory Board and Executive Committee, with a maximum of five targets being defined each year.

PAYMENT DATE

The Short-Term Incentive is payable in the following year within a month of the audited and approved consolidated financial statements for the financial year in question becoming available and is paid out with the next monthly salary.

LONG-TERM-INCENTIVE (PERFORMANCE SHARE PLAN)

The Long-Term Incentive is designed as multi-year variable compensation in the form of virtual shares (performance share units). Tranches are granted annually, each with a four-year performance period. Payment is made in cash in year five, the year after the end of the performance period. The Company has the right, instead of cash payment, to alternatively choose a settlement in own shares and to deliver a corresponding number of shares of the Company for this purpose.

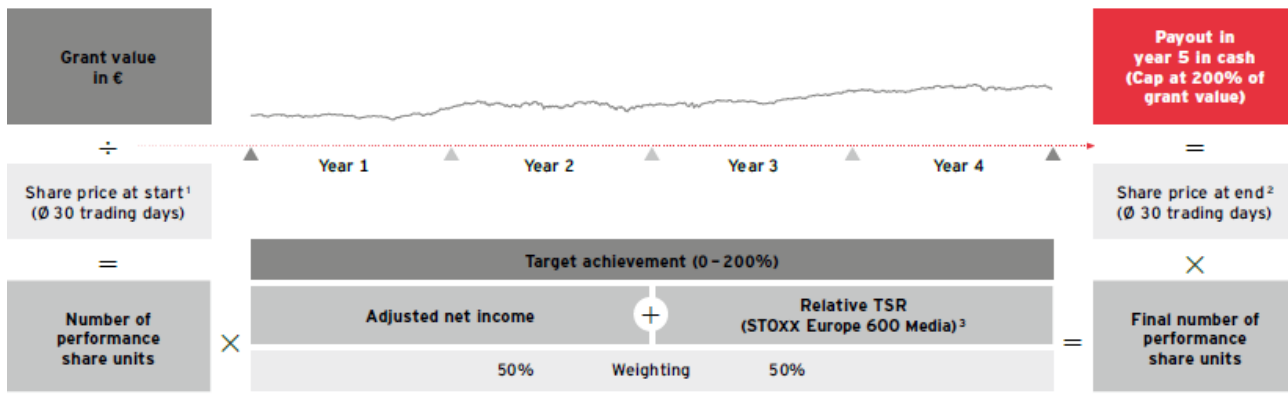
The payout depends on the development of ProSiebenSat.1 Media SE's share price as well as on the Company's internal and external performance. The Company's performance is measured based on adjusted net income at Group level as well as the relative total shareholder return (TSR - shareholder return for ProSiebenSat.1 Media SE shares compared to shareholder return for companies in the selected comparison index), each with a weighting of 50%. The Performance Share Plan is issued in annual tranches with a performance period of four years each.

The calculation of corporate performance is on the one hand based on the parameter adjusted net income. This is an important performance indicator for the Group and serves, among other functions, as the metric that underlies the dividend policy and the resulting amounts that are distributed to shareholders. ProSiebenSat.1 Media SE publishes the adjusted net income as part of the regular financial reporting for the ProSiebenSat.1 Group. On the other hand, the Company's performance is determined with the help of the relative TSR, since this ratio compares the return on ProSiebenSat.1 Media SE shares with the return on shares of a relevant group of peer companies and sets them into context. The relative TSR takes into account share price performance and dividends to shareholders over the four-year performance period.

An individual allocation value is specified in the employment contract for each member of the Executive Committee. With effect from the start of a financial year, a number of performance share units (PSUs) corresponding to the grant value will be granted on the basis of the volume-weighted average XETRA closing price of the ProSiebenSat.1 Media SE share over the 30 trading days preceding the start of the financial year. Following the end of the four-year performance period, the granted performance share units are converted into a final number of performance share units according to a conversion factor, which is determined according to the weighted target achievement for adjusted net income and the relative TSR. The payout amount for each performance share unit is equal to the volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days preceding the end of the performance period, plus cumulative dividend payments over the performance period on the ProSiebenSat.1 Media SE share. It is limited to a maximum of 200% of the individual grant value per tranche (cap). In the case of a settlement in treasury shares, the amount paid out is converted into a corresponding number of treasury shares of the Company issued to the beneficiary on the basis of the above average price.



FUNCTION PERFORMANCE SHARE PLAN



¹ Volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days preceding the start of the performance period, rounded down to two decimal places.

² Volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days preceding the end of the performance period, rounded down to two decimal places, plus cumulative dividend payments on each share in ProSiebenSat.1 Media SE.

³ Relative TSR of ProSiebenSat.1 Media SE's shares over the four-year performance period in comparison with STOXX Europe 600 Media companies.

ADJUSTED NET INCOME AT GROUP LEVEL

The adjusted net income at Group level is taken into account with a weighting of 50% for the purpose of determining target achievement in the Performance Share Plan. That is, 50% of the final number of performance share units are dependent on the average target achievement for the Group adjusted net income over the four-year performance period. The average annual target achievement of the adjusted net income of the four-year performance period is used to determine the target achievement for the Group's adjusted net income at the end of the term of a tranche. The adjusted net income target value for each of the financial years within the performance period is set annually by the Supervisory Board in EUR and is derived from budget planning for ProSiebenSat.1 Group.

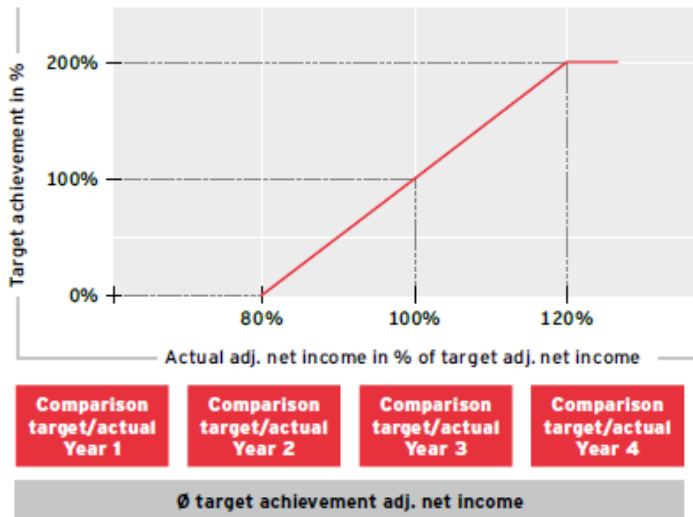
Where necessary, to determine the target achievement, the actual Group adjusted net income reported by ProSiebenSat.1 Media SE will be adjusted for effects arising from significant changes in IFRS accounting standards and unplanned effects from M&A transactions conducted within the reporting period (alongside related financing effects).

To measure the target achievement, the actual adjusted net income as reported in the relevant audited and approved Consolidated Financial Statements of ProSiebenSat.1 Media SE, subject to the above adjustments, is compared with the target adjusted net income for the respective financial year.

If the actual adjusted net income corresponds to the target value, the target achievement is 100%. In the case of a negative deviation of 20% or more from the target adjusted net income, the target achievement is 0%. For the maximum target achievement of 200%, the actual adjusted net income must exceed the target adjusted net income by 20% or more. Intermediate values are interpolated in a straight line. The adjusted net income target achievement curve is symmetrical, which means that any underachievement or overachievement of the target is equally taken into account.



ADJUSTED NET INCOME TARGET ACHIEVEMENT CURVE

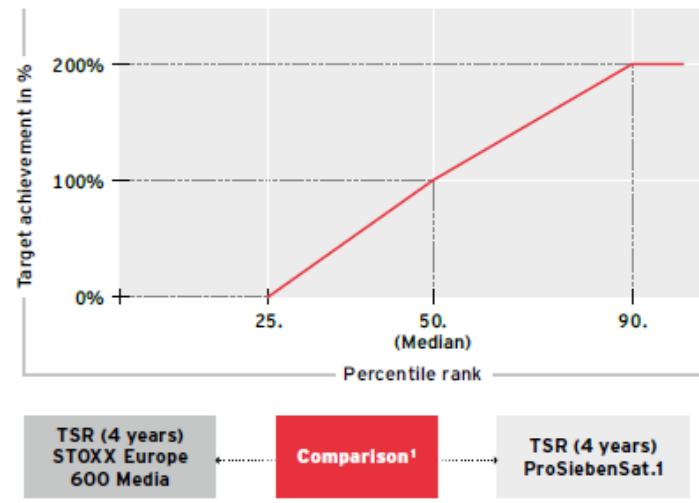


RELATIVE TOTAL SHAREHOLDER RETURN (TSR)

In addition, 50% of the final number of performance share units are dependent on the relative TSR of ProSiebenSat.1 Media SE's shares over the four-year performance period, compared with STOXX Europe 600 Media companies. The companies in this index represent the relevant comparative values for the purpose of classifying the stock return of ProSiebenSat.1 Media SE share relative to the stock return of these companies in the selected comparative index. The TSR of the ProSiebenSat.1 Media SE share and the shares of the peer companies are ranked and the relative positioning of ProSiebenSat.1 Media SE is expressed on the basis of the percentile rank achieved.

If the relative TSR achieved by ProSiebenSat.1 Media SE corresponds to the median (50th percentile) of the peer group, the target achievement is 100%. When positioned at or below the 25th percentile, the target achievement is 0%. Maximum target achievement of 200% requires that at least the 90th percentile is reached. Intermediate values are interpolated in a straight line in the case of both positive and negative deviations.

RELATIVE TSR TARGET ACHIEVEMENT CURVE



¹ Relative TSR of ProSiebenSat.1 Media SE's shares over the four-year performance period in comparison with STOXX Europe 600 Media companies.

PAYMENT DATE

Each respective tranche of the Long-Term Incentive is paid out or settled, as the case may be, in the following year, after the audited and approved consolidated financial statements for the final financial year of the four-year performance period become available.

OBLIGATIONS TO ACQUIRE AND HOLD SHARES IN THE COMPANY (SHARE OWNERSHIP GUIDELINES)

In order to strengthen the equity culture and bring the interests of the Executive Committee and shareholders into even greater alignment, obligations to acquire and hold shares in the Company were introduced for the members of the Executive Committee. Each Executive Committee member is obliged to acquire shares in ProSiebenSat.1 Media SE with a value totaling 200% (chairman of the Executive Committee) or 100% (other Executive Committee members) of the annual fixed gross basic salary and to hold these shares at least until the end of their appointment as a member of the Executive Committee. Until the required levels are reached, the Executive Committee members are obliged to invest at least 25% of the annual gross payout from the Short-Term Incentive (performance bonus) and the Long-Term Incentive (Performance Share Plan) in ProSiebenSat.1 Media SE shares; payments from the variable compensation elements of the compensation system that was in place until financial year 2017 (former performance bonus, Mid-Term Incentive and Group Share Plan) are not subject to the investment obligation.

An overview of the amounts invested as of December 31, 2019 is given below:

SHARE OWNERSHIP

Member of the Executive Committee	Number of shares	Investment at time of acquisition ³ in EUR	Investment obligation in EUR
Max Conze ¹	265,505	4,804,115.66	2,940,000.00
Conrad Albert	16,500	438,081.10	1,100,000.00
Rainer Beaujean ²	131,102	1,501,567.44	980,000.00

¹ Thereof 28,222 in the form of derivatives

² Acquisition of 1,102 shares before appointment to the Executive Committee

³ The Executive Committee member is obliged to invest in each fiscal year an amount corresponding to at least 25% of the annual gross payout from the performance bonus and the Performance Share Plan.

COMPANY PENSION

Pension agreements were signed for all members of the Executive Committee: For the period of the employment relationship, the Company pays an annual total contribution into the personal pension account managed by the Company. The total annual contribution to be paid by the Company is equivalent to 20% of the respective fixed annual gross salary. Each member of the Executive Committee has the right to pay any additional amount into the pension account in the context of deferred compensation. There are no further payments after the end of the employment relationship. The Company guarantees the paid-in capital and an annual interest of 2%. The amounts paid-in are invested on the money and capital markets. A monthly retirement pension or alternatively a one-off retirement payment is paid if the Executive Committee member reaches the age of 62, or 60 in the case of Conrad Albert, and has been a member of the Executive Committee for at least three full years. This entitlement also arises in the case of permanent disability. The monthly retirement pension is derived from the actuarially calculated life-long pension as of the time of the entitlement to benefits. If no monthly retirement pension is paid, then a retirement payment is made in the amount of the guaranteed capital as a one-off payment (or in up to ten equal annual installments).

DEFERMENT OF VARIABLE COMPENSATION COMPONENTS/DAMAGE COMPENSATION

In the compensation system, all variable compensation components for Executive Committee members are forward-looking and are not paid out until after the end of the plan term. Until then, they also reflect negative value risks at the expense of the variable compensation.

Moreover, the respective employment contracts clearly state that potential claims on the part of the Company against Executive Committee members from Section 93 (2) of the Stock Corporation Act are unaffected. According to this provision, Executive Committee members who neglect their duties are obliged to compensate the resulting damage as joint and several debtors.

NON-PERFORMANCE-BASED FRINGE BENEFITS

In addition, Executive Committee members receive other non-performance-based fringe benefits (particularly, the provision of company cars, group accident insurance, insurance policy contributions and occasionally flights home and benefits for the maintenance of two households).

COMMITMENTS IN THE EVENT OF TERMINATION OF EXECUTIVE COMMITTEE EMPLOYMENT

Premature termination without good cause

If the employment contracts of Executive Committee members are terminated prematurely by the Company without good cause, these contracts provide for a severance payment amounting to two years' worth of total compensation as defined by section 4.2.3 of the GCGC; however, this may not exceed the amount of compensation that would have been paid until the end of the contract period.

Premature termination in the event of a change of control

The contracts of Executive Committee members contain change of control clauses in the event of a change of control at the Company. A change of control as defined in the agreements of the Executive Committee members takes place (i) if control is acquired within the meaning of takeover law, i.e. at least 30% of the voting rights in the Company are acquired by the acquirer, (ii) if the merger of the Company is implemented with the Company as the transferring legal entity, or (iii) if a control agreement comes into force with the Company as the dependent entity. In the event of a change of control, Executive Committee members have the right to terminate their employment contract with three months' notice at the end of the month and resign from the Executive Committee if the change of control significantly affects the position of these Executive Committee members. If this right of termination is exercised, the Executive Committee members shall receive a payment in cash that is to be added in full to any waiting allowances. Compensation in cash corresponds to three years' remuneration, but shall not exceed remuneration for the remainder of the employment contract discounted to the termination date. When determining this cash settlement, fixed remuneration for the last financial year that Executive Committee members are contractually entitled to, the performance bonus, multi-annual compensation components and pension contributions are to be regarded as annual compensation.

ONGOING COMPENSATION ELEMENTS FROM THE REPLACED COMPENSATION SYSTEM UP TO 2017

The compensation system for the Executive Committee members of ProSiebenSat.1 Media SE in place until the end of 2017 contained two multi-year variable compensation components, which have effects beyond the 2017 performance period.

GROUP SHARE PLAN

The Group Share Plan was granted to the Executive Committee members for the last time in financial year 2017. It was a multi-year variable compensation instrument similar to the Performance Share Plan issued since 2018, in which virtual shares were issued to the Executive Committee members in annual tranches each with a four-year performance period. Please refer to the 2017 Compensation Report for more details.

As of the end of 2019, the Group Share Plans from 2016 (with the performance period 2016–2019) and from 2017 (with the performance period 2017–2020) are still outstanding. The required minimum values for the Group's consolidated net income and EBITDA have so far been achieved for each year of the respective four-year performance period of the outstanding Group Share Plans. The respective annual conversion factors are 105% for financial year 2016 (Group Share Plan 2016), 78% for financial year 2017 (Group Share Plans 2016 and 2017) and 56% for financial year 2018 (Group Share Plans 2016 and 2017). For financial year 2019, the annual conversion factor is 97% (Group Share Plans 2016 and 2017). The PSU conversion factor (calculated as the average annual conversion factor from all four years) for the completed four-year performance period of the Group Share Plan 2016 thus comes to 84% now. The PSU conversion factor for the

four-year performance period of the Group Share Plan 2017 cannot be calculated and reported until the end of financial year 2020. In the previous year, the PSU conversion factor of the Group Share Plan 2015 for the completed four-year performance period was 86%

MID-TERM INCENTIVE PLAN

The Mid-Term Incentive Plan (MTI) had a three-year plan term from financial year 2016 to the end of financial year 2018 (MTI 2016–2018). It was a medium-term compensation instrument, payable in cash to members of the Executive Committee as well as selected other executives. The Mid-Term Incentive Plan had a three-year plan term starting in financial year 2016. Please refer to the 2017 Compensation Report for more details.

The MTI was the second multi-year compensation component and was canceled without replacement as part of the redesign of Executive Committee compensation from financial year 2018, so it was not reinstated. For this reason, the MTI 2016–2018 was settled in cash. To this end, it was agreed that each Executive Committee member would receive a payment of 104% of the respective MTI 2016–2018 target bonus. The payment was made in May 2019 in accordance with the terms and conditions of the plan.

EXECUTIVE COMMITTEE COMPENSATION FOR FINANCIAL YEAR 2019

Variable compensation – target achievement

The Supervisory Board has taken the desire for transparency regarding compensation decisions on board and has decided to report an overview of target achievement.

PERFORMANCE BONUS

The performance bonus is calculated on the basis of the target achievement (0%–200%) identified for the financial year for EBITDA and FCF, both at Group level, and a modifier (0.8 to 1.2) for the assessment of the individual and collective performance of the Executive Committee members. The final payment is capped at a maximum of 200% of the individual target amount agreed in each employment contract.

The Supervisory Board has determined the following target achievement for financial year 2019 with regard to EBITDA and FCF, each with a weighting of 50%:

TARGET PARAMETERS in EUR m

	Weighting	100% target value	Actual value in FY 2019 (before adjustment)	Actual value in FY 2019 (adjusted)	Target achievement
EBITDA at Group level	50%	864.0	838.1	834.8	66.2%
Free cash flow (FCF) at Group level	50%	178.2	339.4	338.8	200.0%
Weighted target achievement	100%				133.1%

To calculate target achievement for financial year 2019 in the target parameters of EBITDA at Group level and FCF at Group level, the Supervisory Board primarily adjusted for material reconciling items from M&A activities.

For the modifier in financial year 2019, the Supervisory Board set the achievement of the Group revenue target as a collective target for Executive Committee members. The establishment of a clear management structure was also agreed as a target, focusing in particular on strengthening the Entertainment business, ensuring an efficient holding structure and creating positive cultural change within the organization. Another collective target concerns implementation of the Group-wide sustainability strategy. The Executive Committee members' individual targets for the modifier included the successful introduction of the Joyn streaming platform and the development and evaluation of strategic options for changing market and competitive environments.

Based on the overall assessment of the individual and collective performance of the Executive Committee members, the Supervisory Board assessed the modifier for adjusting the performance bonus as follows: Max Conze 1.07, Conrad Albert 1.07 and Rainer Beaujean 1.07.

Taking the target achievement for EBITDA and FCF and the respective modifiers into account results in the following overall target achievement for the performance bonus in financial year 2019: Max Conze 142.4%, Conrad Albert 142.4% and Rainer Beaujean 142.4%. The Executive Committee members decided to forego 32.4 percentage points of their target achievement and reduce the overall target achievement from 142.4% to 110.0%. This means that Max Conze is foregoing EUR 0.4 million, Conrad Albert is foregoing EUR 0.2 million and Rainer Beaujean is foregoing EUR 0.1 million (because Rainer Beaujean was appointed to the Executive Committee on July 1, 2019, in financial year 2019 he is entitled only to a pro rata temporis reduced performance bonus for six months). The total amount of EUR 0.7 million that is released as a result is being used to adjust financial target achievement in the variable compensation of employees and managers of ProSiebenSat.1 Group.

Jan David Frouman, who left the Executive Board from the end of February 28, 2019, receives a non-performance-based pro rata amount worth 2/12 of the target bonus as a performance bonus for financial year 2019. The target bonus is based on the assumption that 100% of the target for the performance bonus has been achieved and a modifier of 1. To satisfy the entitlement to the performance bonus for financial year 2019, the Executive Board/Committee members Dr. Jan Kemper and Sabine Eckhardt, who departed as of March 31, 2019, and April 30, 2019, respectively, received in full the payment that is fixed in their individual termination agreements, with the partial amount of the severance payment that accounted for the performance bonus for financial year 2019 calculated, in each case, on assumed target achievement of 100% and a modifier of 1 (for further information please refer to "Notes on the compensation of departed Executive Board/Committee members").

PERFORMANCE SHARE PLAN

The Performance Share Plan was granted to the Executive Committee members for the first time in financial year 2018 and replaced the Group Share Plan, which acted as the Long-Term Incentive up to and including for financial year 2017. Target achievement is measured based on adjusted net income at Group level as well as the relative total shareholder return (TSR), each with a weighting of 50%.

The target achievement for adjusted net income equals the average annual target achievement for the four financial years of the respective plan term. As of the end of 2019, the Performance Share Plans from 2018 (with the performance period 2018 to 2021) and from 2019 (with the performance period 2019 to 2022) are outstanding. The respective target achievement is 88% for financial year 2018 (Performance Share Plan 2018) and 68% for financial year 2019 (Performance Share Plans 2018 and 2019). The relative TSR takes account of the share price development over the four-year performance period and cannot be measured until the end of the four-year performance period.

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- ¹ Includes lease payments for use of company car and insurance premiums (excluding D&O). Thomas Ebeling's fringe benefits include additional benefits for chauffeur services and flights home. Max Conze's and Rainer Beaujean's fringe benefits include additional benefits for the maintenance of two households and relocation costs. In Dr. Jan Kemper's case, they include additional benefits for the maintenance of two households.
- ² The Mid-Term Incentive Plan was settled at 104% of the target bonus; the payment was made in May 2019 in accordance with the terms and conditions of the plan.
- ³ Max Conze received a one-time sign-on bonus of EUR 3 million in financial year 2018 and was obliged to use the net amount of the sign-on bonus, less the statutory deductions, to acquire shares in the Company worth EUR 1.5 million. Conrad Albert received one-time compensation for his special services in connection with the CEO transition phase in financial year 2018.
- ⁴ Defined benefit obligation (DBO) as of December 31 of the period under review.
- ⁵ Max Conze received a pro rata, non-performance-based amount of EUR 735,000 as annual variable compensation for financial year 2018.
- ⁶ Dr. Jan Kemper left the Executive Board effective March 31, 2019; his employment contract also ended effective March 31, 2019. To satisfy his entitlement to the performance bonus for financial year 2018, Dr. Jan Kemper received a payment of EUR 423,000. Dr. Jan Kemper's entitlement to the annual variable compensation (performance bonus) for financial year 2019 was satisfied in full with the severance payment.
- ⁷ Sabine Eckhardt left the Executive Board as of April 30, 2019. The termination of her employment contract also took effect on April 30, 2019. To satisfy her entitlement to the performance bonus for financial year 2018, Sabine Eckhardt received a payment of EUR 321,000. Sabine Eckhardt's entitlement to the annual variable compensation (performance bonus) for financial year 2019 was satisfied in full with the severance payment.
- ⁸ Jan David Frouman left the Executive Board effective February 28, 2019; his employment contract also ended effective February 28, 2019. Jan David Frouman received a pro rata, non-performance-based amount of EUR 66,667 as annual variable compensation (performance bonus) for financial year 2019. The allocation from the Performance Share Plan 2019 was vested at 2/12 upon his departure.
- ⁹ Thomas Ebeling left the Executive Board effective February 22, 2018; his employment contract ended effective February 22, 2018. The fixed and annual variable compensation shown relate to January to February 2018; in accordance with the termination agreement, the pension obligations relate to the period up to and including June 2019. Thomas Ebeling's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment. The Mid-Term Incentive Plan was settled prematurely for the plan years 2016 to 2018 via a payment equal to the target value, i.e. EUR 1.5 million.
- ¹⁰ Christof Wahl left the Executive Board effective July 31, 2018; his employment contract ended effective July 31, 2018. The fixed and annual variable compensation shown relate to January to July 2018; in accordance with the termination agreement, the pension obligations relate to the period up to and including April 2019. Christof Wahl's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment. The Mid-Term Incentive Plan was settled prematurely for the plan years 2016 to 2018 via a payment equal to the target value, i.e. EUR 1.0 million.

NOTES ON THE COMPENSATION OF DEPARTED EXECUTIVE BOARD/ COMMITTEE MEMBERS

Jan David Frouman left the Executive Board as of February 28, 2019. His employment contract, which had a term until February 28, 2019, also ended effective February 28, 2019, and was not extended. Jan David Frouman did not receive a severance payment. The performance bonus for 2018 was calculated and paid out based on the actual targets achieved in accordance with the provisions contained in his employment contract. Jan David Frouman received a non-performance-based pro rata amount worth 2/12 of the target bonus for the performance bonus (EUR 66,667) as a performance bonus for 2019. The target bonus is based on the assumption that 100% of the target for the performance bonus has been achieved and a modifier of 1. The PSUs issued to Jan David Frouman under the Group Share Plan (GSP) in 2016 and 2017 and the PSUs issued from the Performance Share Plan (PSP) in 2018 were vested at 75% (GSP 2016), 50% (GSP 2017) and 100% (PSP 2018) when he left the Company and will be settled as planned after the end of the respective four-year performance period. All PSUs that were not vested upon departure expired without compensation. In accordance with his employment contract, Jan David Frouman received an allocation from the Performance Share Plan in financial year 2019, which was vested at 2/12 upon his departure. All PSUs that were not vested upon departure expired without compensation. The Mid-Term Incentive Plan was settled at 104% of the MTI target bonus, i.e. EUR 1.04 million. In addition, the Company waived the post-contractual non-competition clause, so Jan David Frouman was owed a waiting allowance totaling EUR 0.3 million for the months of March and April 2019.

Dr. Jan Kemper left the Executive Board as of March 31, 2019. The termination of his employment contract, with a remaining term until May 31, 2020, also took effect on March 31, 2019. According to the termination agreement, in addition to the regular fixed compensation up to and including March 2019, Dr. Jan Kemper received further payments totaling EUR 3.5 million, which were made up as follows: The regular fixed compensation for the remaining term of the employment contract (April 2019 to May 2020) of EUR 1.1 million was granted as part of the severance payment. To satisfy his entitlement to the performance bonus for financial year 2018 Dr. Jan Kemper received a payment of EUR 0.4 million. For the full year 2019 and pro rata temporis for the period up to and including May 2020, the performance bonus was paid on the basis of assumed target achievement of 100% and a modifier of 1 as severance totaling EUR 0.7 million. In addition, Dr. Jan Kemper still received pension contributions of EUR 228,667 for April 2019 to May 2020, whereby for the purposes of the provisions of the pension agreement with regard to vesting Dr. Jan Kemper was treated as if the employment relationship had not ended until the regular end of the contract on May 31, 2020. In respect to the multi-year compensation components of Dr. Jan Kemper, the following was agreed: Concerning the Group Share Plan, the termination agreement stipulates that Dr. Jan Kemper still participates in the Group Share Plan in accordance with the terms and conditions of

this plan with the PSUs issued up to the termination date, but on the condition that they are treated as if they would have vested not before May 31, 2020. Accordingly, the PSUs allocated under GSP 2017 were 75% vested on his departure; a provision of EUR 97,295 was recognized for this on his departure. The provision amounts will change in the further course of the four-year performance period until payout. All PSUs that were not vested upon departure expired without compensation. In accordance with the employment contract, Dr. Jan Kemper was owed an annual allocation of PSUs worth EUR 1.0 million, each with a four-year performance period, under the Performance Share Plan. The PSUs issued in 2018 were 100% vested and will be settled after the end of the four-year performance period. Instead of the outstanding allocation for 2019 – and pro rata temporis until the end of May 31, 2020 – the allocated amount was paid for 2020. With regard to the provisions on vesting, which provide for one twelfth vesting at the end of each month of the first year of the four-year performance period, the measurement of the PSUs assumed the continuation of the employment contract for the remaining term until May 2020. Accordingly, a settlement was only paid if the corresponding PSUs were to become vested by then. This gave a settlement amount totaling EUR 1.4 million for allocation entitlements of the years 2019 and 2020. The severance entitlement agreed in the employment contract of Dr. Jan Kemper in the Mid-Term Incentive Plan with a plan term from 2016 to 2018 at 104% of the MTI target bonus, i.e. EUR 0.7 million, was not impacted by the termination agreement. It was also agreed that the post-contractual non-competition clause applies for one year for the period from the termination date at the end of March 31, 2019, and that the waiting allowance is settled by the severance payment.

Sabine Eckhardt left the Executive Committee as of April 30, 2019. The termination of her employment contract, with a remaining term until December 31, 2019, also took effect on April 30, 2019. According to the termination agreement, in addition to the regular fixed compensation up to and including April 2019, Sabine Eckhardt received further payments totaling EUR 2.0 million, which were made up as follows: The regular fixed compensation was granted up to and including April 2019 and for the remaining term of the employment contract (May 2019 to December 2019) a total of EUR 0.5 million was granted as part of the severance payment. To satisfy her entitlement to the performance bonus for financial year 2018, Sabine Eckhardt received a payment of EUR 0.3 million. For the full year 2019, the performance bonus was paid on the basis of assumed target achievement of 100% and a modifier of 1 as severance totaling EUR 0.4 million. In addition, Sabine Eckhardt still received pension contributions of EUR 108,000 for May 2019 to December 2019, whereby for the purposes of the provisions of the pension agreement with regard to vesting Sabine Eckhardt was treated as if the employment relationship had not ended until the regular end of the contract on December 31, 2019. In respect to the multi-year compensation components of Sabine Eckhardt, the following was agreed: Concerning the Group Share Plan, the termination agreement stipulated that Sabine Eckhardt still participates in the Group Share Plan in accordance with the terms and conditions of this plan with the PSUs issued up to the termination date, but on the condition that they are treated as if they would have vested not before December 31, 2019. Accordingly, the PSUs allocated under GSP 2015 and 2016, which she had from work performed before she joined the Executive Committee were 100% vested on her departure; a provision of EUR 9,464 was recognized for this. The PSUs allocated under GSP 2017, which she had received in her function as member of the Executive Committee, were 75% vested for this on her departure; a provision of EUR 97,295 was recognized for this on her departure was recognized for this on her departure. The provision amounts will change in the further course of the four-year performance period until payout. All PSUs that were not vested upon departure expired without compensation. In accordance with this employment contract, Sabine Eckhardt was owed an annual allocation of PSUs worth EUR 0.8 million, each with a four-year performance period, under the Performance Share Plan. The PSUs issued in 2018 were 100% vested and will be settled after the end of the four-year performance period. Instead of the outstanding allocation for 2019, the allocated amount was paid. With regard to the provisions on vesting, which provide for one twelfth vesting at the end of each month of the first year of the four-year performance period, the measurement of the PSUs assumed the continuation of the employment contract for the remaining term until December 2019. Accordingly, a settlement was only paid if the corresponding PSUs were to become vested by then. This gave a settlement amount totaling EUR 0.8 million for allocation entitlements for 2019. The severance entitlement agreed in the employment contract of Sabine Eckhardt in the Mid-Term Incentive Plan with a plan term from 2016 to 2018 at 104% of

the MTI target bonus, i.e. EUR 0.7 million, was not impacted by the termination agreement. It was also agreed that the post-contractual non-competition clause applies not for one year but for the period from the termination date at the end of April 30, 2019, to the end of December 31, 2019, and that the waiting allowance is settled by the severance payment.

ADDITIONAL DISCLOSURES ON SHARE-BASED PAYMENT INSTRUMENTS (GROUP SHARE PLAN AND PERFORMANCE SHARE PLAN)

The performance share units (PSUs) granted to active members of the Executive Committee for their work as members of the Executive Committee developed as follows in financial year 2019:

ADDITIONAL DISCLOSURES ON SHARE-BASED PAYMENTS INSTRUMENTS

	Group Share Plan/Performance Share Plan ³							Total cost for share-based payment ⁴
	Outstanding performance share units at the start of the financial year	Performance share units granted in the financial year	Fair value of the grant in EUR	Performance share units expired in the financial year	Performance share units exercised in the financial year	Outstanding performance share units at the end of the financial year		
	Number	Number		Number	Number	Number		
	2019	34,438	86,931	1,470,000	0	0	121,369	283,551
Max Conze	2018	0	34,438	857,500	0	0	34,438	45,623
	2019	114,158	65,051	1,100,000	0	16,404	162,805	164,000
Conrad Albert	2018	95,639	44,177	1,100,000	0	25,658	114,158	-86,591
	2019	0	28,977	490,000	0	0	28,977	41,256
Rainer Beaujean	2018	-	-	-	-	-	-	-
	2019	69,377	0	0	7,504	0	61,873	138,536
Dr. Jan Kemper ¹	2018	30,019	39,358	980,000	0	0	69,377	63,343
	2019	62,550	0	0	7,504	0	55,046	101,917
Sabine Eckhardt ¹	2018	30,019	32,531	810,000	0	0	62,550	49,454
	2019	86,108	47,901	810,000	60,814	0	73,195	-33,159
Jan David Frouman ¹	2018	53,577	32,531	810,000	0	0	86,108	119,065
	2019	-	-	-	-	-	-	-
Thomas Ebeling ²	2018	82,024	0	0	49,952	32,072	0	86,717
	2019	-	-	-	-	-	-	-
Christof Wahl ²	2018	77,577	0	0	26,897	0	50,680	-252,937
Total	2019	366,631	228,860	3,870,000	75,822	16,404	503,265	696,101
	2018	368,855	183,035	4,557,500	76,849	57,730	417,311	24,673

¹ Dr. Jan Kemper left the Executive Board/Committee as of March 31, 2019, Sabine Eckhardt as of April 30, 2019, and Jan David Frouman as of February 28, 2019. For information on the effects on the Group Share Plan and Performance Share Plan, please refer to "Notes on the compensation of departed or Executive Board/Committee members". Executive Committee member Sabine Eckhardt also has PSUs from work performed before she joined the Executive Committee. These were not granted as remuneration for her role on the Executive Committee and are thus not included in the overview.

² Thomas Ebeling left the Executive Board as of February 22, 2018, and Christof Wahl as of July 31, 2018.

³ Nominal amounts of PSUs when granted. PSUs from the Group Share Plan were granted for the last time in financial year 2017; since financial year 2018, they have been granted under the new Performance Share Plan.

⁴ The total cost in financial year 2019 includes an adjustment of the conversion factor for the performance share units granted (84%) for the Group Share Plan 2016 and was measured as of December 31, 2019. No adjustments were made due to anti-dilution protection or an individual increase by the Supervisory Board. The total cost in financial year 2018 includes an adjustment of the conversion factor for the performance share units granted (86%) for the Group Share Plan 2015 and was measured as of December 31, 2018. The total cost for Jan David Frouman is negative due to declines in the share price in financial year 2019; the total cost for Conrad Albert and Christof Wahl is negative due to declines in the share price in financial year 2018.

In financial year 2019, 16,404 performance share units from the Group Share Plan were exercised and 75,822 performance share units from the Group Share Plan and Performance Share Plan expired. For more information on the performance share units granted for financial year 2019 from the Performance Share Plan, please refer to the notes.

OTHER COMPENSATION COMPONENTS

The Company has granted neither loans nor provided guaranties or warranties to the members of the Executive Committee.

COMPENSATION OF EXECUTIVE COMMITTEE MEMBERS FOR FINANCIAL YEAR 2019 IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE (GCGC)

The GCGC in the version of February 7, 2017, recommends the individual disclosure of specific compensation components for each Executive Committee member according to certain criteria. It further recommends the use of the template tables included in the GCGC for their presentation - in some cases deviating from GAS 17.

BENEFITS GRANTED IN ACCORDANCE WITH THE GCGC

The tables below show the benefits that have been granted for financial year 2019, including fringe benefits and the minimum and maximum compensation achievable in financial year 2019 that were granted to active members of the Executive Committee for their work as Executive Committee members. In deviation from the presentation of total compensation according to GAS 17, to comply with the GCGC the annual variable compensation must be disclosed as the target value, i.e. the value granted to the Executive Committee member in the event of 100% target achievement. The degree of respective target achievement for a financial year, i.e. the extent to which the amount payable in the event of 100% target achievement was exceeded or fallen short of, is obtained by comparing the variable compensation granted for a financial year with the corresponding disclosures on the variable compensation actually received for the financial year in question in the receipt table according to the GCGC. Furthermore, the pension cost, i.e. the service cost in accordance with IAS 19, must be included in total compensation in accordance with the GCGC.

BENEFITS GRANTED in EUR thousand

	Max Conze Chairman of the Executive Committee (CEO) since June 1, 2018			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	1,470.0	1,470.0	1,470.0	857.5
Fringe benefits ¹	39.3	39.3	39.3	47.6
Total fixed compensation	1,509.3	1,509.3	1,509.3	905.1
Annual variable compensation ²	1,260.0	0.0	2,520.0	735.0
Multi-year variable compensation				
Performance Share Plan (2018-2021)	-	-	-	857.5
Performance Share Plan (2019-2022)	1,470.0	0.0	2,940.0	-
Other ³	-	-	-	3,000.0
Total variable compensation	2,730.0	0.0	5,460.0	4,592.5
Pension cost ⁴	250.5	250.5	250.5	142.9
Total compensation (GCGC)	4,489.8	1,759.8	7,219.8	5,640.5

¹ Includes lease payments for use of company car and insurance premiums (excluding D&O). Max Conze's fringe benefits include additional benefits for the maintenance of two households and relocation costs.

² Max Conze received a pro rata, non-performance-based amount of EUR 735,000 as annual variable compensation for financial year 2018.

³ Max Conze received a one-time sign-on bonus of EUR 3 million in financial year 2018 and was obliged to use the net amount of the sign-on bonus, less the statutory deductions, to acquire shares in the Company worth EUR 1.5 million.

⁴ Pension cost comprises service costs in accordance with IAS 19. In the case of Max Conze, this comprises past service costs for 2018 as a result of pension commitments granted during the year.

BENEFITS GRANTED in EUR thousand

	Conrad Albert Deputy Chairman of the Executive Committee, Group General Counsel since October 1, 2011			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	1,100.0	1,100.0	1,100.0	1,100.0
Fringe benefits ¹	10.3	10.3	10.3	9.7
Total fixed compensation	1,110.3	1,110.3	1,110.3	1,109.7
Annual variable compensation	550.0	0.0	1,100.0	550.0
Multi-year variable compensation				
Mid Term Incentive Plan (2016-2018) ²	-	-	-	373.4
Performance Share Plan (2018-2021)	-	-	-	1,100.0
Performance Share Plan (2019-2022)	1,100.0	0.0	2,200.0	-
Other ³	-	-	-	73.0
Total variable compensation	1,650.0	0.0	3,300.0	2,096.4
Pension cost ⁴	171.2	171.2	171.2	129.7
Total compensation (GCGC)	2,931.5	1,281.5	4,581.5	3,335.8

¹ Includes lease payments for use of company car and insurance premiums (excluding D&O).

² The Mid-Term Incentive Plan was settled at 104% of the target bonus, i.e. EUR 1.04 million; the payment was made in May 2019 in accordance with the terms and conditions of the plan.

³ Conrad Albert received one-time compensation for his special services in connection with the CEO transition phase in financial year 2018.

⁴ Pension cost comprises service costs in accordance with IAS 19.

BENEFITS GRANTED in EUR thousand

	Rainer Beaujean Chief Financial Officer (CFO) since July 1, 2019			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	490.0	490.0	490.0	-
Fringe benefits ¹	16.2	16.2	16.2	-
Total fixed compensation	506.2	506.2	506.2	-
Annual variable compensation	245.0	0.0	490.0	-
Multi-year variable compensation				
Performance Share Plan (2019-2022)	490.0	0.0	980.0	-
Total variable compensation	735.0	0.0	1,470.0	-
Pension cost ²	95.6	95.6	95.6	-
Total compensation (GCGC)	1,336.8	601.8	2,071.8	-

¹ Includes lease payments for use of company car and insurance premiums (excluding D&O). Rainer Beaujean's fringe benefits include additional benefits for the maintenance of two households and relocation costs.

² Pension cost comprises service costs in accordance with IAS 19. In the case of Rainer Beaujean, this comprises past service costs as a result of pension commitments granted during the year.

BENEFITS GRANTED in EUR thousand

	Dr. Jan Kemper ¹ CFO and Executive Board Member Commerce until March 31, 2019			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	245.0	245.0	245.0	980.0
Fringe benefits ²	9.5	9.5	9.5	53.0
Total fixed compensation	254.5	254.5	254.5	1,033.0
Annual variable compensation	-	-	-	423.0
Multi-year variable compensation				
Mid-Term incentive Plan (2016-2018) ³	-	-	-	359.6
Performance Share Plan (2018-2021)	-	-	-	980.0
Performance Share Plan (2019-2022)	-	-	-	-
Total variable compensation	0.0	0.0	0.0	1,762.6
Pension cost ⁴	149.6	149.6	149.6	103.4
Total compensation (GCGC)	404.1	404.1	404.1	2,899.0

¹ Dr. Jan Kemper left the Executive Board effective March 31, 2019; his employment contract also ended effective March 31, 2019. To satisfy his entitlement to the performance bonus for financial year 2018, Dr. Jan Kemper received a payment of EUR 423,000. Dr. Jan Kemper's entitlement to the annual variable compensation (performance bonus) for financial year 2019 was satisfied in full with the severance payment. The fixed compensation and the fringe benefits shown relate to January to March 2019; the pension cost relates to financial year 2019 as a whole. ² Includes lease payments for use of company car and insurance premiums (excluding D&O). Dr. Jan Kemper's fringe benefits include additional benefits for the maintenance of two households. ³ The Mid-Term Incentive Plan was settled at 104% of the target bonus, i.e. EUR 0.7 million; the payment was made in May 2019 in accordance with the terms and conditions of the plan. ⁴ Pension cost comprises service costs in accordance with IAS 19.

BENEFITS GRANTED in EUR thousand

	Sabine Eckhardt¹ Executive Committee Member Sales & Marketing until April 30, 2019			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	270.0	270.0	270.0	810.0
Fringe benefits ²	2.7	2.7	2.7	8.2
Total fixed compensation	272.7	272.7	272.7	818.2
Annual variable compensation	-	-	-	321.0
Multi-year variable compensation				
Mid-Term incentive Plan (2016-2018) ³	-	-	-	360.0
Performance Share Plan (2018-2021)	-	-	-	810.0
Performance Share Plan (2019-2022)	-	-	-	-
Total variable compensation	0.0	0.0	0.0	1,491.0
Pension cost ⁴	133.1	133.1	133.1	86.8
Total compensation (GCGC)	405.8	405.8	405.8	2,396.0

¹ Sabine Eckhardt left the Executive Committee as of April 30, 2019. The termination of her employment contract also took effect on April 30, 2019. To satisfy her entitlement to the performance bonus for financial year 2018, Sabine Eckhardt received a payment of EUR 321,000. Sabine Eckhardt's entitlement to the annual variable compensation (performance bonus) for financial year 2019 was satisfied in full with the severance payment. The fixed compensation and the fringe benefits shown relate to January to April 2019; the pension cost relates to financial year 2019 as a whole. ² Includes lease payments for use of company car and insurance premiums (excluding D&O). ³ The Mid-Term Incentive Plan was settled at 104% of the target bonus, i.e. EUR 0.7 million; the payment was made in May 2019 in accordance with the terms and conditions of the plan. ⁴ Pension cost comprises service costs in accordance with IAS 19.

BENEFITS GRANTED in EUR thousand

	Jan David Frouman ¹ Executive Board Member until February 28, 2019			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	142.5	142.5	142.5	855.0
Fringe benefits ²	2.1	2.1	2.1	9.7
Total fixed compensation	144.6	144.6	144.6	864.7
Annual variable compensation	66.7	66.7	66.7	400.0
Multi-year variable compensation				
Mid-Term incentive Plan (2016-2018) ³	-	-	-	373.4
Performance Share Plan (2018-2021)	-	-	-	810.0
Performance Share Plan (2019-2022)	810.0	0.0	1,620.0	-
Total variable compensation	876.7	66.7	1,686.7	1,583.4
Pension cost ⁴	139.1	139.1	139.1	96.0
Total compensation (GCGC)	1,160.4	350.4	1,970.4	2,544.1

¹ Jan David Frouman left the Executive Board effective February 28, 2019; his employment contract also ended effective February 28, 2019. Jan David Frouman received a pro rata, non-performance-based amount of EUR 66,667 as annual variable compensation (performance bonus) for financial year 2019. The allocation from the Performance Share Plan 2019 was vested at 2/12 upon his departure. ² Includes lease payments for use of company car and insurance premiums (excluding D&O). ³ The Mid-Term Incentive Plan was settled at 104% of the target bonus, i.e. EUR 1.04 million; the payment was made in May 2019 in accordance with the terms and conditions of the plan. ⁴ Pension cost comprises service costs in accordance with IAS 19.

BENEFITS GRANTED in EUR thousand

	Thomas Ebeling ¹ Group CEO until February 22, 2018			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	-	-	-	166.7
Fringe benefits ²	-	-	-	11.0
Total fixed compensation	-	-	-	177.7
Annual variable compensation	-	-	-	-
Multi-year variable compensation				
Mid-Term incentive Plan (2016-2018)	-	-	-	500.0
Performance Share Plan (2018-2021)	-	-	-	-
Performance Share Plan (2019-2022)	-	-	-	-
Total variable compensation	-	-	-	500.0
Pension cost ³	-	-	-	213.0
Total compensation (GCGC)	-	-	-	890.7

¹ Thomas Ebeling left the Executive Board effective February 22, 2018; his employment contract ended effective February 22, 2018. The fixed and annual variable compensation shown relate to January to February 2018; the pension cost relates to financial year 2018 as a whole. Thomas Ebeling's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment. The Mid-Term Incentive Plan was settled prematurely for the plan years 2016 to 2018 via a payment equal to the target value, i.e. EUR 1.5 million. ² Includes lease payments for use of company car and insurance premiums (excluding D&O). Thomas Ebeling's fringe benefits include additional benefits for chauffeur services and flights home. ³ Pension cost comprises service costs in accordance with IAS 19.

BENEFITS GRANTED in EUR thousand

	Christof Wahl ¹ COO Entertainment until July 31, 2018			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	-	-	-	297.5
Fringe benefits ²	-	-	-	5.5
Total fixed compensation	-	-	-	303.0
Annual variable compensation	-	-	-	-
Multi-year variable compensation				
Mid-Term incentive Plan (2016-2018)	-	-	-	333.3
Performance Share Plan (2018-2021)	-	-	-	-
Performance Share Plan (2019-2022)	-	-	-	-
Total variable compensation	-	-	-	333.3
Pension cost ³	-	-	-	92.9
Total compensation (GCGC)	-	-	-	729.2

¹ Christof Wahl left the Executive Committee effective July 31, 2018; his employment contract ended effective July 31, 2018. The fixed and annual variable compensation shown relate to January to July 2018; the pension cost relates to financial year 2018 as a whole. Christof Wahl's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment. The Mid-Term Incentive Plan was settled prematurely for the plan years 2016 to 2018 via a payment equal to the target value, i.e. EUR 1.0 million.

² Includes lease payments for use of company car and insurance premiums (excluding D&O).

³ Pension cost comprises service costs in accordance with IAS 19.

For information on the termination agreements of Dr. Jan Kemper and Sabine Eckhardt as well as on the departure of Jan David Frouman, please refer to "Notes on the compensation of departed Executive Board/Committee members"

RECEIPT IN ACCORDANCE WITH THE GCGC

As the compensation granted to members of the Executive Committee for the financial year is not always accompanied by a payment in the respective financial year, a separate table - in accordance with the relevant recommendation of the GCGC - shows the amount received by members of the Executive Committee for work performed in the financial year.

In line with GCGC recommendations, the fixed compensation and annual variable compensation must be recognized as receipts for the respective financial year. According to the GCGC, share-based payment is considered received at the date and value relevant to German tax law.

Following the recommendations of the GCGC, when disclosing receipts the pension cost in the sense of service cost according to IAS 19 equates to the contributions made, even though strictly speaking it is not an actual receipt.

POST-CONTRACTUAL NON-COMPETITION CLAUSE

A post-contractual non-competition clause was agreed for all Executive Committee members covering one year following the termination of the employment contract. For information relating to agreements for departed Executive Committee members, please refer to "Notes on the compensation of departed Executive Board/Committee members".

If the post-contractual non-competition clause applies, Executive Committee members receive a monthly waiting allowance for the duration of the post-contractual non-competition agreement, which in each case amounts to 1/12 of 75% of the annual remuneration amount most recently received. In order to determine the waiting allowance, the sum of fixed remuneration, the performance bonus and, if applicable, additional multi-annual compensation components that have been granted are to be regarded as annual compensation. This calculation assumes a target achievement of 100% for the performance bonus and the allocated amount of multi-year compensation components or, if no annual allocation has been made, the pro rata allocated value attributable to one year of the plan term. Any income generated from work performed while the non-competition clause is in force is to be offset against in the waiting allowance – based on a one-year period – if it exceeds 50% of the annual compensation most recently obtained. The Company may waive the non-competition clause before the end of the agreement. In this case, the Executive Committee member is entitled to a waiting allowance only for the period between the end of the agreement and the end of a six-month period after the waiver has been received. Sections 74 ff. of the German Commercial Code also apply accordingly.

The following table shows the net present value of compensation to be paid in connection with the post-contractual non-competition clause. This consists of the present value of the amounts that would be paid assuming that Executive Committee members were to leave the Company at the end of the term of their respective current contracts and that the contractual benefits received immediately before the termination of their contracts equal their most recent annual compensation. It can be assumed that actual compensation resulting from the post-contractual non-competition clause will differ from the amounts presented in this table. This depends on the exact date on which the employment contract is terminated and the level of compensation received on this date.

WAITING ALLOWANCE in EUR thousand

	Duration of the contract	Net present value of the waiting allowance ¹
Max Conze	31/05/2021	3,143.7
Conrad Albert	30/04/2021	2,058.9
Rainer Beaujean	30/06/2022	1,825.9
Total		7,028.6

¹ The following discount rates according to IAS 19 were used for this calculation:
Max Conze 0.14%, Conrad Albert 0.13% and Rainer Beaujean 0.25%.

TOTAL COMPENSATION OF FORMER EXECUTIVE BOARD/COMMITTEE MEMBERS

Total compensation of EUR 9.1 million was paid to former members of the Executive Board/Committee in financial year 2019 (previous year: EUR 14.5 million). This includes the payment of 24,606 performance share units from the Group Share Plan 2015 amounting to EUR 0.3 million (previous year: EUR 2.5 million), the waiting allowance of EUR 0.3 million for Jan David Frouman and the payments in connection with the departure of Dr. Jan Kemper (EUR 3.2 million) and Sabine Eckhardt (EUR 1.8 million), which were payable on the termination dates of March 31, 2019, and April 30, 2019. Based on the provisions of the respective termination agreement, a provision of EUR 0.1 million was recognized on their departure for each Dr. Jan Kemper's and Sabine Eckhardt's participation in the Group Share Plan. In addition, Dr. Jan Kemper still received pension contributions of EUR 0.2 million and Sabine Eckhardt of EUR 0.1 million. In connection with their departures, it was agreed with Dr. Jan Kemper and Sabine Eckhardt that their pension entitlements of EUR 1.0 million in total would be paid and therefore that all claims from the corresponding pension agreements would

be settled. In addition, pension benefits of EUR 1.9 million (previous year: EUR 2.3 million) were paid to former Executive Board/Committee members. As of December 31, 2019, pension provisions for former members of the Executive Board/Committee in accordance with IFRS amounted to EUR 26.6 million (previous year: EUR 12.8 million). The provisions for Jan David Frouman, Dr. Jan Kemper and Sabine Eckhardt are shown in the table on total compensation of the Executive Committee under GAS 17.

PROVISIONS FOR PENSIONS

In financial year 2019, pension provisions for active and former Executive Committee members in accordance with IFRS increased by EUR 2.8 million in total (previous year: EUR 0.8 million). EUR 0.8 million of this amount is attributable to current service costs (previous year: EUR 0.7 million), EUR 0.4 million is attributable to interest expenses (previous year: EUR 0.5 million), minus EUR 1.9 million is attributable to pension payments (previous year: minus EUR 2.3 million), minus EUR 1.0 million is attributable to pension entitlement settlements (previous year: EUR 0.0 million), EUR 0.2 million is attributable to past service costs (previous year: EUR 1.3 million), EUR 0.3 million is attributable to settlement effects (previous year: EUR 0.0 million) and EUR 4.0 million is attributable to actuarial losses (previous year: actuarial losses of EUR 0.5 million). Past service costs include pension contributions of EUR 0.1 million for Executive Committee members who were newly appointed in the reporting year (previous year: EUR 0.1 million) and deferred compensation of EUR 0.1 million (previous year: EUR 1.2 million). As of December 31, 2019, pension provisions for active and former Executive Committee members totaled EUR 30.8 million (previous year: EUR 28.0 million).

D&O INSURANCE

Executive Committee members are covered by group liability insurance (D&O insurance). This D&O insurance covers the personal liability risk should Executive Committee members be made liable for financial losses when exercising their professional functions for the Company. The insurance includes a deductible according to which an Executive Committee member against whom a claim is made pays a total of 10% of the claim in each insured event, but not more than 150% of the respective fixed annual compensation for all insurance events in one insurance year. The relevant figure for calculating the deductible is the fixed remuneration in the calendar year in which the breach of duty occurred.

COMPENSATION PAID TO THE SUPERVISORY BOARD

Structure and components of Supervisory Board compensation

The Supervisory Board's compensation is determined in the articles of incorporation of the Company.

Members of the Supervisory Board receive fixed annual compensation for each full financial year of their membership of the Supervisory Board. The fixed compensation amounts to EUR 250,000 for the chairman of the Supervisory Board, EUR 150,000 for the vice chairman and EUR 100,000 for all other members of the Supervisory Board. The chairman of a Supervisory Board committee receives additional fixed annual compensation of EUR 30,000; the additional fixed annual compensation for the chairman of the Audit and Finance Committee amounts to EUR 50,000. Members of the Supervisory Board also receive fixed annual compensation of EUR 7,500 for membership in a Supervisory Board committee. In addition, members of the Supervisory Board receive a meeting honorarium of EUR 2,000 for each meeting attended in person. For the chairman of the Supervisory Board, the meeting honorarium amounts to EUR 3,000 for each meeting attended in person. If multiple meetings are held on one day, the meeting honorarium is paid only once. No performance-based variable compensation is granted.

The current members of the Supervisory Board have declared to the Supervisory Board that they voluntarily undertake to each use 20% of their fixed remuneration granted on a yearly basis in accordance with article 14 (1) and (2) of the articles of incorporation (before deduction of taxes) in order to purchase shares in ProSiebenSat.1 Media SE every year, and to hold these for a period of four years which, however, shall not exceed the duration of their membership on the Supervisory Board of ProSiebenSat.1 Media SE; if they are re-elected, the obligation to hold these shares shall apply to their individual terms of office. With this self-commitment to invest in and hold ProSiebenSat.1 Media SE shares, the members of the Supervisory Board want to underline their interest in the long-term, sustainable success of the Company. The Supervisory Board members received the following compensation for financial year 2019:

COMPENSATION PAID TO THE SUPERVISORY BOARD FOR THE FINANCIAL YEAR 2019 in EUR thousand

		Fixed basic compensation	Presiding Committee compensation	Audit and Finance Committee compensation	Compensation Committee compensation	Meeting honorarium for personal attendance	Total
Dr. Werner Brandt Chairman	2019	250.0	30.0	0.0	30.0	66.0	376.0
	2018	250.0	30.0	0.0	30.0	81.0	391.0
Dr. Marion Helmes Vice Chairwoman	2019	150.0	30.0	7.5	7.5	42.0	237.0
	2018	150.0	30.0	7.5	7.5	52.0	247.0
Lawrence A. Aidem	2019	100.0	7.5	0.0	0.0	28.0	135.5
	2018	100.0	7.5	0.0	0.0	36.0	143.5
Antoinette (Annet) P. Aris ¹	2019	-	-	-	-	-	-
	2018	37.7	0.0	2.8	2.8	22.0	65.3
Adam Cahan	2019	100.0	0.0	0.0	0.0	24.0	124.0
	2018	100.0	0.0	0.0	0.0	26.0	126.0
Angelika Gifford ²	2019	100.0	0.0	7.5	7.5	38.0	153.0
	2018	100.0	0.0	4.7	7.5	44.0	156.2
Erik Adrianus Hubertus Huggers	2019	100.0	0.0	0.0	0.0	24.0	124.0
	2018	100.0	0.0	0.0	0.0	28.0	128.0
Marjorie Kaplan ³	2019	100.0	4.2	0.0	0.0	26.0	130.2
	2018	62.7	0.0	0.0	0.0	18.0	80.7
Ketan Mehta	2019	100.0	7.5	0.0	0.0	32.0	139.5
	2018	100.0	7.5	0.0	0.0	38.0	145.5
Prof. Dr. Rolf Nonnenmacher	2019	100.0	0.0	50.0	7.5	42.0	199.5
	2018	100.0	0.0	50.0	4.7	52.0	206.7
Total	2019	1,100.0	79.2	65.0	52.5	322.0	1,618.7
	2018	1,100.4	75.0	65.0	52.5	397.0	1,689.9

¹ Member of the Supervisory Board until May 16, 2018

² Member of the Supervisory Board until January 13, 2020

³ Member of the Supervisory Board since May 16, 2018 | Member of the Presiding Committee since June 12, 2019

In addition to this fixed annual compensation and meeting honoraria, the members of the Supervisory Board were reimbursed for all out-of-pocket expenses and value-added tax levied on their compensation and out-of-pocket expenses.

D&O insurance covers the personal liability risk should Board members be made liable for financial losses when exercising their functions. No deductible has been agreed for members of the Supervisory Board.

Compensation or benefits for services rendered in person, in particular for advisory and agency services, were not granted to Supervisory Board members in financial year 2019, with the exception mentioned below. In the first quarter of 2019, Erik Adrianus Hubertus Huggers worked as a consultant for Joyn GmbH, Munich (formerly 7TV Joint Venture GmbH). In this period, Joyn GmbH received consultancy services amounting to EUR 25,000 on a contractual basis from Erik Adrianus Hubertus Huggers. The contractual agreement was concluded in the first quarter of 2019 and ended on February 8, 2019. The Company has granted no loans to members of the Supervisory Board.



Balance Sheet



Balance sheet

BALANCE SHEET AS OF DECEMBER 31, 2019 in EUR

	12/31/2019		12/31/2018	
ASSETS				
A. Fixed assets				
I. Intangible assets				
1. Licenses, trademarks and patents as well as licenses to such assets and rights for a consideration	2,182,138.00		2,509,721.00	
2. Advances paid on intangible assets	1,033,132.15	3,215,270.15	581,514.06	3,091,235.06
II. Property, plant and equipment				
1. Buildings on land owned by others	42,308,877.51		40,699,742.48	
2. Other equipment, fixtures, furniture and equipment	3,886,178.94		4,392,064.25	
3. Advances paid on tangible assets under construction	5,395,279.85	51,590,336.30	4,527,478.16	49,619,284.89
III. Financial Assets				
1. Interests in Group companies	7,555,933,143.13		7,495,329,150.30	
2. Loans to Group companies	90,889,410.24		49,336,857.76	
3. Interests in associated companies	6,250.00		6,250.00	
4. Long-term investments	3,651,163.51		1,402,432.68	
5. Other loans	25,815,641.24	7,676,295,608.12	32,347,829.32	7,578,422,520.06
		7,731,101,214.57		7,631,133,040.01
B. Current assets				
I. Receivables and other current assets				
1. Trade accounts receivable	38,276,422.50		39,087,639.86	
2. Receivables from Group companies	784,790,059.12		752,415,688.88	
3. Other assets	103,812,256.74	926,878,738.36	154,717,402.18	946,220,730.92
II. Cash and deposit at banks		704,303,203.46		730,678,337.52
		1,631,181,941.82		1,676,899,068.44
C. Prepaid expenses		1,681,167.48		2,737,602.65
D. Active difference from offsetting		140,473.00		545,974.00
		9,364,104,796.87		9,311,315,685.10



BALANCE SHEET AS OF DECEMBER 31, 2019 in EUR

	12/31/2019		12/31/2018	
LIABILITIES AND SHAREHOLDERS' EQUITY				
A. Equity				
I. Subscribed capital	233,000,000.00		233,000,000.00	
./. Nominal amount of treasury shares	- 6,859,180.00		- 6,919,513.00	
Issued share capital		226,140,820.00		226,080,487.00
<i>Contingent capital EUR 21,879,720.00</i>				
II. Capital reserves		1,129,097,572.58		1,128,204,891.45
III. Other profit reserves		1,152,894,898.49		952,906,271.49
IV. Distributable profit		454,433,208.85		621,371,382.77
		2,962,566,499.92		2,928,563,032.71
B. Provisions				
1. Pension provisions and similar obligations		3,107,316.00		3,629,669.00
2. Tax provisions		103,134,020.70		86,553,834.00
3. Other provisions		190,873,210.47		274,886,302.33
		297,114,547.17		365,069,805.33
C. Liabilities				
1. Bond		600,000,000.00		600,000,000.00
2. Liabilities to banks				
a. Loan liabilities		2,600,000,000.00		2,600,000,000.00
b. Interest liabilities		3,860,704.23		2,890,719.32
3. Deposits received		1,321,903.99		1,005,880.25
4. Trade accounts payable		373,629,589.27		291,772,549.05
5. Liabilities to Group companies		2,484,890,663.43		2,476,380,861.36
6. Other liabilities		39,712,296.70		45,602,004.11
-- thereof for taxes EUR 24,446,878.25 (previous year: EUR 32,112,452.79)--				
-- thereof for social security EUR 107.63 (previous year: EUR 1,853,74)--				
		6,103,415,157.62		6,017,652,014.09
D. Deferred income		1,008,592.16		30,832.97
		9,364,104,796.87		9,311,315,685.10



Income Statement



Income Statement

INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2019 in EUR

	2019		2018	
1. Revenues		107,490,545.28		102,150,143.67
2. Other operating income		72,750,779.17		180,910,946.35
--thereof from currency conversion				
EUR 12,965,759.24				
(previous year: EUR 19,039,954.47)--				
3. Programming and material expenses				
a) Cost of licenses, transmission				
fees and materials	33,609,069.20		206,426,921.74	
b) Cost of purchased services	20,421,556.19	54,030,625.39	19,205,128.61	225,632,050.35
4. Personnel expenses				
a) Wages and salaries	67,992,657.76		86,926,224.72	
b) Social security contributions and	8,131,338.71	76,123,996.47	10,151,482.23	97,077,706.95
other employee benefits				
--thereof for old age pensions				
EUR 1,227,805.00				
(previous year: EUR 2,007,562.64)--				
5. Amortization and depreciation of tangible assets				
and intangible assets		11,244,747.17		13,845,701.67
6. Other operating expenses		105,366,310.10		151,389,073.49
--thereof from currency conversion				
EUR 18,921,666.30				
(previous year: EUR 21,922,241.61)--				
7. Income from profit transfer agreements		551,024,169.80		529,850,203.20
8. Income from investments		25,000,000.00		13,678,244.18
--thereof from Group companies				
EUR 25,000,000.00				
(previous year: EUR 13,678,244.18)--				
9. Other interest and similar income		11,148,503.81		12,746,197.30
--thereof from Group companies				
EUR 9,124,780.61				
(previous year: EUR 8,834,247.15)--				
10. Write-down of financial assets		6,381,999.00		631,693.91
11. Expenses from loss absorption		50,627,952.70		22,616,379.33
12. Interest and similar expenses		49,188,898.27		68,568,602.45
--thereof from group companies				
EUR 0.00 (previous year: EUR 7,448.80)--				
--thereof from accumulation				
EUR 1,705,200.35				
(previous year: EUR 1,013,831.05)--				
13. Income taxes		112,272,165.87		137,579,901.96
--thereof from deferred taxes				
EUR 0.00				
(previous year: income EUR 29,001,615.23)--				
14. Income after taxes		302,177,303.09		121,994,624.59
15. Other taxes		79,697.48		80,401.56
16. Result of the year		302,097,605.61		121,914,223.03
17. Profit carried forward from the previous year		152,335,603.24		499,457,159.74
18. Distributable profit		454,433,208.85		621,371,382.77



ProSiebenSat.1 Media SE, Unterföhring

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2019

GENERAL DISCLOSURES

ProSiebenSat.1 Media SE is a publicly traded stock corporation under European law and registered at Munich District Court, Germany, (HRB 219 439) as the parent company of ProSiebenSat.1 Group trading under the name ProSiebenSat.1 Media SE. The registered common share is listed in Germany at the stock exchange in Frankfurt am Main and at the stock exchange in Luxembourg (Bourse de Luxembourg). The Company is headquartered in Unterföhring. Its address is ProSiebenSat.1 Media SE, Medienallee 7, 85774 Unterföhring, Germany.

Basis and methodology

The Annual Financial Statements of ProSiebenSat.1 Media SE were prepared in compliance with the relevant requirements of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG) in connection with Art. 61 of regulation (EG) No. 2157/2001 (SE-VO).

The cost of production method in accordance with section 275 (2) of the German Commercial Code was applied to the income statement.

ProSiebenSat.1 Media SE prepares and publishes its Annual Financial Statements in EUR. Due to rounding, it is possible that individual figures in these Annual Financial Statements do not add exactly to the totals shown and that the percentage figures given do not reflect exactly the absolute figures they relate to.

Accounting policies

The following accounting methods applied in the previous year were applied unchanged.

Intangible assets acquired for consideration are capitalized at cost and are amortized on a straight-line basis over the economic life-time but no more than ten years. Unscheduled write-downs are taken if a permanent impairment of value can be expected. Internally generated intangible non-current assets are not recognized.

Tangible fixed assets are valued at cost, less usage-based straight-line depreciation over the economic life-time but no longer than 30 years. Unscheduled write-downs are taken if a permanent impairment of value can be expected. Assets with acquisition costs of up to EUR 250 are recognized in full as expenses in the year of acquisition. Assets with acquisition costs of between EUR 250 and EUR 1,000 are combined into a single item, which is depreciated on a straight-line basis over five years.

Buildings on land not owned by the Company are depreciated over their normal useful life or, if shorter, the term of the lease. Other facilities, as well as office furniture and equipment, are depreciated over a term of three to 20 years, depending on the item in question.

Financial assets are recognized at cost or at their lower fair value if the impairment is expected to be permanent. If the reasons for permanent impairment no longer apply, reversals of impairment up to the acquisition cost are made in compliance with the rules for recovery of value.

Shares in affiliated companies are generally recognized at cost or, if permanent impairment is expected, at their lower fair value. The check to determine whether shares in affiliated companies are permanently impaired takes place inter alia in simplified company valuations, multi-stage procedures and fair values. The fair values are determined using the discounted cash flow method. Valuations are performed in accordance with IDW RS HFA 10 "Application of the principles of IDW S 1 when valuing investments for the purposes of Annual Financial Statements under the German Commercial Code" under which cash flows are based on investment-specific planning over in general a period of five years which is updated using investment-specific growth rates. The capitalization rate applied here is calculated based on the return on a risk-appropriate alternative investment.

In addition, previously impaired shares in affiliated companies are reviewed annually to determine whether the reasons for the impairment have ceased to apply. For these shares, too, the fair value of the corresponding financial asset is calculated based on IDW RS HFA 10.

Receivables and other assets are measured at their nominal amount or, if applicable, at cost or at their lower fair value on the reporting date. In the valuation of receivables and other current assets, adequate allowances have been made to cover known risks through valuation allowances.

Credit balances at banks are shown at their nominal value. Short-term foreign currency balances and liabilities are converted at the exchange rates on the reporting date.

Treasury stock is deducted from equity in accordance with section 272 (1a) of the German Commercial Code. If the costs of acquisition for treasury stock exceed the nominal amount of these stocks, the excess is offset against retained earnings.

Assets that are exclusively for the meeting of pension obligations and inaccessible to all other creditors as of the closing date are measured at fair value which is the market value. These assets are offset by the respective underlying obligation. If there is an excess of obligations, it is recognized as a provision. If the value of the assets exceeds the value of the obligations, it is recognized as active difference resulting from offsetting.

Pension provisions and similar obligations are measured at the amount payable deemed necessary according to prudent business judgment. This amount payable is calculated using actuarial techniques in accordance with the Projected Unit Credit Method. They are calculated on the basis of biometric data from the 2018 G guideline tables prepared by Prof. Dr. Klaus Heubeck and an average market interest rate for the last ten financial years of 2.71% (previous year: 3.21%) for a remaining term of 15 years and a pension trend of 0.0% to 1.0% a year (previous year: 0.0% to 1.0%). Fluctuation and salary increase has been reflected in the calculation in both years with 0.0%. The interest component of pension expenses is reported under interest and similar expenses after netting with interest income from plan assets.

Tax provisions and other provisions are to be measured at the expected amount payable deemed necessary according to prudent business judgment, taking into account price and cost increases. Long-term provisions (remaining term of more than a year) are to be discounted at the average market interest rate of the past seven years appropriate for the duration, which is calculated and published by Deutsche Bundesbank.

Liabilities are measured at their amount payable as of the balance sheet date.

If there are differences between the valuations of assets, liabilities and prepaid expenses under German commercial law and fiscal law, which are expected to reverse in future financial years, any overall surplus of deferred tax liability which remains after offsetting is recognized on the balance sheet, taking into account the loss and interest carried forward.



Deferred tax assets are netted out to the extent that they correspond to the existing deferred tax liabilities as of the closing date. The option to recognize deferred tax assets – provided they exceed the deferred tax liabilities – is not exercised.

Loss and interest carried forward and tax credits are taken into account to the extent that they are expected to be offset or used within the next five years. Temporary differences between the measurement of assets, liabilities and prepaid expenses of consolidated tax group subsidiaries under German commercial law and fiscal law are included if there are expected to be tax burdens and tax relief from reducing the respective temporary differences at the tax group parent, ProSiebenSat.1 Media SE.

Deferred taxes are measured on the basis of the applicable corporate income tax rate and according to the trade tax assessment rates of the income tax consolidation group of ProSiebenSat.1 Media SE. Corporate income tax, the solidarity surcharge and trade tax resulted in a tax rate for deferred taxes of 28% for the last financial year.

Receivables and liabilities in foreign currencies with a remaining term of up to one year are measured at the exchange rate on the closing date. Foreign currency receivables with a remaining term of more than one year are converted at the exchange rate on the booking date or the lower exchange rate on the closing date; foreign currency liabilities with a remaining term of more than a year are converted at the exchange rate on the booking date or the higher exchange rate on the closing date.

ProSiebenSat.1 Media SE uses derivative financial instruments to hedge against risks of changes in interest rates and foreign exchange rates in its operating activities, and in the resulting financing needs. If there is a direct hedging relationship, hedge accounting is applied to the derivative financial instruments together with their underlying transaction in accordance with section 254 of the German Commercial Code. If there is no sufficient hedging relationship, the hedging transactions are measured under the principle of unequal treatment of losses and income; in other words, provisions are formed for negative market values, but positive market values are not recognized.

NOTES TO THE BALANCE SHEET

Fixed assets

Changes in fixed assets can be found in the statement of changes in fixed assets attached as an annex.

Financial assets

The ProSiebenSat.1 Media SE overview Group of companies is listed at the end of these Notes.

In financial year 2019, shares in affiliated companies increased by EUR 61 million to EUR 7,556 million. This increase is due in particular to capital increases at the subsidiaries ProSiebenSat.1 Entertainment GmbH, Unterföhring, and NCG-NUCOM Group SE, Unterföhring. In financial year 2019, unscheduled depreciation on financial assets in the amount of EUR 6 million (previous year: EUR 1 million) was carried out.

Loans to affiliated companies involve intragroup loans that are not expected to be repaid within a year.

Other loans essentially comprise loans to the landlord of the property at Medienallee 7 at the Unterfoehring site.

Receivables and other current assets

RECEIVABLES AND OTHER ASSETS in EUR m

	12/31/2019			12/31/2018		
	Remaining term		Total 12/31/2019	Remaining term		Total 12/31/2018
	1 year or less	more than 1 year		1 year or less	more than 1 year	
Trade accounts receivable	36	2	38	37	2	39
Receivables from Group companies	785	–	785	752	–	752
Other assets	104	–	104	155	–	155
Total	925	2	927	944	2	946

Receivables from affiliated companies comprise receivables under profit and loss transfer agreements (EUR 551 million; previous year: EUR 530 million), short-term loan receivables (EUR 7 million; previous year: EUR 49 million), cash pooling receivables (EUR 65 million; previous year: EUR 12 million), and receivables from internal transactions (EUR 162 million; previous year: EUR 161 million).

The other assets primarily comprise advance payments made on licenses of EUR 88 million (previous year: EUR 86 million) and tax receivables of EUR 6 million (previous year: EUR 50 million). As ProSiebenSat.1 Media SE acts as general contractor for the new "Campus" construction, this item also included receivables from the company towards the site owner amounting to EUR 5 million (previous year: EUR 17 million).

Prepaid expenses

As at December 31, 2019, prepaid expenses mainly included the discount from the bond issued in financial year 2014 amounting to EUR 1 million (previous year: EUR 1 million), which is amortized over the term of the bond.

Deferred taxes

The following overview details the balance sheet items that include deferred tax receivables and deferred tax liabilities for the income tax consolidation group of ProSiebenSat.1 Media SE:

DEVELOPMENT OF DEFERRED TAXES in EUR m

	12/31/2019		12/31/2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	0	-/-	0	-/-
Fixed assets	0	-/-	0	-/-
Financial assets	3	-39	0	-39
Programming assets	21	-/-	20	-/-
Receivables and other current assets	1	0	0	0
Active difference resulting from offsetting	-/-	0	-/-	0
Provisions	17	-4	24	-6
Liabilities	0	0	0	0
Total	43	-43	45	-45
Netting	-43	43	-45	45
Balance	0	0	0	0

Deferred tax assets and tax liabilities are calculated using a combined tax rate of corporate income tax, the solidarity surcharge, and trade tax of 28 %, which is derived from a weighted average of the tax rates of the subsidiaries. Temporary differences to financial assets are measured at an effective tax rate of 1.4%.

Equity

Subscribed capital

As of December 31, 2019, the subscribed capital of ProSiebenSat.1 Media SE amounted to EUR 233,000,000 (previous year: EUR 233,000,000), with each share representing a nominal value of EUR 1.00 of the share capital. Thus, as of December 31, 2019, the number of issued common shares was 233,000,000 (previous year: 233,000,000 common shares) of which the Company itself held 6,859,180 common shares in treasury (previous year: 6,919,513 common shares).

DEVELOPMENT OF EQUITY IN 2019 in EUR m

	Subscribed capital	Capital reserves	Profit reserves	Balance Sheet profit	Total Equity
December 31, 2018	226	1,128	953	621	2,928
Allocation to profit reserves	-/-	-/-	200	-200	-/-
Paid dividends	-/-	-/-	-/-	-269	-269
Profit of the year	-/-	-/-	-/-	302	302
Employee share ownership plan	0	1	0	-/-	1
December 31, 2019	226	1,129	1,153	454	2,963

Authorized Capital

By resolution of the Annual General Meeting on June 30, 2016, new Authorized Capital was created with a corresponding amendment of article 4 (amount and division of share capital) of the articles of incorporation (Authorized Capital 2016). Subject to the consent of the Supervisory Board, the Executive Committee is authorized to increase the share capital of the Company on one or more occasions on or before June 30, 2021, up to EUR 87,518,880 against contributions in cash and/or in kind, by issuing new registered shares. The shareholders must be granted the legal preemptive rights to the new shares. However, subject to the consent of the Supervisory Board, the Executive Committee is also authorized to partially or fully exclude the shareholders' preemptive rights in cases described in more detail in Authorized Capital 2016.

The Executive Committee resolved on November 3, 2016, with consent from the Supervisory Board on the same day, to increase the company's share capital by EUR 14,202,800 from EUR 218,797,200 to EUR 233,000,000 by issuing 14,202,800 new registered shares each representing EUR 1 of the share capital, making partial use of Authorized Capital 2016 in accordance with article 4 (4) of the articles of incorporation. The shareholders' preemptive rights were excluded in accordance with article 4 (4) lit. b. of the articles of incorporation. Following its partial utilization, Authorized Capital 2016 amounts to EUR 73,316,080.

Contingent Capital

By resolution of the Annual General Meeting on June 30, 2016, Contingent Capital was created with a corresponding amendment of article 4 (amount and division of share capital) of the articles of incorporation. In this context, there was a contingent increase in share capital by up to EUR 21,879,720 due to the issuance of up to 21,879,720 new registered shares (Contingent Capital 2016). The Contingent Capital increase serves to grant shares to holders or creditors of convertible bonds as well as to holders of option rights from warrant-linked bonds that are issued on or before June 29, 2021, as a result of the authorization granted by resolution of the Annual General Meeting of June 30, 2016, by the Company or a German/foreign entity in which the Company either directly or indirectly holds the majority of votes and capital.

Treasury shares

In accordance with section 71 (1) no. 8 of the German Stock Corporation Act, the Annual General Meeting of June 12, 2019, authorized the Company to acquire its own shares on or before June 11, 2024, in the amount of up to 10% of the Company's share capital on the date the authorization was granted or – if this figure is lower – on the date the authorization is exercised, and to use these, also with the exclusion of preemptive rights in the cases described in more detail in the authorization. Treasury shares may also be acquired using derivatives up to a total of 5% of the share capital on the date the authorization was granted in accordance with the more detailed conditions of the authorization. Together with other own shares owned by or attributable to the Company according to sections 71a et seq. of the German Stock Corporation Act, no more than 10% of the share capital may be attributable to the shares acquired on the basis of this authorization at any time.

The authorization of June 12, 2019, allows the Executive Committee, with the Supervisory Board's consent, to exercise its right for any legally permissible purpose.

In the financial year 2019, 48,960 treasury shares were ceded at a price of EUR 13.43 as part of the "myshares" employee share program. For the first issue of so-called matching shares of the 2016 myshares program, 11,373 shares were issued in the 2019 financial year after the three-year holding period.

In total, ProSiebenSat.1 Media SE held 6,859,180 (previous year: 6,919,513) of its own common shares as of December 31, 2019. This is equivalent to 2.9 % (previous year: 3.0 %) of the share capital.

Capital reserve

Capital reserves amounted to EUR 1,129 million (previous year: EUR 1,128 million). Capital reserves included premiums from the new stock issuance in financial year 1997 and the capital increases in 2004 and 2016, the cumulative effects on results that arose in connection with the granting of stock options of the former Long Term Incentive Plans (LTIPs), stock awards, and the employee share programs, and the effects from the exercise of stock options.

Retained earnings

Other retained earnings include additions of EUR 800 million from the financial year 2017 and EUR 200 million from the financial years 2018 and 2019 respectively. The costs of acquisition exceeding the nominal amount of the treasury stock amounting to EUR 47 million for the share buyback in 2018 are offset against retained earnings.

As of December 31, 2019, retained earnings of EUR 1 million (previous year: EUR 1 million) were subject to a distribution block. This resulted in the amount of EUR 0 million (previous year: EUR 0 million) from the fair value accounting of the plan assets and in the amount of EUR 2 million (previous year: EUR 1 million) from the fair value calculation of the settlement amount of the pension obligations. In addition, deferred taxes taken into account in this regard led to a calculated surplus of deferred tax assets, which was included in the distribution block in the amount of EUR 1 million (previous year: EUR 0 million).

Distributable profit

Under a resolution adopted at the Annual General Meeting on June 12, 2019, a dividend of EUR 269 million was paid out to shareholders of ProSiebenSat.1 Media SE in the past financial year out of ProSiebenSat.1 Media SE's 2018 distributable profit of EUR 621 million. This equates to a distribution of EUR 1.19 per dividend entitled common share. On top, a distribution of EUR 200 million into profit reserves was adopted.

In accordance with the German Stock Corporation Act, the dividend payable to shareholders depends on the distributable profit reported in the Annual Financial Statements of ProSiebenSat.1 Media SE under the German Commercial Code. There are plans to use ProSiebenSat.1 Media SE's distributable profit of EUR 454 million for the financial year 2019 as follows:

PROPOSAL OF PROFIT ALLOCATION in EUR

Distribution of a dividend of EUR 0.85 per share	192,219,697.00
Balance to be carried forward to the next accounting period	262,213,511.85
Distributable profit as of December 31, 2019	454,433,208.85

Provisions

PROVISIONS in EUR m

	12/31/2019	12/31/2018
Provisions for pension and similar obligations	3	4
Tax provisions	103	86
Other provisions		
Onerous contracts	112	176
Personnel provisions	25	39
Provision for outstanding invoices	18	19
Other miscellaneous provisions	36	41
Subtotal	191	275
Total	297	365

Provisions for pensions

Pension provisions were recognized for obligations to provide future benefits for active and former members of the Executive Committee of ProSiebenSat.1 Media SE and their survivors.

PENSIONS PROVISIONS BALANCE SHEET PRESENTATION in EUR m

	12/31/2019	12/31/2018
Pension obligations before offsetting	25	26
Fair value of designated assets	22	23
thereof designated assets exceeding pension obligations	0	1
Pension provisions as per balance sheet	3	4

The acquisition costs of the plan assets amounted to EUR 23 million (previous year: EUR 24 million). In connection with recognizing expenses and income from discounting the obligation and expenses and income from the plan assets, interest expenses of EUR 1 million (previous year: EUR 1 million) and income from the reversal of impairment of plan assets amounting to EUR 0 million (previous year: impairment of EUR 0 million) were recognized under other operating income.

Using the average market interest rate of the last seven financial years projected for the closing date of 1.97% p.a., the amount payable in the financial year 2019 would be EUR 28 million (including the amount payable contained in the active difference resulting from offsetting). The difference as defined by section 253 (6) sentence 1 of the German Commercial Code was EUR 2 million in the financial year, which is distribution-blocked when deferred taxes are taken into account.

Tax provisions

The tax provisions were formed primarily for corporate income tax and trade tax. The potential impact of a current tax audit has been taken into account.

Other provisions

As part of strategic measures, a provision was set up in the previous year for impending losses in connection with the future acquisition in programming assets in the amount of EUR 176 million (thereof EUR 168 million from the transaction with Joyn GmbH, Munich (previously 7TV Joint Venture GmbH, Munich)). As of December 31, 2019, the provision was EUR 112 million.

The personnel provisions include provisions for short-term bonus payments and for multi-year variable incentive systems (Group Share Plan and Performance Share Plan) totaling EUR 15 million (previous year: EUR 17 million). The mid-term incentive plan introduced in 2015 was fully paid out in 2019.

Other miscellaneous provisions include provisions for interest on arrears and value-added tax of EUR 32 million (previous year: EUR 35 million) and provisions for inefficiencies related to valuation units of EUR 0 million (previous year: EUR 1 million) as of December 31, 2019.

Liabilities

LIABILITIES in EUR m

	12/31/2019				12/31/2018			
	Remaining term				Remaining term			
	Less than 1 year	Over 1 year	Total Dec 31, 2019	thereof over 5 years	Less than 1 year	Over 1 year	Total Dec 31, 2018	thereof over 5 years
Bond	-/-	600	600	-/-	-/-	600	600	-/-
Liabilities to banks								
a) Loan liabilities	-/-	2,600	2,600	225	- / -	2,600	2,600	225
b) Interest liabilities	4	-/-	4	-/-	3	-/-	3	-/-
Deposits received	1	-/-	1	-/-	1	-/-	1	-/-
Trade accounts payable	295	79	374	-/-	241	51	292	-/-
Liabilities to Group companies	2,485	-/-	2,485	-/-	2,477	-/-	2,477	-/-
Other liabilities	40	-/-	40	-/-	45	-/-	45	-/-
Total	2,825	3,279	6,103	225	2,767	3,251	6,018	225

There is an unsecured bond of EUR 600 million with a coupon of 2.625 % maturing in April 2021 which is listed on the regulated market of the Luxembourg stock exchange (ISIN DE000A11QFA7).

In addition, there is a syndicated loan agreement comprising an unsecured bullet loan with a nominal volume of EUR 2,100 million and an unsecured revolving credit facility (RCF) with a volume of EUR 750 million that was not drawn down in the financial year 2019. The terms of the loan and the RCF were largely extended to April 2024 in the financial year. The non-renewed portion of the loan of EUR 151 million and the RCF of EUR 74 million continue to run until April 2023. The loan agreement was concluded with an international banking group.

In addition, ProSiebenSat.1 Media SE issued three unsecured syndicated promissory notes totaling EUR 500 million with maturity ranges 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) in the financial year 2016. These items are reported in the balance sheet under liabilities to banks.

Liabilities to affiliated companies include in particular liabilities from cash pooling (EUR 2,415 million, previous year: EUR 2,430 million), liabilities from internal transactions (EUR 19 million, previous year: EUR 24 million) and liabilities from profit and loss transfer agreements (EUR 51 million, previous year: EUR 23 million).

NOTES TO THE INCOME STATEMENT

Revenues

Revenues mainly include proceeds from the disposal of programming assets and ancillary programming rights and from services relating to activities as a holding company.

Proceeds of EUR 36 million (previous year: EUR 36 million) were made from the disposal of programming assets and ancillary programming rights, the majority was generated abroad.

Proceeds from services due to the holding function relate almost exclusively to apportionment of management fees amounting to EUR 42 million (previous year: EUR 43 million) as well as proceeds from lease of office space and ancillary costs to affiliated companies of EUR 20 million (previous year: EUR 15 million). The proceeds were almost exclusively generated from domestic Group companies.

Other operating income

The sale of 25.1 % of the shares in NCG-NUCOM Group SE, Unterföhring, effective as of April 4, 2018, to General Atlantic PD GmbH, Munich, resulted in profit of EUR 108 million in the financial year 2018. The income relating to other periods that is included within other operating income amounting to EUR 30 million (previous year: EUR 14 million) and relates primarily to the reversal of provisions for onerous contracts amounting to EUR 23 million (previous year: EUR 0 million).

Miscellaneous other operating income of EUR 43 million (previous year: EUR 58 million) particularly includes cost transfers to other Group companies and exchange rate effects.

Programming and material expenses

Expenses for licenses, transmission fees and materials were EUR 34 million (previous year: EUR 206 million). The previous year's figure essentially included the addition to the contingent loss provision as part of the strategic realignment of the programming assets in the amount of EUR 176 million (see explanations on other provisions). Another component is expenses for transmission costs and satellite rentals in the amount of EUR 27 million (previous year: EUR 27 million), which are passed on to group companies. Expenses for purchased services relate primarily to rental expenses, which are passed on to the group companies as part of the group holding activity and reported as revenue.

Personnel expenses

In the financial year 2019, personnel expenses amounted to EUR 76 million (previous year: EUR 97 million). Expenses declined for bonuses and incentive agreements as well as lower employee figures.



Other operating expenses

Other operating expenses of EUR 105 million (previous year: EUR 151 million) particularly include charges passed on by Group companies, IT costs, legal and consulting costs, and currency effects. This year-on-year decrease can particularly be attributed to lower IT costs and significantly lower consulting costs.

Result from profit transfers and investments

In financial year 2019, the income from profit transfer agreements of EUR 551 million (previous year: EUR 530 million) exclusively included transferred profits of the German station family amounting to EUR 545 million (previous year: EUR 530 million). In addition, dividend income of EUR 25 million (previous year: EUR 14 million) from NCG-NUCOM Group SE was realized in the financial year. Expenses from loss absorption decreased to EUR 51 million in the financial year 2019 (previous year: EUR 23 million).

Interest and similar expenses

Interest and similar expenses include interest added to pension provisions of EUR 1 million (previous year: EUR 1 million).

Income taxes

In addition to the taxable income generated by the Company itself, ProSiebenSat.1 Media SE has a tax liability for the tax assessment bases attributable to the subsidiaries affiliated with it under profit and loss transfer agreements for tax purposes as the tax group parent.

Taxes on income include income relating to other periods of EUR 5 million (previous year: expenses related to other periods of EUR 47 million).

OTHER INFORMATION

Contingent liabilities

CONTINGENT LIABILITIES in EUR m

	12/31/2019	12/31/2018
Contingent liabilities from guarantees	28	18
(therof amounts due to Group companies)	(28)	(18)

Liabilities from guarantees are predominantly related to credit guarantees for affiliated companies.

On the basis of ongoing risk assessment of the contingent liabilities entered into and considering all knowledge gained up to the preparation of the Annual Financial Statements, ProSiebenSat.1 Media SE expects that the obligations underlying the contingent liabilities can be fulfilled by the relevant principal debtors. Therefore, the risk of utilization of contingent liabilities is estimated to be low.

Other financial obligations

OTHER FINANCIAL OBLIGATIONS in EUR m

	due in following year	due in 2nd to 5th year	due after 5th year	Total 12/31/2019	Total 12/31/2018
Programming assets	282	1,295	252	1,829	2,295
therof amounts due to Group companies	-/-	-/-	-/-	-/-	-/-
Distribution	25	77	9	111	104
therof amounts due to Group companies	-/-	-/-	-/-	-/-	-/-
Leasing and rental commitments	16	74	216	306	309
therof amounts due to Group companies	-/-	-/-	-/-	-/-	-/-
Other obligations	31	1	-/-	32	40
therof amounts due to Group companies	17	-/-	-/-	17	15
Total	354	1,447	477	2,278	2,748

Purchase commitments from program assets result from contracts for the acquisition of film and series licenses concluded before December 31, 2019, and commissioned programs.

Financial obligations for satellite rental, obligations under contracts for terrestrial transmission facilities and cable feed charges are reported under Distribution.

Leasing and rental commitments particularly include building leases for office and editorial space at the sites in Unterföhring. The terms of the major contracts extend to 2038. In addition, obligations arising from the provision of company cars are also reported here.

Other liabilities essentially comprise obligations for other third-party service agreements, purchase commitments and memberships.

In addition, there are intra-group obligations from financing commitments to affiliated companies in the amount of EUR 419 million (previous year: EUR 521 million), the amount and timing of which, however, cannot be anticipated.

Off-balance sheet transactions

In accordance with the regulations of the German Commercial Code and the principles of proper accounting, there are transactions that are not to be shown on the balance sheet. At ProSiebenSat.1 Media SE, these mainly include leasing contracts regarding real estate. These transactions do not have a significant financial impact on ProSiebenSat.1 Media SE. No significant risks or rewards from these transactions on ProSiebenSat.1 Media SE's financial position can be identified.

Employees

AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

	2019	2018
Employees	506	609
Trainees, volunteers and interns	69	88
Total	575	697

Professional fees of the independent auditor

The information required under section 285 no. 17 of the German Commercial Code regarding the total fees charged by our independent auditor, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, in financial year 2019 is provided in the Consolidated Financial Statements of ProSiebenSat.1 Media SE as of December 31, 2019.

Derivative financial instruments

ProSiebenSat.1 Media SE is exposed to a variety of financial risks through its business operations and financing requirements. These risks are managed by the Group Finance & Treasury central area as part of financial risk management. The goals of financial risk management are to ensure solvency and manage market price risks in a risk-adequate manner. The derivative financial instruments used here serve exclusively to hedge existing risks and are not used for speculation purposes.

The market value of interest rate swaps is calculated by discounting the expected future cash flows. The market values of interest rate caps, interest rate floors, and currency options are calculated based on option price models reflecting the current market situation. The market values of currency forwards are derived from the forward exchange rate set by the market. Other methods may lead to deviations.

The nominal and market values of derivative financial instruments held by ProSiebenSat.1 Media SE as of December 31, 2019, are shown below:

NOMINAL AMOUNTS AND MARKET VALUES

	Nominal amounts and market values			Nominal amount	Market value
	2020	2021–2024	from 2025	12/31/2019	12/31/2019
	in USD m	in USD m	in USD m	in USD m	in USD m
Currency hedging					
Currency forwards	421	955	90	1,466	85
Currency options	0	0	0	0	0
Interest hedging	in EUR m	in EUR m	in EUR m	in EUR m	in EUR m
Interest hedging	2,100	2,000	0	4,100	-13

As of the balance sheet date, the level of the risks hedged with the valuation units from expected adverse or advantageous changes in value and cash flows correspond to the fair values of the hedging transactions. Due to the similar risks, the opposing payment flows from the underlying and hedging transactions are expected to be fully balanced. Proof of prospective and retrospective effectiveness is provided by means of regular effectiveness tests. Based on the agreement of the valuation-relevant parameters of the underlying and hedging transaction, the prospective effectiveness is determined using the so-called "Critical Terms Match" method and the retrospective effectiveness is determined using the "dollar offset method". As of December 31, 2019, ineffectiveness from hedging relationships was recognized in the provisions in the amount of EUR 0 million.

The derivative financial instruments reportable under the German Commercial Code are recognized under the following items on the balance sheet at the indicated carrying amounts. These interest options are used for hedging purposes, but are not part of a valuation unit according to section 254 of German Commercial Code.

REPORTING OF DERIVATIVE FINANCIAL INSTRUMENTS in EUR m

	Other assets		Liabilities to banks		Other provisions		Other liabilities	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Currency options	-/-	0	-/-	-/-	-/-	-/-	-/-	-/-
Interest options	3	0	-/-	-/-	-/-	-/-	3	-/-
Interest swaps	-/-	-/-	0	0	0	1	-/-	-/-
Total	3	0	0	0	0	1	3	0

Valuation units to hedge foreign currency risk

ProSiebenSat.1 Media SE understands foreign currency risk as the risk of losses due to exchange rate fluctuations. ProSiebenSat.1 Media SE concludes a significant portion of its license agreements with production studios in the U.S. ProSiebenSat.1 Media SE generally fulfills its financial obligations for purchasing these program rights in U.S. dollars. Exchange rate fluctuations between the EUR and the USD may therefore adversely impact ProSiebenSat.1 Media SE's financial and earnings situation. The low volume of receivables and liabilities in other currencies or for other purposes results in negligible currency risk.

ProSiebenSat.1 Media SE pursues a Group-wide portfolio approach. The term foreign currency exposure includes the total volume of all future U.S. dollar payments which result from existing license agreements and will be due within a period of seven years. As part of foreign currency management, ProSiebenSat.1 Media SE employs various derivatives and original financial instruments to hedge against currency fluctuations. These include currency forwards, currency options and currency holdings (spot currency positions) in U.S. dollars.

Derivative financial instruments which fulfill the accounting prerequisites of a hedging relationship are reported in valuation units, in accordance with section 254 of the German Commercial Code. ProSiebenSat.1 Media SE's gross foreign currency exposure is combined with the opposing currency hedging transactions into one portfolio macro hedge. The underlying and hedging transactions are each measured using the respective underlying cash flows for this purpose.

The following table shows the Company's net foreign currency exposure:

RISK OF FOREIGN CURRENCY ANALYSIS in USD m

	12/31/2019	12/31/2018
Gross foreign currency exposure	-2,348	-2,725
Hedge accounting (in valuation units)	1,466	1,696
Hedge accounting (not in valuation units)	0	0
Currency holdings	307	219
	1,773	1,915
Net-Exposure	-575	-810
Hedge ratio	76%	70%

Financial instruments to hedge interest rate risk

ProSiebenSat.1 Media SE understands interest rate risk as the risk of rising financing costs caused by an increase in the interest rate. ProSiebenSat.1 Media SE is exposed to interest rate risk through its floating interest rate financing loans. Instruments for hedging interest rate risks are interest rate swaps and interest rate options (e.g. interest caps). ProSiebenSat.1 Media SE is also exposed to interest rate risk arising from the prevailing negative interest rates. This risk is likewise limited with interest rate options (e.g. interest rate floors). As of December 31, 2019, all interest rate swaps are designated in valuation units whereas interest rate options are mostly accounted for on a stand-alone basis.

Stand-alone derivatives to hedge interest rate risk

ProSiebenSat.1 Media SE hedges interest rate risk with stand-alone interest rate options. As the buyer of an interest rate option, ProSiebenSat.1 Media SE has the right, but not the obligation, to swap future floating-rate interest payments for fixed-rate interest payments. These are used to compensate for future, floating-rate interest payments on the loans by replacing those payments with fixed-rate interest payments, if the latter are favorable for ProSiebenSat.1 Media SE. However, because the interest derivatives serve exclusively to hedge interest rate risk, there is no intention to close out. As of December 31, 2019, there were interest rate caps of EUR 2,600 million (previous year: EUR 1,600 million). These transactions hedge interest rate risks until 2024. There are also additional interest rate options to limit the risk arising from the prevailing negative interest rates. EUR 500 million is allocated to the period until 2020. The average interest rate ceiling of the interest rate caps as of December 31, 2019 was 1.0% p.a. (previous year: 1.0%) for the period until 2020 and 0.0% p.a. (previous year: not applicable) for the period until 2024.

Valuation units to hedge interest rate risk

In addition to the aforementioned stand-alone derivatives ProSiebenSat.1 Media SE hedges interest rate risks using interest swaps which are designated in valuation units (micro hedge). In the case of interest rate swaps, floating-rate interest payments are exchanged with fixed-rate interest payments. These are used to compensate for future, floating-rate and thus uncertain interest payments on the loans by replacing those payments with fixed-rate interest payments.

As of December 31, 2019, there were interest rate swaps with a total volume of EUR 1,500 million (previous year: EUR 1,500 million). Thereof the nominal value of EUR 500 million relates to the period until 2020 and EUR 1,000 million to the period from 2020 to 2023. The interest swaps of the periods from 2020 to 2023 also include an interest rate floor to limit the risk arising from the prevailing negative interest rates.

The average fixed rate of the interest rate swaps was 0.5% p.a. as of December 31, 2019 (previous year: 0.5%).

The hedge ratio/proportion of fixed interest for loans and borrowings was roughly 98% as of December 31, 2019 (previous year: approximately 98%).

Executive Committee and Supervisory Board

(The Executive Board was renamed Executive Committee on April 1, 2019. For ease of reading, former Executive Board members are referred to as Executive Committee Members in this note)

The members of the Executive Committee and Supervisory Board of ProSiebenSat.1 Media SE are listed in the "Members of the Executive Committee" and "Members of the Supervisory Board" sections of the Notes, together with their memberships on other statutorily required supervisory boards and comparable bodies.

Details on the individual remuneration of members of the Executive Committee and the Supervisory Board, in accordance with section 285 (1) no. 9 (a) of the German Commercial Code, can be found in the information in the Compensation Report, which forms part of the management report. The compensation system of the Executive Committee is described in detail there.

The Company has neither granted loans to nor assumed guaranties or warranties for the members of the Executive Committee.



The compensation paid to the members of the Executive Committee of ProSiebenSat.1 Media SE amounted to EUR 10 million in the reporting period (previous year: EUR 21 million). This compensation includes variable components (including other compensation) totaling EUR 6 million (previous year: EUR 16 million) and benefits totaling EUR 0 million (previous year: EUR 0 million). In addition, Executive Committee members receive a long-term share-based compensation component and a multi-year variable compensation component. The fair value of the share-based compensation component granted in fiscal year 2019 was EUR 4 million (previous year: EUR 5 million) or 228,600 performance share units (previous year: 183,035 performance share units). For further details, please refer to the Compensation Report, which is included in the management report.

Total compensation paid to former Executive Committee members amounted to EUR 7 million in financial year 2019 (previous year: EUR 14 million). In addition, pension benefits of EUR 2 million (previous year: EUR 2 million) were paid to former Executive Committee members.

ProSiebenSat.1 Media SE recognized pension provisions of EUR 3 million (previous year: EUR 3 million) before netting with plan assets for pension commitments to members of the Executive Committee who were in office as of December 31, 2019. Provisions totaling EUR 22 million (previous year: EUR 23 million) before netting with plan assets were set aside at December 31, 2019, for pension obligations to former members of the Executive Committee.

With the exception of Group Share Plan 2017, the Performance Share Plan and pension entitlements, payments to the Executive Committee are all payable in the short term.

Expenses for the Supervisory Board of ProSiebenSat.1 Media SE came to EUR 2 million in the reporting period (previous year: EUR 2 million).

The compensation of the Supervisory Board is set in the articles of incorporation of the Company.

Members of the Supervisory Board receive fixed annual compensation for each full financial year of their membership of the Supervisory Board. The fixed compensation amounts to EUR 250,000 for the Chairman of the Supervisory Board, EUR 150,000 for the Vice Chairman and EUR 100,000 for all other members of the Supervisory Board. The Chairman of the Supervisory Board committee receives additional fixed annual compensation of EUR 30,000; the additional fixed annual compensation for the Chairman of the Audit and Finance Committee amounts to EUR 50,000. Members of the Supervisory Board also receive fixed annual compensation of EUR 7,500 for membership in a Supervisory Board committee. In addition, members of the Supervisory Board receive a meeting honorarium of EUR 2,000 for each meeting attended in person. For the Chairman of the Supervisory Board, the meeting honorarium amounts to EUR 3,000 for each meeting attended in person. In the event of multiple meetings held on one day, the meeting honorarium is only paid once. No performance-based variable compensation is granted.

Altogether, the current members of the Executive Committee and Supervisory Board directly held 469,595 shares (previous year: 251,326 shares) of ProSiebenSat.1 Media SE as of December 31, 2019. This is equivalent to 0.2% of the share capital (previous year: 0.1%). In addition, one member of the Executive Committee holds 28,222 derivatives that entitle him to purchase shares.



Pursuant to article 19 of the Market Abuse Regulation (MAR), members of the Executive Committee and Supervisory Board of ProSiebenSat.1 Media SE must disclose securities transactions relating to ProSiebenSat.1 shares. In addition, securities transactions of close relatives are also subject to disclosure.

In the financial year 2019, a total of 8 transactions were reported to ProSiebenSat.1 Media SE in which Executive Committee members purchased 231,222 shares and Supervisory Board members purchased 21,250 shares. In financial year 2018, a total of 23 transactions were reported to ProSiebenSat.1 Media SE in which members of the Supervisory Board purchased a total of 172,283 shares of ProSiebenSat.1 Media SE and Executive Committee members acquired 38,703 shares. ProSiebenSat.1 Media SE disclosed these transactions without delay on its website (www.prosiebensat1.com) pursuant to article 19 MAR.

Group affiliation

ProSiebenSat.1 Media SE, Unterföhring, is the German parent company and prepares consolidated financial statements. The consolidated financial statements of ProSiebenSat.1 Media SE are prepared using the International Financial Reporting Standards (IFRS) as they are to be applied in the EU (Section 315a German Commercial Code). The consolidated financial statements are published in the electronic Federal Gazette.

Declaration of Compliance with the German Corporate Governance Code

In December 2019, the Executive Committee and Supervisory Board of ProSiebenSat.1 Media SE jointly issued the annual Declaration of Compliance with the German Corporate Governance Code, as required under section 161 of the German Stock Corporation Act (AktG), and made it permanently available to the public on the ProSiebenSat.1 Media SE website (www.prosiebensat1.com).

Events after the closing date

Angelika Gifford resigned from the Supervisory Board of ProSiebenSat.1 Media SE with effect from January 13, 2020. After the balance sheet date, there were no other significant events affecting ProSiebenSat.1 Media SE's net assets, financial position and results of operations.

Notification of voting rights

According to section 160 (1) no. 8 of the German Stock Corporation Act, disclosures must be made regarding the existence of investments that ProSiebenSat.1 Media SE has been notified of in accordance with section 33 (1) or (2) of the German Securities Trading Act.

The table below shows the reportable investments for which notification was given in financial year 2019. In each case, the information was taken from a reporting entity's most recent notification to the Company. All voting rights notifications were published by ProSiebenSat.1 Media SE in the financial year 2019 in accordance with the German Securities Trading Act and are available on the Company's website (<http://www.prosiebensat1.de/en/investor-relations/publications/voting-rights-notifications>).



Please note that the details regarding the investment as a percentage and number of voting rights may now be out of date.

Notifying party	Date of reaching, exceeding or falling below the threshold	Date of notification	Reporting threshold	Direct (\$33 WpHG)	Indirect (\$34 WpHG)	Share-holding in %	Number of voting rights
Ministry of Finance on behalf of the State of Norway, Oslo, Norwegen	04/26/2019	04/30/2019	Falling below 3%		X	2.91	6,777,030
EuroPacific Growth Fund, Boston, Massachusetts, USA	03/26/2019	03/28/2019	Falling below 3%	X		2.85	6,635,926
Capital World Growth and Income Fund, Wilmington, Delaware, USA	12/05/2019	12/10/2019	Falling below 5%	X		4.86	11,330,240
The Capital Group Companies, Inc., Los Angeles, USA ¹	12/05/2019	12/10/2019	Falling below 10%		X	9.86	22,964,311
BlackRock Inc., Wilmington, Delaware, USA	12/20/2019	12/27/2019	N/A		X	4.06	9,465,732
Capital Income Builder, Wilmington, Delaware, USA	09/20/2019	09/26/2019	Exceeding 3%	X		3.53	8,231,277
Patrik Tkáč ²	10/11/2019	10/17/2019	Exceeding 3%		X	3.60	8,378,976
Daniel Křetínský ²	10/11/2019	10/17/2019	Exceeding 3%		X	3.60	8,378,976
Roman Korbačka ²	10/11/2019	10/17/2019	Exceeding 3%		X	3.60	8,378,976
Silvio Berlusconi ³	11/11/2019	11/11/2019	N/A		X	7.40	17,242,000
Credit Suisse Group AG	11/11/2019	11/14/2019	Exceeding 15% ⁴		X	0.52	1,217,108

¹ name of shareholder with 3% or more voting rights: Capital World Growth and Income Fund

² name of shareholder with 3% or more voting rights: RUBY Equity Investment S.à r.l.

³ name of shareholder with 3% or more voting rights: Mediaset S.p.A.

⁴ 15% results from instruments



DEVELOPMENT OF NON-CURRENT ASSETS IN FINANCIAL YEAR 2019 in EUR

	Acquisition and production cost				As of Dec 31, 2019
	As of Jan 1, 2019	Additions	Reclassifications	Disposals	
I. Intangible assets					
1. Licenses, trademarks and patents as well as licenses to such assets and rights for a consideration	11,590,957.44	663,846.32	344,380.10	532,620.60	12,066,563.26
2. Advances paid on intangible assets	589,314.06	795,998.19	-344,380.10	0.00	1,040,932.15
	12,180,271.50	1,459,844.51	0.00	532,620.60	13,107,495.41
II. Property, plant and equipment					
1. Buildings on land owned by others	108,539,007.38	7,469,954.94	2,434,578.83	549,489.48	117,894,051.67
2. Other equipment, fixtures, furniture and equipment	17,419,379.88	1,529,774.72	0.00	4,775,923.02	14,173,231.58
3. Advances paid on tangible assets under construction	4,527,478.16	3,302,380.52	-2,434,578.83	0.00	5,395,279.85
	130,485,865.42	12,302,110.18	0.00	5,325,412.50	137,462,563.10
III. Financial assets					
1. Interests in Group companies	7,749,136,170.46	102,923,523.81	0.00	36,062,531.98	7,815,997,162.29
2. Loans to Group companies	49,336,857.76	41,552,552.48	0.00	0.00	90,889,410.24
3. Interests in associated companies	6,250.00	0.00	0.00	0.00	6,250.00
4. Long-term investments	2,407,760.68	2,248,730.83	0.00	0.00	4,656,491.51
5. Other loans	32,477,982.11	250,000.00	0.00	6,657,188.08	26,070,794.03
	7,833,365,021.01	146,974,807.12	0.00	42,719,720.06	7,937,620,108.07
	7,976,031,157.93	160,736,761.81	0.00	48,577,753.16	8,088,190,166.58

	Amortization, depreciation and write-downs				As of Dec 31, 2019
	As of Jan 1, 2019	Additions	Write-up	Disposals	
I. Intangible assets					
1. Licenses, trademarks and patents as well as licenses to such assets and rights for a consideration	9,081,236.44	1,096,574.40	0.00	293,385.58	9,884,425.26
2. Advances paid on intangible assets	7,800.00	0.00	0.00	0.00	7,800.00
	9,089,036.44	1,096,574.40	0.00	293,385.58	9,892,225.26
II. Property, plant and equipment					
1. Buildings on land owned by others	67,839,264.90	8,295,398.74	0.00	549,489.48	75,585,174.16
2. Other equipment, fixtures, furniture and equipment	13,027,315.63	1,852,774.03	0.00	4,593,037.02	10,287,052.64
3. Advances paid on tangible assets under construction	0.00	0.00	0.00	0.00	0.00
	180,866,580.53	10,148,172.77	0.00	5,142,526.50	85,872,226.80
III. Financial assets					
1. Interests in Group companies	253,807,020.16	6,256,999.00	0.00	0.00	260,064,019.16
2. Loans to Group companies	0.00	0.00	0.00	0.00	0.00
3. Interests in associated companies	0.00	0.00	0.00	0.00	0.00
4. Long-term investments	1,005,328.00	0.00	0.00	0.00	1,005,328.00
5. Other loans	130,152.79	125,000.00	0.00	0.00	255,152.79
	254,942,500.95	6,381,999.00	0.00	0.00	261,324,499.95
	344,898,117.92	17,626,746.17	0.00	5,435,912.08	357,088,952.01



DEVELOPMENT OF NON-CURRENT ASSETS IN FINANCIAL YEAR 2019 in EUR

	Carrying amounts	
	As of Dec 31, 2019	As of Dec 31, 2019
I. Intangible assets		
1. Licenses, trademarks and patents as well as licenses to such assets and rights for a consideration	2,182,138.00	2,509,721.00
2. Advances paid on intangible assets	1,033,132.15	581,514.06
	3,215,270.15	3,091,235.06
II. Property, plant and equipment		
1. Buildings on land owned by others	42,308,877.51	40,699,742.48
2. Other equipment, fixtures, furniture and equipment	3,886,178.94	4,392,064.25
3. Advances paid on tangible assets under construction	5,395,279.85	4,527,478.16
	51,590,336.30	49,619,284.89
III. Financial assets		
1. Interests in Group companies	7,555,933,143.13	7,495,329,150.30
2. Loans to Group companies	90,889,410.24	49,336,857.76
3. Interests in associated companies	6,250.00	6,250.00
4. Long-term investments	3,651,163.51	1,402,432.68
5. Other loans	25,815,641.24	32,347,829.32
	7,676,295,608.12	7,578,422,520.06
	7,731,101,214.57	7,631,133,040.01



**MEMBERS OF THE EXECUTIVE COMMITTEE¹ OF PROSIEBENSAT.1 MEDIA SE
AND THEIR MANDATES IN SUPERVISORY BOARDS²**

Max Conze, Chairman of the Executive Committee (CEO)	Chairman of the Executive Committee (CEO) since June 1, 2018	Domestic mandates: Joyn GmbH, Munich (Chairman of the Advisory Board) NCG-NUCOM GROUP SE, Unterföhring (Deputy Chairman until April 4, 2019 and Chairman since April 5, 2019)
Conrad Albert, Deputy Chairman of the Executive Committee, Group General Counsel	Member of the Executive Committee since October 1, 2011 Deputy CEO since November 19, 2017 Interim CEO from February 23, 2018 until May 31, 2018	Domestic mandates: VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Sendeunternehmen und Presseverlegern mbH, Berlin (Deputy Chairman) Bavaria Studios & Production Services GmbH, Geiseltal
Rainer Beaujean, Chief Financial Officer (CFO)	Chief Financial Officer (CFO) since July 1, 2019	Foreign mandates: ProSiebenSat.1 Digital Content GP Ltd, London, United Kingdom (since December 12, 2019)
Dr. Jan Kemper, Chief Financial Officer (CFO) and Executive Board Member Commerce	Chief Financial Officer (CFO) from June 1, 2017 until March 31, 2019 Executive Board Member Commerce from February 23, 2018 until March 31, 2019	Domestic mandates: NCG-NUCOM GROUP SE, Unterföhring (Chairman) (until March 31, 2019)
Sabine Eckhardt, Executive Committee Member Sales & Marketing	Member of the Executive Committee from January 1, 2017 until April 30, 2019	Domestic mandates: Virtual Minds AG, Freiburg im Breisgau (Chairwoman) (until May 7, 2019) Foreign mandates: ProSiebenSat.1 Digital Content GP Ltd, London, United Kingdom (until January 28, 2019)
Jan David Frouman, Executive Board Member	Member of the Executive Board from March 1, 2016 until February 28, 2019	Mandates: none

¹ The Executive Board was renamed Executive Committee on April 1, 2019.

² This presentation of mandates describes the memberships in supervisory boards by German law as well as memberships in comparable domestic and foreign

**MEMBERS OF THE SUPERVISORY BOARD OF PROSIEBENSAT.1 MEDIA SE
AND THEIR MANDATES IN OTHER SUPERVISORY BOARDS¹**

Dr. Werner Brandt, Chairman	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014 / of ProSiebenSat.1 Media SE since May 21, 2015 Several non-executive roles in other companies	Domestic mandates: RWE AG, Essen Siemens AG, Berlin/Munich
Dr. Marion Helmes, Vice Chairwoman	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014 / of ProSiebenSat.1 Media SE since May 21, 2015 Several non-executive roles in other companies	Domestic mandates: Siemens Healthineers AG, Erlangen Uniper SE, Düsseldorf Foreign mandates: British American Tobacco p.l.c., London, United Kingdom, Heineken N.V., Amsterdam, Netherlands
Lawrence A. Aidem	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014 / of ProSiebenSat.1 Media SE since May 21, 2015 Reverb Advisors (Managing Partner)	Mandates: none
Adam Cahan	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014 / of ProSiebenSat.1 Media SE since May 21, 2015 Independent Entrepreneur	Mandates: none
Angelika Gifford	Member of the Supervisory Board of ProSiebenSat.1 Media AG/ProSiebenSat.1 Media SE from May 21, 2015 until January 13, 2020 Several non-executive roles in other companies	Domestic mandates: TUI AG, Berlin/Hannover, Thyssenkrupp AG, Essen, Foreign mandates: Rothschild & Co. S.C.A, Paris, France
Erik Adrianus Hubertus Huggers	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014 / of ProSiebenSat.1 Media SE since May 21, 2015 Independent Entrepreneur	Foreign mandates: WeTransfer B.V., Amsterdam, Netherlands
Marjorie Kaplan	Member of the Supervisory Board of ProSiebenSat.1 Media SE since May 16, 2018 Merryck & Co. (Consultant & Mentor)	Foreign mandates: The Grierson Trust, Peterborough, United Kingdom
Ketan Mehta	Member of the Supervisory Board of ProSiebenSat.1 Media SE since November 24, 2015 Allen&Company LLC (Managing Director)	Mandates: none
Prof. Dr. Rolf Nonnenmacher	Member of the Supervisory Board of ProSiebenSat.1 Media SE since May 21, 2015 Auditor	Domestic mandates: Continental AG, Hannover Covestro AG, Leverkusen Covestro Deutschland AG, Leverkusen

¹ The presentation of mandates describes the memberships in supervisory boards required by German law as well as memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.



**LIST OF HOLDINGS ACCORDING TO § 285 NO. 11 HGB OF PROSIEBENSAT.1 MEDIA SE
AS OF DECEMBER 31, 2019**

Name of company	Location	Relation- ship	Holding **	Currency ***	Equity* in thousands	Annual result* in thousands	Foot- note
<i>Affiliated companies</i>							
Germany							
7Love Holding GmbH	Unterföhring	indirect	94.23	EUR	324,190	-162	
9Live Fernsehen GmbH	Unterföhring	direct	100.00	EUR	559	42	
Aboalarm GmbH	Munich	indirect	100.00	EUR	1,166	537	
Active Agent AG	Freiburg im Breisgau	indirect	100.00	EUR	992	254	
AdClear GmbH	Berlin	indirect	100.00	EUR	116	-444	
ADITION technologies AG	Düsseldorf	indirect	100.00	EUR	687	0	1
AdTech SB GmbH	Unterföhring	indirect	100.00	EUR	44,163	-120	
Allmedica Arzneimittel GmbH	Wehrheim	indirect	100.00	EUR	13	-3	
be Around GmbH	Berlin	indirect	100.00	EUR	-2,479	-7,667	
be Around Holding GmbH	Berlin	indirect	80.00	EUR	- / -	- / -	2
Blitz BI9-632 GmbH	Berlin	indirect	100.00	EUR	- / -	- / -	2
BrightCat Agentur für Neue Medien UG (haftungsbeschränkt)	Berlin	indirect	100.00	EUR	2	0	1
DISTRICON GmbH	Wehrheim	indirect	100.00	EUR	34,453	0	1
DOSB New Media GmbH	Unterföhring	indirect	67.50	EUR	-587	-284	
Dr. Kleine Pharma GmbH	Bielefeld	indirect	100.00	EUR	3,303	0	1
EBS European Booking Solutions Holding GmbH	Munich	indirect	100.00	EUR	22	-3	
esome advertising technologies GmbH	Hamburg	indirect	90.00	EUR	9,030	846	
eSports.com GSA GmbH	Unterföhring	indirect	100.00	EUR	368	-147	4
Fem Media GmbH	Unterföhring	indirect	100.00	EUR	898	39	
Flaconi GmbH	Berlin	indirect	100.00	EUR	3,908	-2,498	
Glomex GmbH	Unterföhring	indirect	100.00	EUR	18,905	0	1
Hip Trips GmbH	Munich	indirect	100.00	EUR	-998	-363	
i!2 GmbH	Linden	indirect	100.00	EUR	121	0	1
Jochen Schweizer GmbH	Munich	indirect	100.00	EUR	- / -	- / -	2
Jochen Schweizer Leisure & Travel Holding GmbH	Munich	indirect	100.00	EUR	2,502	-140	
Jochen Schweizer mydays Holding GmbH	Munich	indirect	89.90	EUR	- / -	- / -	2
Jochen Schweizer Technology Solutions GmbH	Munich	indirect	100.00	EUR	25	0	1
JSMO Event GmbH	Munich	indirect	100.00	EUR	0	-1,150	
Kairion GmbH	Frankfurt am Main	indirect	100.00	EUR	2,268	-695	
Marketplace GmbH	Berlin	indirect	100.00	EUR	94,210	-191	
markt guru Deutschland GmbH	Munich	indirect	90.00	EUR	1	-3,828	
Maximilian Online Media GmbH	Linden	indirect	100.00	EUR	191	0	1
MMP Event GmbH	Cologne	indirect	100.00	EUR	1,337	584	
moebel.de Einrichten & Wohnen AG	Hamburg	indirect	50.10	EUR	5,380	-297	
mydays GmbH	Munich	indirect	100.00	EUR	-29,383	3,864	
myLoc managed IT AG	Düsseldorf	indirect	100.00	EUR	4,239	0	1
NCG - NUCOM GROUP SE	Unterföhring	direct	71.59	EUR	1,300,280	-4,559	
NCG Commerce GmbH	Unterföhring	indirect	100.00	EUR	863,889	0	1
P7S1 SBS Holding GmbH	Unterföhring	direct	100.00	EUR	538,960	0	1
PARSHIP ELITE Service GmbH	Hamburg	indirect	100.00	EUR	95	0	1
Parship Group GmbH	Hamburg	indirect	100.00	EUR	201,198	27,063	
PE Digital GmbH	Hamburg	indirect	100.00	EUR	25,000	0	1
PEG Management GmbH & Co. KG ³	Unterföhring	indirect	0.00	EUR	14,393	9,493	
Preis24.de GmbH	Düsseldorf	indirect	100.00	EUR	1,413	-1,623	
ProSiebenSat.1 Accelerator GmbH	Unterföhring	indirect	100.00	EUR	2,720	0	1
ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH	Unterföhring	direct	100.00	EUR	26	0	1
ProSiebenSat.1 Advertising Platform Solutions GmbH	Unterföhring	indirect	100.00	EUR	96,701	0	1
ProSiebenSat.1 Digital Content GmbH	Unterföhring	indirect	100.00	EUR	130,994	-246	
ProSiebenSat.1 Digital Data GmbH	Unterföhring	direct	100.00	EUR	6,257	0	1
ProSiebenSat.1 Digital GmbH	Unterföhring	indirect	100.00	EUR	160,288	0	1
ProSiebenSat.1 Einundzwanzigste Verwaltungsgesellschaft mbH	Unterföhring	direct	100.00	EUR	25	0	1
ProSiebenSat.1 Entertainment GmbH	Unterföhring	direct	100.00	EUR	1,675,881	0	1
ProSiebenSat.1 Entertainment Investment GmbH	Unterföhring	indirect	100.00	EUR	25	0	1



**LIST OF HOLDINGS ACCORDING TO § 285 NO. 11 HGB OF PROSIEBENSAT.1 MEDIA SE
AS OF DECEMBER 31, 2019**

Name of company	Location	Relation- ship	Holding **	Currency ***	Equity* in thousands	Annual result* in thousands	Foot- note
ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH	Unterföhring	direct	100.00	EUR	25	0	¹
ProSiebenSat.1 Fünfzehnte Verwaltungsgesellschaft mbH	Unterföhring	direct	100.00	EUR	25	0	¹
ProSiebenSat.1 GP GmbH	Heidelberg	indirect	100.00	EUR	13	-20	
ProSiebenSat.1 GP II GmbH	Unterföhring	indirect	100.00	EUR	49	-2	
ProSiebenSat.1 Pay TV GmbH	Unterföhring	indirect	100.00	EUR	5,225	0	¹
ProSiebenSat.1 Produktion GmbH	Unterföhring	indirect	100.00	EUR	37,978	0	¹
ProSiebenSat.1 Services GmbH	Unterföhring	indirect	100.00	EUR	1,097	473	
ProSiebenSat.1 Sports GmbH	Unterföhring	indirect	100.00	EUR	35,812	0	¹
ProSiebenSat.1 Tech Solutions GmbH	Unterföhring	indirect	100.00	EUR	53,025	0	¹
ProSiebenSat.1 TV Deutschland GmbH	Unterföhring	direct	100.00	EUR	982,035	0	¹
ProSiebenSat.1 Warehouse GmbH	Unterföhring	indirect	100.00	EUR	6,325	817	
ProSiebenSat.1 Welt GmbH	Unterföhring	indirect	100.00	EUR	123	0	¹
Red Arrow Studios GmbH	Unterföhring	direct	100.00	EUR	273,878	0	¹
Red Arrow Studios International GmbH	Unterföhring	indirect	100.00	EUR	125	0	¹
RedSeven Entertainment GmbH	Unterföhring	indirect	100.00	EUR	25	0	¹
Regiondo GmbH	Munich	indirect	100.00	EUR	0	1,226	
SAM Sports - Starwatch Artist Management GmbH	Hamburg	indirect	100.00	EUR	-117	50	
Sat.1 Norddeutschland GmbH	Hannover	indirect	100.00	EUR	25	0	¹
SAT.1 Satelliten Fernsehen GmbH	Unterföhring	indirect	100.00	EUR	443,610	0	¹
SevenOne AdFactory GmbH	Unterföhring	indirect	100.00	EUR	32,671	0	¹
SevenOne Capital (Holding) GmbH	Unterföhring	indirect	100.00	EUR	50,024	70	
SevenOne Media GmbH	Unterföhring	indirect	100.00	EUR	5,772	0	¹
SevenPictures Film GmbH	Unterföhring	indirect	100.00	EUR	2,268	0	¹
SevenVentures GmbH	Unterföhring	indirect	100.00	EUR	129,528	0	¹
SilverTours GmbH	Freiburg im Breisgau	indirect	100.00	EUR	13,595	0	¹
SMARTSTREAM.TV GmbH	Munich	indirect	91.00	EUR	12,932	3,072	
Sonoma Internet GmbH	Berlin	indirect	97.82	EUR	10,672	5,632	
Spontacts GmbH	Munich	indirect	100.00	EUR	6,653	-561	
Studio 71 GmbH	Berlin	indirect	100.00	EUR	2,568	-157	
Stylight GmbH	Munich	indirect	100.00	EUR	8,962	1,385	
Tannhauser Media Group GmbH	Berlin	indirect	100.00	EUR	368	-4	
The ADEX GmbH	Berlin	indirect	90.74	EUR	153	-1,248	
THMMS Holding GmbH	Hamburg	indirect	100.00	EUR	128,484	-246	
THMMS MidCo GmbH	Hamburg	indirect	100.00	EUR	126,224	-1,175	
Toptarif Internet GmbH	Berlin	indirect	100.00	EUR	6,682	-903	
tv weiss-blau Rundfunkprogrammanbieter GmbH	Unterföhring	indirect	100.00	EUR	1,027	0	¹
Verivox Finanzvergleich GmbH	Heidelberg	indirect	100.00	EUR	-1,472	-701	
Verivox GmbH	Heidelberg	indirect	100.00	EUR	35,848	-565	
Verivox Holding GmbH	Unterföhring	indirect	100.00	EUR	213,136	-636	
Verivox Versicherungsvergleich GmbH	Heidelberg	indirect	100.00	EUR	1,623	-3,423	
Virtual Minds AG	Freiburg im Breisgau	indirect	100.00	EUR	13,682	696	
VVX Co-Investor GmbH & Co. KG	Heidelberg	indirect	89.42	EUR	4,754	0	¹
VX Sales Solutions GmbH	Heidelberg	indirect	100.00	EUR	6,969	2,231	
wetter.com GmbH	Konstanz	indirect	100.00	EUR	6,111	0	¹
WindStar Medical GmbH	Wehrheim	indirect	100.00	EUR	37,586	0	¹
WSM Holding GmbH	Wehrheim	indirect	92.00	EUR	64,957	5,554	
yieldlab AG	Hamburg	indirect	100.00	EUR	1,089	-771	
Armenia							
Markt guru LLC	Jerewan	indirect	100.00	AMD	39,631	1,023	
Australia							
eHarmony Australia Pty Limited	Sydney	indirect	100.00	AUD	- / -	- / -	²
Belgium							
Sultan Sushi BVBA, in vereffening	Gent (Sint-Denijs-Westrem)	indirect	100.00	EUR	-4,064	-260	
Denmark							
Snowman Productions ApS	Copenhagen	indirect	100.00	DKK	15,886	467	



**LIST OF HOLDINGS ACCORDING TO § 285 NO. 11 HGB OF PROSIEBENSAT.1 MEDIA SE
AS OF DECEMBER 31, 2019**

Name of company	Location	Relation- ship	Holding **	Currency ***	Equity* in thousands	Annual result* in thousands	Foot- note
Hong Kong							
Red Arrow Studios International Limited	Hongkong	indirect	100.00	HKD	- / -	- / -	2
Israel							
July August Communications and Productions Ltd.	Tel Aviv	indirect	100.00	ILS	- / -	- / -	2
The Band´s Visit LP	Tel Aviv	indirect	55.00	ILS	- / -	- / -	2
Italy							
Studio71 Italia S.r.l.	Mailand (MI)	indirect	51.00	EUR	1,149	-839	
Netherlands							
P7S1 Broadcasting Holding I B.V.	Amsterdam	indirect	100.00	EUR	2,296	-100	
SNDC8 B.V.	Amsterdam	indirect	100.00	EUR	41,358	-2,600	
Austria							
ATV Privat TV GmbH	Vienna	indirect	100.00	EUR	27	0	1
ATV Privat TV GmbH & Co KG	Vienna	indirect	100.00	EUR	150	0	1
Austria 9 TV GmbH	Vienna	indirect	100.00	EUR	13	0	1
AUSTRIA 9 TV GmbH & Co KG	Vienna	indirect	100.00	EUR	-1,609	1,845	
ProSieben Austria GmbH	Vienna	indirect	100.00	EUR	44	4	
ProSiebenSat.1Puls 4 GmbH	Vienna	indirect	100.00	EUR	56,670	28,992	
Puls 4 TV GmbH	Vienna	indirect	100.00	EUR	34	0	1
PULS 4 TV GmbH & Co KG	Vienna	indirect	100.00	EUR	2,600	-188	
PULS4 Shopping GmbH	Vienna	indirect	67.00	EUR	363	-50	
SAT.1 Privatrundfunk und Programmgesellschaft m.b.H	Vienna	indirect	51.00	EUR	4,738	4,423	
SevenVentures Austria GmbH	Vienna	indirect	100.00	EUR	1,657	1,041	
Visivo Consulting GmbH	Vienna	indirect	51.05	EUR	265	81	
Romania							
MyVideo Broadband S.R.L.	Bucarest	indirect	100.00	RON	2,126	-134	
Regiondo Software S.R.L.	Sibiu	indirect	100.00	RON	- / -	- / -	2
Sweden							
Snowman Productions AB	Stockholm	indirect	100.00	SEK	- / -	- / -	2
Snowman Scripted AB	Stockholm	indirect	100.00	SEK	- / -	- / -	2
Switzerland							
ADITION Schweiz GmbH	Locarno	indirect	100.00	CHF	845	-30	
Jochen Schweizer mydays CH AG	Küsnacht (ZH)	indirect	100.00	CHF	- / -	- / -	2
ProSiebenSat.1 Puls 8 TV AG	Zürich	indirect	100.00	CHF	-261	-1,229	
Sat.1 (Schweiz) AG	Küsnacht (ZH)	indirect	100.00	CHF	5,307	4,040	
SevenOne Media (Schweiz) AG	Küsnacht (ZH)	indirect	100.00	CHF	17,705	17,231	
SevenVentures (Schweiz) AG	Küsnacht (ZH)	indirect	100.00	CHF	- / -	- / -	2
Verivox Schweiz AG	Lucerne	indirect	100.00	CHF	- / -	- / -	2
Serbia							
esome advertising technologies d.o.o. Beograd	Belgrade	indirect	100.00	RSD	18,501	3,461	
Spain							
SilverTours Technology S.L.	Alicante	indirect	100.00	EUR	- / -	- / -	2
Turkey							
Karga Seven Pictures Yapım Anonim Şirketi	Istanbul	indirect	100.00	TRY	-14,954	-4,954	
Ukraine							
Glomex TOV	Kiev	indirect	100.00	UAH	14,970	6,155	
United Kingdom							
ADITION UK Limited	Cullompton	indirect	74.00	GBP	1	-2	
CPL Good Vibrations Limited	London	indirect	100.00	GBP	145	-3	
CPL Productions Limited	London	indirect	100.00	GBP	1,128	342	
eHarmony UK Limited	London	indirect	100.00	GBP	- / -	- / -	2
Endor (DS2) Limited	London	indirect	100.00	GBP	- / -	- / -	2
Endor (Esio Trot) Limited	London	indirect	100.00	GBP	- / -	- / -	2
Endor (Max) Limited	London	indirect	100.00	GBP	- / -	- / -	2
Endor (T&T) Limited	London	indirect	100.00	GBP	- / -	- / -	2



**LIST OF HOLDINGS ACCORDING TO § 285 NO. 11 HGB OF PROSIEBENSAT.1 MEDIA SE
AS OF DECEMBER 31, 2019**

Name of company	Location	Relation- ship	Holding **	Currency ***	Equity* in thousands	Annual result* in thousands	Foot- note
Endor (TDO) Limited	London	indirect	100.00	GBP	- / -	- / -	2
Endor (Vienna) Limited	London	indirect	100.00	GBP	- / -	- / -	2
Endor Productions Limited	London	indirect	51.00	GBP	- / -	- / -	2
Glomex Limited	Birmingham	indirect	100.00	GBP	35	25	
LHB Limited	London	indirect	84.13	GBP	- / -	- / -	2
P7S1 Broadcasting (UK) Limited	London	indirect	100.00	EUR	4,107	-172	
ProSiebenSat.1 Digital Content GP Limited	London	indirect	87.61	GBP	44	4	
ProSiebenSat.1 Digital Content LP	London	indirect	86.57	GBP	195,557	180	
Red Arrow Studios Limited	London	indirect	100.00	GBP	- / -	- / -	2
Studio 71 UK Limited	London	indirect	100.00	GBP	- / -	- / -	2
United States of America							
44 Blue Productions, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2
44 Blue Studios, LLC	Wilmington, DE	indirect	65.00	USD	26,323	-1,085	
8383 Productions, LLC	Beverly Hills, CA	indirect	100.00	USD	- / -	- / -	2
95 Ends, LLC	New York, NY	indirect	100.00	USD	- / -	- / -	2
ASM Inc.	Castle Rock, CO	indirect	100.00	USD	- / -	- / -	2
Boxcar Studios, LLC	Los Angeles, CA	indirect	100.00	USD	- / -	- / -	2
Brady 44, LLC	Los Angeles, CA	indirect	100.00	USD	- / -	- / -	2
By Dint Productions, LLC	New York, NY	indirect	100.00	USD	- / -	- / -	2
Champ 44 Music Publishing, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2
Code D TV, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2
Collective Digital Studio GP, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2
Crow Magnon, LLC	Wilmington, DE	indirect	62.40	USD	-782	-4,252	
Delirium TV, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2
Digital Air, LLC	Beverly Hills, CA	indirect	100.00	USD	- / -	- / -	2
Digital Atoms, LLC	Beverly Hills, CA	indirect	100.00	USD	- / -	- / -	2
Digital Bytes, LLC	Beverly Hills, CA	indirect	100.00	USD	- / -	- / -	2
Digital Cacophony, LLC	Beverly Hills, CA	indirect	100.00	USD	- / -	- / -	2
Digital Demand, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2
Digital Diffusion, LLC	Beverly Hills, CA	indirect	100.00	USD	- / -	- / -	2
Digital Echo, LLC	Beverly Hills, CA	indirect	100.00	USD	- / -	- / -	2
Digital Fire, LLC	Beverly Hills, CA	indirect	100.00	USD	- / -	- / -	2
Dogs Top Ten LLC	Castle Rock, CO	indirect	100.00	USD	- / -	- / -	2
Dorsey Entertainment, LLC	Castle Rock, CO	indirect	100.00	USD	- / -	- / -	2
Dorsey Multimedia, LLC	Castle Rock, CO	indirect	100.00	USD	- / -	- / -	2
Dorsey Pictures, LLC	Dover, DE	indirect	60.00	USD	-645	-3,074	
Driving Force TV, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2
eHarmony Holding, Inc.	Wilmington, DE	indirect	100.00	USD	93,607	-3,418	
eHarmony, Inc.	Wilmington, DE	indirect	100.00	USD	-23,805	-19,337	
Fabrik Entertainment, LLC	Wilmington, DE	indirect	93.88	USD	17,129	4,676	
Fortitude Production Services, LLC	Dover, DE	indirect	100.00	USD	- / -	- / -	2
Fourteenth Hour Productions, LLC	Beverly Hills, CA	indirect	100.00	USD	- / -	- / -	2
Gravitas Ventures LLC	Wilmington, DE	indirect	62.50	USD	6,045	749	
GTG Production Services, LLC	Los Angeles, CA	indirect	100.00	USD	- / -	- / -	2
Half Yard Productions, LLC	Wilmington, DE	indirect	82.50	USD	2,107	-497	
HB Television Development, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2
Hold Fast Productions, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2
K OPS TV Louisiana, LLC	Baton Rouge, LA	indirect	100.00	USD	- / -	- / -	2
Karga Seven Pictures, LLC	Los Angeles, CA	indirect	100.00	USD	- / -	- / -	2
Keep it Down Music Publishing, LLC	Los Angeles, CA	indirect	100.00	USD	- / -	- / -	2
Kenilworth Productions, Inc.	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2
Kinetic Content Publishing, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2
Kinetic Content, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2
Kinetic Operations, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2
KinPro Music Publishing, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	2



**LIST OF HOLDINGS ACCORDING TO § 285 NO. 11 HGB OF PROSIEBENSAT.1 MEDIA SE
AS OF DECEMBER 31, 2019**

Name of company	Location	Relation- ship	Holding **	Currency ***	Equity* in thousands	Annual result* in thousands	Foot- note
Kinpro, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	²
Left/Right Holdings, LLC	Dover, DE	indirect	80.00	USD	8,343	14,881	
Left/Right, LLC	Dover, DE	indirect	100.00	USD	- / -	- / -	²
Move Along Music Publishing, LLC	Los Angeles, CA	indirect	100.00	USD	- / -	- / -	²
Moving TV, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	²
NAR Pictures, LLC	Los Angeles, CA	indirect	100.00	USD	- / -	- / -	²
New Kinetic, LLC	Wilmington, DE	indirect	51.00	USD	- / -	- / -	²
New Picture Perfect, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	²
Next of Kin TV, LLC	Los Angeles, CA	indirect	100.00	USD	- / -	- / -	²
Node Productions, LLC	Beverly Hills, CA	indirect	100.00	USD	- / -	- / -	²
Overture, LLC	Los Angeles, CA	indirect	100.00	USD	- / -	- / -	²
Pacific View TV, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	²
Pave Network, LLC	Beverly Hills, CA	indirect	100.00	USD	- / -	- / -	²
PBP, LLC	Baton Rouge, LA	indirect	100.00	USD	- / -	- / -	²
Prank Film, LLC	Beverly Hills, CA	indirect	100.00	USD	- / -	- / -	²
Presidio Post, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	²
Production Connection, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	²
Ranger Media, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	²
Red Arrow Studios International, Inc.	Wilmington, DE	indirect	100.00	USD	- / -	- / -	²
Studio 71 (Canada), Inc.	Beverly Hills, CA	indirect	100.00	USD	- / -	- / -	²
Studio 71, LP	Wilmington, DE	indirect	100.00	USD	- / -	- / -	²
Stylight, Inc.	Wilmington, DE	indirect	100.00	USD	186	1,166	
The Fred Channel, LLC	Beverly Hills, CA	indirect	70.00	USD	- / -	- / -	²
The Weekly, LLC	New York, NY	indirect	100.00	USD	- / -	- / -	²
Third Voice Productions, Inc.	Dover, DE	indirect	100.00	USD	- / -	- / -	²
Three Tables Music, LLC	Wilmington, DE	indirect	100.00	USD	- / -	- / -	²
WDSP, LLC	New York, NY	indirect	100.00	USD	- / -	- / -	²
Associated companies							
Germany							
AGF Videoforschung GmbH	Frankfurt am Main	indirect	16.66	EUR	- / -	- / -	²
Batch Media GmbH	Berlin	indirect	45.00	EUR	- / -	- / -	²
BuzzBird Beteiligungsgesellschaft mbH	Berlin	indirect	42.92	EUR	- / -	- / -	²
Creative Shopping GmbH	Cologne	indirect	20.08	EUR	- / -	- / -	²
eFashion Boulevard GmbH	Georgsmarienhütte	indirect	30.00	EUR	- / -	- / -	²
gamigo AG	Hamburg	indirect	33.00	EUR	- / -	- / -	²
HolodeckVR GmbH	Nürnberg	indirect	20.93	EUR	- / -	- / -	²
koakult GmbH	Berlin	indirect	33.33	EUR	- / -	- / -	²
Sportority Germany GmbH	Munich	indirect	40.00	EUR	- / -	- / -	²
VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Sendeunternehmen und Presseverlegern mbH	Berlin	indirect	27.66	EUR	- / -	- / -	²
France							
Studio 71 SAS	Boulogne-Billancourt	indirect	49.00	EUR	- / -	- / -	²
Canada							
Mad Rabbit Productions, Inc.	Toronto	indirect	25.00	CAD	- / -	- / -	²
Switzerland							
Goldbach Audience (Switzerland) AG	Küsnacht (ZH)	indirect	24.95	CHF	- / -	- / -	²
Goldbach Media (Switzerland) AG	Küsnacht (ZH)	indirect	22.96	CHF	- / -	- / -	²
Swiss Radioworld AG	Zurich	indirect	22.96	CHF	- / -	- / -	²
United Kingdom							
Cove Pictures Limited	London	indirect	25.00	GBP	- / -	- / -	²
United States of America							
Remagine Media Ventures, L.P.	Wilmington, DE	indirect	30.25	USD	- / -	- / -	²



**LIST OF HOLDINGS ACCORDING TO § 285 NO. 11 HGB OF PROSIEBENSAT.1 MEDIA SE
AS OF DECEMBER 31, 2019**

Name of company	Location	Relation- ship	Holding **	Currency ***	Equity* in thousands	Annual result* in thousands	Foot- note
Joint Ventures							
Germany							
AdAudience GmbH	Munich	indirect	16.67	EUR	- / -	- / -	²
d-force GmbH	Freiburg im Breisgau	indirect	50.00	EUR	- / -	- / -	²
Joyn GmbH	Munich	indirect	50.00	EUR	- / -	- / -	²
United Kingdom							
European Broadcaster Exchange (EBX) Limited	London	indirect	25.00	GBP	- / -	- / -	²
Nit Television Limited	London	indirect	50.01	GBP	- / -	- / -	²
Other participations							
Germany							
Crosslantic Fund I GmbH & Co. KG	Düsseldorf	indirect	24.45	EUR	59,339	- / -	⁵
Privatfernsehen in Bayern GmbH & Co. KG ³	Munich	indirect	10.00	EUR	- / -	- / -	²
Gibraltar							
Sportority Limited	Gibraltar	indirect	3.88	EUR	- / -	- / -	²
Luxembourg							
FRIDAY Insurance S.A.	Bartringen	indirect	14.02	EUR	- / -	- / -	²

¹ Result after profit and loss transfer

² No information available, company was acquired, founded or in liquidation in 2019.

³ A subsidiary of ProSiebenSat.1 Media SE is personally liable partner of his company.

⁴ Short financial year from September 28, 2018 to December 31, 2018.

⁵ The disclosed amount refers to financial year 2018 according to German GAAP. No disclosure of annual result as this is not available.

* Unless otherwise stated, the equity and annual result figures correspond to the most recent available verified financial statements (financial year January 1, 2018 to December 31, 2018).

** The holding percentage displays the participation of the direct shareholder(s).

*** The following exchange rates were applicable for equity and annual result:

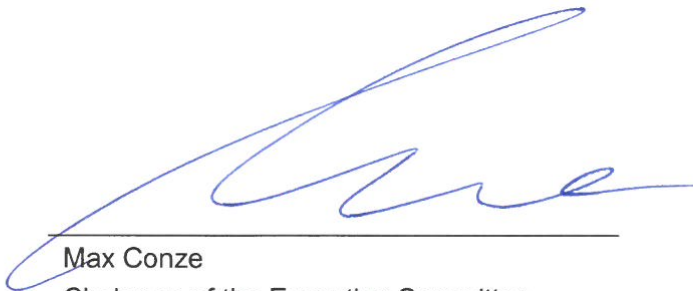
1 Euro corresponds to	Spot rate Dec 31, 2018	Average rate 2018
AMD	555.73	570.57
AUD	1.62	1.58
CAD	1.56	1.53
CHF	1.13	1.16
DKK	7.47	7.45
GBP	0.90	0.88
HKD	8.97	9.26
ILS	4.30	4.24
RON	4.67	4.65
RSD	118.40	118.25
SEK	10.25	10.26
TRY	6.06	5.71
UAH	31.54	32.10
USD	1.15	1.18



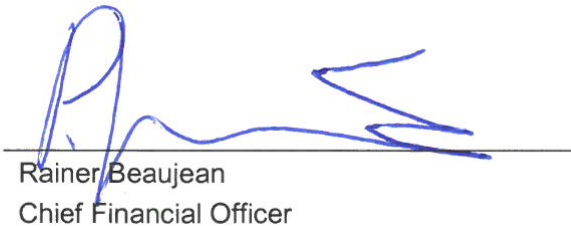
RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of ProSiebenSat.1 Media SE, and the management report for the Company includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Unterföhring, February 26, 2020



Max Conze
Chairman of the Executive Committee



Rainer Beaujean
Chief Financial Officer



Conrad Albert
Deputy Chairman of the Executive Committee,
Group General Counsel



INDEPENDENT AUDITOR'S REPORT

To ProSiebenSat.1 Media SE

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

OPINIONS

We have audited the annual financial statements of ProSiebenSat.1 Media SE, Unterföhring, which comprise the balance sheet as at 31 December 2019, and the income statement for the fiscal year from 1 January 2019 to 31 December 2019, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of ProSiebenSat.1 Media SE (the management report) for the fiscal year from 1 January 2019 to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of the management declaration (statement on corporate governance) pursuant to Sec. 289f HGB which is published on the website stated in the management report and is part of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its financial performance for the fiscal year from 1 January 2019 to 31 December 2019 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation,

we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 January 2019 to 31 December 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

VALUATION OF FINANCIAL ASSETS

Reasons why the matter was determined to be a key audit matter:

The Company tests its financial assets for impairment annually to determine any potential need to recognize impairment losses or write-ups. The result of these valuations is highly dependent on the executive directors' estimate of future cash flows and the respective discount rates used.

In light of the materiality of the financial assets both in relation to total assets and equity, the complexity of the valuation process and the judgment exercised during valuation, the valuation of financial assets is a key audit matter.

Auditor's response:

As part of our procedures, we analyzed the process implemented by the executive directors of ProSiebenSat.1 Media SE and the recognition and measurement policies for determining the net realizable values of financial assets to identify any risks of material misstatement and obtained an understanding of the process steps.

We analyzed the budgets and forecasts by comparing them with the results actually achieved in the past and the current development of business figures. We also referred to the market development realized in the fiscal year as well as the forecast market development of comparable entities in our analysis. We assessed the significant assumptions underlying the growth and business performance forecasts through detailed discussions with the executive directors of ProSiebenSat.1 Media SE. With the aid of our internal valuation specialists, we assessed the valuation model for, among other things, compliance with the professional pronouncements IDW AcP HFA 10 and IDW S 1 and the other significant valuation assumptions such as the discount rate and growth rate on the basis of an analysis of the general market indicators. We examined the determination of the risk-adjusted capitalization rate by scrutinizing peer companies, comparing market data with external evidence and checking the arithmetical accuracy.

With the aid of sensitivity analyses, we estimated impairment risks arising when significant valuation assumptions change.

Our procedures did not lead to any reservations relating to the valuation of financial assets.

Reference to related disclosures:

With regard to the recognition and measurement policies applied for financial assets, refer to the disclosures on financial assets in the "Accounting principles" section of the notes to the financial statements. The development of financial assets is presented under "Notes to the balance sheet" in the "Financial assets" section which also contains details about impairment losses.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the management declaration (statement on corporate governance) in accordance with Sec. 289f HGB referred to above as well as the responsibility statement pursuant to Sec. 289 (1) Sentence 5 HGB.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

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- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
 - Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
 - Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.



OTHER LEGAL AND REGULATORY REQUIREMENTS

FURTHER INFORMATION PURSUANT TO ART. 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the Annual General Meeting on 12 June 2019. We were engaged by the Supervisory Board on 15 July 2019. We have been the auditor of ProSiebenSat.1 Media SE since fiscal year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or entities controlled by it the following services that are not disclosed in the annual financial statements or in the management report: Audit-related services not required by law pertaining to financial information, tax services and compliance assessments.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Nathalie Mielke.

Munich, 26 February 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Barth
Wirtschaftsprüfer
[German Public Auditor]

Mielke
Wirtschaftsprüferin
[German Public Auditor]



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The ProSiebenSat.1 Group on the Internet

This and other publications are available on the Internet, along with information about the ProSiebenSat.1 Group, at www.ProSiebenSat1.com

Forward-looking statements

This report contains forward-looking statements regarding ProSiebenSat.1 Media SE and the ProSiebenSat.1 Group. Such statements may be identified by the use of such terms as "expects," "intends," "plans," "assumes," "pursues the goal," and similar wording. Various factors, many of which are outside the control of ProSiebenSat.1 Media SE, could affect the Company's business activities, success, business strategy and results. Forward-looking statements are not historical facts, and therefore incorporate known and unknown risks, uncertainties and other important factors that might cause actual results to differ from expectations. These forward-looking statements are based on current plans, goals, estimates and projections, and take account of knowledge only up to and including the date of preparation of this report. Given these risks, uncertainties and other important factors, ProSiebenSat.1 Media SE undertakes no obligation, and has no intent, to revise such forward-looking statements or update them to reflect future events and developments. Although every effort has been made to ensure that the provided information and facts are correct, and that the opinions and expectations reflected here are reasonable, ProSiebenSat.1 Media SE assumes no liability and offers no warranty as to the completeness, correctness, adequacy and/or accuracy of any information or opinions contained herein.
