
Update on JSMD investigation



In view of the upcoming Annual General Meeting on April 30, 2024, the Supervisory Board and the Executive Board of ProSiebenSat.1 Media SE (“P7S1”) would like to provide the following update in relation to the internal investigation which has been conducted at P7S1 and its subsidiaries following P7S1's ad-hoc announcement of February 28, 2023.

Initial situation and completion of the internal investigation

On February 25, 2023, Ernst & Young (“EY”) as ProSiebenSat.1 Media SE’s (“P7S1”) statutory auditor informed the Chairman of the Audit and Finance Committee of the Supervisory Board of P7S1 (“AFC”), Prof. Dr. Rolf Nonnenmacher, of a whistleblower report EY had received the day before as regards a potential compliance issue at Jochen Schweizer mydays Holding GmbH (“JSMD”) and its subsidiaries Jochen Schweizer GmbH (“Jochen Schweizer”) and mydays GmbH (“mydays”).

Upon receipt of the whistleblower report through EY, the Chairman of the AFC immediately initiated a review of the whistleblower report for plausibility, in close alignment with the Chairman of the Supervisory Board, Dr. Andreas Wiele, and the Chief Executive Officer (“CEO”) of P7S1, Bert Habets.

Upon completion of the plausibility review, the Supervisory Board, in coordination with the Executive Board, initiated an internal investigation on March 1st, 2023, and mandated the law firm Skadden, Arps, Slate, Meagher & Flom LLP (“Skadden”) to conduct such investigation. In parallel, P7S1 proactively and immediately approached the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – “BaFin”) and informed the competent public prosecutor's office (*Staatsanwaltschaft*) of Munich I about a potential violation of the German Payment Services Supervision Act (*Zahlungsdiensteaufsichtsgesetz* - “ZAG”) in the past (“ZAG Topic”) and has since then been in regular contact with both public authorities.

The Supervisory Board commissioned a comprehensive and independent investigation of the relevant facts and circumstances in connection with:

1. the acquisition, management, and control of Jochen Schweizer and mydays as well as the reporting regarding Jochen Schweizer and mydays,
 2. any potentially similar cases in connection with other transactions or risk assessments, and
 3. any other cases as required
- (the “Internal Investigation”).

Given the potential involvement of members of the Executive Board in the ZAG Topic, the Internal Investigation was to be overseen by the Chairman of the AFC. During the entire Internal

Investigation, Skadden has been reporting on a regular basis to the Supervisory Board and its Chairman as well as the AFC. Also, Skadden separately informed the CEO and, as from May 2023, the Chief Financial Officer (CFO) of P7S1 on the progress of the Internal Investigation.

As one of the first action items, as early as on March 13/14, 2023, Jochen Schweizer and mydays adjusted their product portfolio to address the regulatory concerns and provided detailed information to BaFin. In its letters dated April 6, 2023, BaFin stated that, based on its administrative practice, it assumes that Jochen Schweizer and mydays required a license from BaFin under the ZAG for certain vouchers issued prior to March 13/14, 2023. Such licensing requirement, however, does not apply to the entire business of JSMD, but concerned certain voucher products only with a voucher value of more than EUR 250 (the revenue attributable to the concerned vouchers representing approx. 20% of JSMD's total revenues and approx. 0.75% of P7S1's group revenues). In the same letters, BaFin also confirmed that no authorization was required to continue operating the adjusted product portfolio.

BaFin so far has not taken any formal administrative action vis-à-vis JSMD with respect to the ZAG Topic except for

- (i) expressing its views in the letters dated April 6, 2023, mentioned above and
- (ii) confirming with letter dated June 1st, 2023, that JSMD's proposed concept for the redemption and settlement of existing vouchers exceeding the EUR 250 limit generally meets BaFin's requirements from a regulatory perspective.

BaFin indicated that it would only take a final decision as to the assessment of fines, if any, after the conclusion of the investigations by the public prosecutor's office (*Staatsanwaltschaft*). To date, the public prosecutor's office Munich I is conducting observation proceedings (*Beobachtungsvorgang*) only, and neither any formal investigations by the public prosecutor's office have been initiated against current or former employees or members of corporate bodies of P7S1 nor any fines have been imposed so far.

Once such proceedings by public authorities have been completed, P7S1 will update shareholders on their outcome.

Information from the Supervisory Board regarding details and status of the Internal Investigation, legal assessment and conclusions

Details and status of the Internal Investigation

After having analyzed almost 18 million documents with the support of AI, and manually checking more than 180,000 documents, emails and other communication from over a decade and after more than two dozens of interviews, Skadden finalized their factual investigation report on February 29, 2024 ("Final Report"). The Internal Investigation took this long mainly for two reasons:

1. Depending on the period under investigation, processes of that type and nature require the review of hundreds of thousands of emails and documents as well as minutes and presentations, using specialized software, at the same time complying with data protection

requirements. Thereafter, the relevance of the selected data must be considered by respective experts.

2. During the Internal Investigation, new facts were discovered which made it necessary to repeat interviews, and a very relevant piece of information was only discovered and verified as late as in February 2024.

With this Final Report, the Internal Investigation was essentially concluded. The Final Report serves as a basis for the legal assessments to be made by the Supervisory Board and by the Executive Board.

Conclusion and legal assessments by the Supervisory Board

The Final Report is a facts report. It does not contain legal assessments. But one of the key conclusions from the Final Report is that certain former Executive Board members did not ensure that the relevant information about the ZAG Topic at JSMD was reported adequately and timely within the internal control and risk management systems and brought to the attention of the AFC.

It is the responsibility of the Supervisory Board to assess the established facts with respect to a potential liability of (former) Executive Board members. The Supervisory Board has asked Skadden to conduct this assessment. Skadden has concluded with respect to two former Executive Board members that they breached their duties and caused damages in connection with the subject matter of the Internal Investigation. The Supervisory Board is determined to pursue valid claims for damages.

Timeline and costs of the Internal Investigation

The timeline and costs of an investigation typically cannot be anticipated at the beginning of an investigation. They depend greatly on the period under review, the volume of data preserved and reviewed, and the number of interviews conducted. As the Internal Investigation progressed, both the timeline and the anticipated total costs became clearer. The Chairman of the Supervisory Board and the Chairman of the AFC worked with Skadden to define the relevant milestones and deliverables, which were met. The total costs incurred so far with respect to the Internal Investigation amount to approx. EUR 15 million.

Information from the Executive Board regarding legal assessment and the internal control and risk management systems

Legal assessment by the Executive Board

The Executive Board has received the Final Report. The legal assessment of the established facts with respect to a potential liability of any person other than Executive Board members (such as, e.g., employees or third parties) in connection with the subject matter of the Internal Investigation is the responsibility of the Executive Board. For this purpose, the Executive Board mandated the law firm SZA Schilling, Zutt & Anschütz Rechtsanwaltsgesellschaft mbH ("SZA").

This assessment is currently ongoing and will be the basis for a decision by the Executive Board as to a potential assertion of damage claims. In this context, we note that this assessment of the

Final Report has not revealed any indication of any breach of duty on the part of any Supervisory Board member in office.

Internal control, risk and compliance management systems

The ZAG Topic has also put a spotlight on the effectiveness of the internal control, risk and compliance management systems.

Under the two-tier board structure of P7S1, the Supervisory Board with its AFC and the Executive Board have different responsibilities with respect to internal control, risk and compliance management systems. The implementation, operation and monitoring of the internal control, risk and compliance management systems as well as the response to possible compliance incidents are under the direct responsibility of the Executive Board. The AFC's role is to supervise the Executive Board in this respect.

The AFC regularly receives reports from Internal Audit about the results of internal audits including of the internal control, risk and compliance management systems in specific areas. In addition to that, on a regular basis, the Executive Board commissions audits of the effectiveness of certain aspects of the internal control, risk and compliance management systems by independent audit firms and provides the respective results to the AFC. For 2022, such results confirming the effectiveness of the overall risk management system, the internal control system and certain elements of the compliance management system were provided to the AFC.

Independently from the above, P7S1 group – under the responsibility of the Executive Board – is continuously developing its internal control, risk and compliance management systems. In light of the ZAG Topic, the Executive Board, in close alignment with the Supervisory Board, initiated an analysis of the maturity level of the entire internal control, risk and compliance management system by an audit firm. Based on the results of this analysis and other monitoring activities, to further improve our systems, some important measures have been taken directly in the 2023 financial year, including organizational changes for a holistic governance, risk and compliance management system. Additional steps have been implemented, and will continue to be implemented, in the course of 2024. This includes, among others, the closer integration of risk management processes and the standardization of risk reports. These continuous improvements are aimed at ensuring that the group can handle regulatory changes proactively, identify potential risks early on and respond to them accordingly.

Annual General Meeting

P7S1 will also report on the Internal Investigation to all shareholders at this year's Annual General Meeting on April 30, 2024.

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