
Press release



ProSiebenSat.1 closes financial year 2022 in line with expectations and assumes slight organic revenue growth in 2023

Financial results 2022

- **2022 impacted by macroeconomic downturn in the German-speaking region:** As an early-cycle company, ProSiebenSat.1 was directly affected by consumer restraint and the resulting negative development of the advertising market – particularly in the important fourth quarter.
- **Revenue and earnings figures as most recently expected:** ProSiebenSat.1 generated revenues of EUR 4,163 million in 2022 (previous year: EUR 4,495 million). At the same time, adjusted EBITDA decreased to EUR 678 million (previous year: EUR 841 million), adjusted net income declined to EUR 301 million (previous year: EUR 365 million).
- **Focus on cash flow management effective:** Net financial debt was a significant EUR 238 million below the previous year at EUR 1,613 million; the leverage ratio remained within the target range with 2.4x despite decline in earnings.
- **Jochen Schweizer mydays:** Product offering was adjusted in March, which now needs no authorization by the German Federal Financial Supervisory Authority.
- **Dividend proposal:** Executive Board and Supervisory Board propose to the Annual General Meeting on June 30, 2023, to pay out a significantly reduced dividend of EUR 0.05 per share to the holders entitled to dividends for fiscal year 2022.

Outlook 2023

- **Full-year outlook:** ProSiebenSat.1 expects slight organic¹ revenue growth to around EUR 4.10 billion with a variance of plus/minus EUR 150 million (previous-year figure adjusted for currency and portfolio effects: EUR 4.02 billion²) as well as adjusted EBITDA of around EUR 600 million with a variance of plus/minus EUR 50 million (previous-year figure adjusted for currency and portfolio effects: EUR 623 million³).
- **Persistent economic challenges in the first half of the year:** Financial outlook reflects negative effects in the first two quarters, particularly in the high-margin advertising business, as well as the expectation that the economic recovery in the German-speaking region will only begin in the second half of the year.
- **Adjustment of dividend policy:** Group adjusts pay-out ratio to 25 - 50% of adjusted net income in the future and, besides the general economic environment, takes from now on an appropriate level of financial leverage as well as requirements for investments into particular focus.

Unterföhring, April 27, 2023. ProSiebenSat.1 Group closed financial year 2022 in line with its outlook most recently updated in October 2022 and generated **Group revenues** of EUR 4,163 million in a severely weakened market environment. This is a decline of 7% (previous year: EUR 4,495 million). Organically¹, i.e., adjusted for currency effects and portfolio changes, Group revenues were down 5% year-on-year. The portfolio effects totaled EUR 218 million. In addition, as expected and announced at the end of October 2022, revenues were additionally directly impacted by the macroeconomic environment in particular. In 2022, it was characterized by high inflation and consumer restraint as a result of the Russia/Ukraine war and the associated energy price crisis. The negative development of consumer sentiment, particularly in our core market of the German-speaking region, impacted large parts of our portfolio. The advertising

market in particular reacted very clearly and reflected fears of a potential recession in Germany. As a consequence, advertising revenues in the German-speaking region decreased by 6% for the full-year compared to the previous year. The fourth quarter was down 12% year-on-year. Furthermore, the increasing deterioration of the overall economic environment in the German-speaking region over the course of the year also had a negative impact on the companies in the Commerce & Ventures segment.

At the end of February 2023, ProSiebenSat.1 had informed about open questions at the portfolio company Jochen Schweizer mydays regarding possible regulatory requirements. Specifically, the topic was the extent to which parts the business activities of the two subsidiaries Jochen Schweizer and mydays fall under the German Payment Services Supervision Act (Zahlungsdiensteaufsichtsgesetz – ZAG). Jochen Schweizer and mydays subsequently adjusted their product offering in March to address these regulatory concerns. In April, the German Federal Financial Supervisory Authority (“BaFin”) informed that Jochen Schweizer and mydays do not need BaFin authorization to continue operating the adjusted product offering. Currently, Jochen Schweizer and mydays are coordinating the modalities with BaFin in order to settle the voucher products that were issued prior to the offer adjustment and required BaFin authorization under the ZAG. At the same time, an independent internal investigation by an external law firm is currently ongoing at ProSiebenSat.1 with the aim of clarifying any misconduct, particularly with regard to obligations of the companies concerned under the ZAG. In addition, the Munich Public Prosecutor's Office I has initiated a monitoring process; ProSiebenSat.1 and its affected subsidiaries are fully cooperating with the relevant authorities. The potential financial charges for the Group in connection with the official investigations cannot be estimated at present but could be significant.

Bert Habets, Group CEO of ProSiebenSat.1 Media SE: “Over the past weeks, we dealt with the regulatory issues relating to Jochen Schweizer mydays in a timely manner, but above all with due care, and adjusted the product offering of the two companies. Jochen Schweizer and mydays now do not need authorization from BaFin for this product offering. We are working intensively to consistently implement our strategy for ProSiebenSat.1, and in particular to advance our entertainment business around the streaming platform Joyn, with full force. We are investing in our future, setting up the Group in a new way and have launched a strict cost reduction program. At the same time, we will propose a significantly reduced dividend to shareholders for the 2022 financial year and intend to make our general dividend policy more flexible in the future. All this is the cornerstone of a secure and successful future for our company.”

Operating Performance 2022

External revenues in the **Entertainment segment** declined by 7% to EUR 2,888 million in 2022 (previous year: EUR 3,098 million). Organically¹, thus adjusted for portfolio and currency effects, revenues declined by 4%. The main reason for this revenue decline was the 6% year-on-year decrease in advertising revenues in the German-speaking region. After advertising revenues had still developed dynamically at the beginning of the year – partly due to COVID-19 catch-up effects – the Group increasingly felt the economic effects of the Russia/Ukraine war over the course of the year. In the traditionally important fourth quarter of 2022, the segment's advertising revenues in the German-speaking region were down 12% year-on-year – and thus in line with the expectation communicated in October 2022. Furthermore, consolidation effects influenced revenues: In 2022, ProSiebenSat.1 focused its entertainment offering more specifically to the German-speaking region and sold the US production business of Red Arrow Studios as of July 1, 2022. This business had still generated revenues of EUR 113 million in the second half of 2021. In November 2021, the US film distributor Gravitas Ventures was also sold, having contributed revenues of EUR 37 million in the previous year.

In the **Dating & Video segment**, **external revenues** amounted to EUR 518 million in 2022, representing a decrease of EUR 24 million or 4% (previous year: EUR 542 million). Adjusted for currency effects of EUR 45 million, the revenue decline was 12%. This reflects the general consumer restraint, which particularly impacted the dating platforms in the German-speaking region. By contrast, the US dating provider

eharmony continued its growth course throughout the year and is now the highest-revenue brand in the dating portfolio. In addition, full-year revenues were shaped by a comparison effect: The first quarter of 2021 was the Dating & Video segment's strongest quarter to date. On the one hand, this was due to the positive effects of government stimulus in the US. On the other hand, the COVID-19 pandemic and the related restrictions on public life had stimulated the dating industry and especially the use of live video in 2021. Accordingly, revenues from the video business were down year-on-year in 2022.

External revenues in the **Commerce & Ventures segment** decreased by 12% or EUR 98 million to EUR 757 million in 2022 (previous year: EUR 855 million). Organically¹, and therefore in particular without the revenue contributions totaling EUR 64 million from the disposed companies Amorelie and moebel.de, revenues declined by 4% or EUR 34 million. Furthermore, the economic slowdown influenced revenues in this segment: Besides the consumer restraint, which negatively affected the segment's commerce platforms, the development of the online comparison platform Verivox was impacted by the effects of the Russia/Ukraine war on the energy market. Throughout the whole year of 2022, Verivox's business model was negatively impacted by the wide-scale rise in energy prices and the resulting limited options for consumers to switch providers. At the same time, the media-for-equity/-revenue business of SevenVentures declined compared with the strong previous year, reflecting the weakening of the advertising market over the course of the year.

The negative macroeconomic burden also significantly impacted the Group's **adjusted EBITDA**, which declined to EUR 678 million in 2022 (previous year: EUR 841 million). The decrease in high-margin advertising revenues had a particular impact here. The Group therefore made targeted cost adjustments in response to the cyclical, negative development of advertising revenues. These also include effective management of programming expenses, which in the full-year were slightly below the previous year. Portfolio measures also had an effect: The film distributor Gravitas Ventures, which was sold in 2021, still contributed earnings of EUR 18 million in the previous year. The complete takeover of Joyn at the end of October 2022 also resulted in an effect of minus EUR 11 million.

Adjusted net income was primarily impacted by the decline in adjusted EBITDA and decreased to EUR 301 million (previous year: EUR 365 million). Therefore, all earnings figures are in line with our outlook for the full-year most recently communicated in October 2022.

In contrast, the Group's **net financial debt** decreased compared to the end of 2021 to EUR 1,613 million – despite the dividend payment of EUR 181 million in May 2022 (previous year: EUR 111 million). This represents an improvement of EUR 238 million compared to the previous year's reporting date. Against this backdrop, the **leverage ratio** of 2.4x (December 31, 2021: 2.2x) remained within the target range of 1.5x to 2.5x despite the earnings decline.

Outlook 2023

The macroeconomic development in the Group's core markets is currently still subject to uncertainty also in the financial year 2023, particularly in the context of the Russia/Ukraine war and its consequences. On the basis of the available macroeconomic parameters, ProSiebenSat.1 expects the economic environment in the German-speaking region (Germany, Austria, Switzerland) to remain challenging for the Group – despite the recent slight improvement in the macroeconomic data – particularly in the first half of 2023 in view of the continued high inflation and associated consumer restraint. For the second half of 2023, ProSiebenSat.1 Group anticipates an economic recovery in the German-speaking region based on the current data from the economic institutes.

Our forecast⁴ for the financial year 2023 is therefore based on the assumption that ProSiebenSat.1's business – and in particular its high-margin advertising business – will be heavily impacted by the weaker macroeconomic environment in the first half of the year. However, as an early-cyclical company we are also

likely to benefit from the forecast recovery in the second half of 2023, as our advertising revenues in particular closely correlate with the macroeconomic development. Adverse effects on the business that could arise from a further escalation of geopolitical tensions, for example, are not reflected in this outlook.

On this basis, ProSiebenSat.1 Group forecasts the following results – excluding further portfolio changes – for the financial year 2023:

Revenues

ProSiebenSat.1 is aiming for a stable revenue development in 2023 and anticipates **Group revenues** of around EUR 4.10 billion with a variance of plus/minus EUR 150 million. Adjusted for currency effects and for the portfolio changes in the financial year 2022, such as the disposal of the US production business of Red Arrow Studios and the complete takeover of the streaming platform Joyn, ProSiebenSat.1 is aiming for revenue growth in the low single-digit percentage range. The corresponding figure for the previous year, adjusted for currency and portfolio effects, was EUR 4.02 billion².

The revenue target is particularly influenced by the development of the **Entertainment advertising revenues in the German-speaking region**: Reaching the midpoint of the target range, the Group expects total Entertainment advertising revenues in the German-speaking region to decrease by around minus 2% for the full-year. For the TV advertising revenues included here, ProSiebenSat.1 anticipates a decline in the mid single-digit percentage range for the full-year. This is expected to be partially compensated for by strong growth of the digital portfolio. The Group expects the development of advertising revenues during the year to be divided into two parts: In the first half of 2023, ProSiebenSat.1 anticipates a low double-digit percentage decrease in TV advertising revenues compared to the previous year. In the second half of the year, by contrast, ProSiebenSat.1 anticipates a significant recovery in its important advertising business, parallel to the forecast economic development.

Earnings Performance and Cash Flow

Against the background of the portfolio changes in 2022 and the anticipated decline in high-margin TV advertising revenues, the Group expects an **adjusted EBITDA** of around EUR 600 million with a variance of plus/minus EUR 50 million for full-year 2023 (previous year's figure adjusted for currency and portfolio effects: EUR 623 million³). These expectations include negative consolidation effects in the mid two-digit million EUR amount from the complete takeover of the streaming platform Joyn. Opposing effects with a pro rata impact in 2023 from a cost reduction program initiated by the Group at the beginning of the year are also reflected here. ProSiebenSat.1 assumes the development of adjusted EBITDA during the year – in line with revenues – to be divided into two parts: considerable negative effects on adjusted EBITDA in the first half of 2023 contrasting with significant catch-up effects in the second half. The Group's total programming costs will amount to c. EUR 1 billion in 2023 (previous year: EUR 1.029 billion). This also includes programming costs from the full consolidation of Joyn. A significant part of the total programming costs will continue to relate to local content which will also benefit the streaming platform Joyn.

The **adjusted net income** of ProSiebenSat.1 is mainly determined by the development of adjusted EBITDA. Furthermore, this key figure is influenced by the financial result and by income taxes. On this basis, the Group expects adjusted net income for the full-year 2023 to be in a mid two-digit million EUR amount below the previous year's level of EUR 301 million.

The **adjusted operating free cash flow** is the Group's relevant cash flow management indicator and is based on the development of adjusted EBITDA. Accordingly, ProSiebenSat.1 assumes that the adjusted operating free cash flow for the full-year 2023 – for reasons of comparability adjusted for the change in investments in relation to the construction of the new campus at the premises in Unterföhring – will be in a low three-digit million EUR amount below the previous year's figure of EUR 492 million.

Capital Efficiency

ProSiebenSat.1 measures the mid-term financial success of the company on the basis of **P7S1 ROCE** (return on capital employed). Due to the expected decline in adjusted EBITDA, the Group expects P7S1 ROCE in the financial year 2023 to be slightly below the previous year's level of 12.4%.

Capital Structure

In general, ProSiebenSat.1 aims for a **leverage ratio** (the ratio of the Group's net financial debt to its LTM adjusted EBITDA) in a range between 1.5x and 2.5x at the end of the respective year. However, due to the expected decline in adjusted EBITDA in the full-year, the Group expects the leverage ratio to be between 2.5x and 3x as of the end of 2023 (previous year: 2.4x), reaching the midpoint of the adjusted EBITDA target. As a result of the greater burden on adjusted EBITDA in the first and second quarter, the leverage ratio in the first half of the year will be considerably higher than the level anticipated for the end of 2023.

Dividend Policy & Dividend Proposal

ProSiebenSat.1 is focusing on expanding the Group's position as one of the leading, digital media companies in the German-speaking region on the basis of a solid financial position. Against this backdrop, ProSiebenSat.1 is adjusting its dividend policy: Besides the general economic environment and the adjusted net income as reference basis for distributions to shareholders, the Group from now takes into particular focus an appropriate level of financial leverage when determining distributions to shareholders. Furthermore, ProSiebenSat.1 also takes into account requirements for investments into the business, including the realization of strategic growth opportunities, particularly in the Entertainment core business.

Reference basis for dividend payments remains the Group's adjusted net income. In the future, the Group will generally aim to pay out 25% to 50% of adjusted net income (previously: 50%), taking into account the aforementioned criteria. For the time being, the upper end of our financial leverage target corridor of 1.5x to 2.5x will serve as a benchmark for maintaining an appropriate level of financial leverage (ratio of the Group's net financial debt to its LTM adjusted EBITDA). However, important strategic investments may lead to a temporary adjustment of the target corridor.

Considering the aforementioned adjusted criteria for distributions to shareholders and in light of the – due to the Russia/Ukraine war and the related general economic environment – expected burdened business development of the Company, the Executive Board and Supervisory Board propose to the 2023 Annual General Meeting to pay out a significantly reduced dividend of EUR 0.05 per share to the holders entitled to dividends for fiscal year 2022 (previous year: EUR 0.80). This corresponds to an expected total distribution of around EUR 11 million. This reduced proposal takes in particular into account that – as per the outlook of the Company for fiscal 2023 – the financial leverage ratio for the Group at the end of full-year 2023 is expected above the upper end of the target corridor. Payment of the proposed dividend is subject to approval by the Annual General Meeting on June 30, 2023.

Bert Habets: “The economic research institutes expect the economy in Germany to recover noticeably only in the second half of the year. This continues to have a direct impact on our advertising business: In the first quarter, our adjusted EBITDA will be in the mid double-digit million EUR amount due to the difficult market environment. Simultaneously, as an early-cycle company, we anticipate a significant recovery in the important advertising business in the second half of the year in parallel with the forecast general economic development. These assumptions are reflected in our full-year outlook. At the same time, we are working to set up ourselves more efficient in terms of costs. Our adjusted dividend policy and the 2022 dividend proposal are also a logical step. In this way, we reconcile the expectations of our shareholders with appropriate balance sheet ratios and financial scope for necessary investments in our business.”

Due to the later publication of the Annual and Consolidated Financial Statements 2022, ProSiebenSat.1 Group will report the **figures for the first quarter of 2023** end of May 2023 (previously: May 11, 2023).

The **Annual General Meeting** of ProSiebenSat.1 Media SE will take place on June 30, 2023 (previously: May 2, 2023).

(1) Organic = adjusted for portfolio and currency effects.

(2) Based on revenues in financial year 2022 translated at the exchange rates used for planning purposes in financial year 2023 less the revenues of companies deconsolidated in 2022, in particular of the US production business of Red Arrow Studios totaling EUR 135 million. The revenue contribution in particular of Joyn GmbH, which has been fully consolidated since November 2022, was proforma for the months January to October 2022. This results in a change in the Group's external revenues of minus EUR 4 million.

(3) Based on adjusted EBITDA in financial year 2022 translated at the exchange rates used for planning purposes in financial year 2023 less the adjusted EBITDA of the companies deconsolidated in 2022, in particular of the US production business of Red Arrow Studios in a non-significant amount. The adjusted EBITDA contribution in particular of Joyn GmbH, which has been fully consolidated since November 2022, was proforma for the months January to October 2022. This results in a change in the Group's adjusted EBITDA of minus EUR 55 million.

(4) For ProSiebenSat.1 Group, the main currency apart from the euro is the US dollar. The Group anticipates a US dollar share in Group revenues for 2023 of c. 16% and for adjusted EBITDA of c. 14%. An average strengthening or weakening of the US dollar in relation to the euro by 1 cent over the entire financial year impacts Group revenues by c. EUR 6 million and adjusted EBITDA by c. EUR 1 million. For the outlook regarding all of the key figures described, the Group uses a EUR/USD exchange rate of USD 1.05 to the euro in financial year 2023.

Further key figures can be found on our Group website at www.ProSiebenSat1.com. The Annual Report for 2022 as well as the presentation will also be available here from 7:30 a.m. on April 28, 2023.

Key figures of ProSiebenSat.1 Group in EUR m

	2022	2021 ⁽¹⁾	Absolute change	Change in %
Revenues	4,163	4,495	-332	-7.4%
Adjusted EBITDA ⁽²⁾	678	841	-163	-19.4%
Adjusted net income ⁽³⁾	301	365	-63	-17.4%
Adjusted operating free cash flow ⁽⁴⁾	492	599	-107	-17.9%

Key figures of ProSiebenSat.1 Group in EUR m

	Dec. 31, 2022	Dec. 31, 2021 ⁽¹⁾
Employees ⁽⁵⁾	7,284	7,906
Programming assets	1,086	1,145
Cash and cash equivalents	504	594
Net financial debt ⁽⁶⁾	1,613	1,852
Leverage ratio ⁽⁷⁾	2.4x	2.2x
P7S1 ROCE (in %) ⁽⁸⁾	12.4	14.8

(1) Prior-year figures partly adjusted as described in the Annual Report 2022, Notes to Consolidated Financial Statements, note 3 "Changes in reporting standards and accounting policies". (2) EBITDA before reconciling items. (3) Net income attributable to shareholders of ProSiebenSat.1 Media SE before the amortization and impairments from purchase price allocations as well as impairments of goodwill, adjusted for the reconciling items. These include valuation effects recognized in other financial result, valuation effects of put option liabilities, valuation effects from interest rate hedging transactions as well as other material one-time items. Moreover, the tax effects resulting from such adjustments are also adjusted. Please refer to the "Planning and Management" section of the 2022 Group Management Report. (4) For a definition of the adjusted operating free cash flow, please refer to the "Planning and Management" section of the 2022 Group Management Report. (5) Full-time equivalent positions as of reporting date. (6) As of December 31, 2022, the definition of ProSiebenSat.1 Group's net financial debt does not include lease liabilities in accordance with IFRS 16 of EUR 178 million (previous year: EUR 220 million) and real estate liabilities of EUR 133 million (previous year: EUR 97 million). (7) Ratio of net financial debt to adjusted EBITDA in the last twelve months. (8) Ratio of earnings (ROCE) of the last twelve months to capital employed (average). Due to the retrospective adjustment of the accounting treatment, the calculation for the quarters during the year was partly based on an assumption-based determination of the capital employed, in particular with regard to the liabilities from voucher transactions.

Contact

Stefanie Rupp-Menedetter
Head of Group Communications & Events
Tel. +49 [0] 89 95 07-2598

Susanne Brieu
Head of Corporate Communications Strategy & Finance
Tel. +49 [0] 89 95 07-1137

E-mail: Stefanie.Rupp@ProSiebenSat1.com

ProSiebenSat.1 Media SE
Medienallee 7, 85774 Unterföhring, Germany

E-mail: Susanne.Brieu@ProSiebenSat1.com

Press release online: www.ProSiebenSat1.com
Twitter: [@P7S1Group](https://twitter.com/P7S1Group)