



ANNUAL GENERAL MEETING 2021

REPORT OF THE EXECUTIVE BOARD

Rainer Beaujean

Chairman of the Executive Board, ProSiebenSat.1 Media SE

REPORT OF THE CHAIRMAN OF THE EXECUTIVE BOARD RAINER BEAUJEAN



**Annual General Meeting 2021 • ProSiebenSat.1 Media SE
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– Check against delivery –

[Company trailer]

[Welcome]

Dear shareholders,

On behalf of the Executive Board of ProSiebenSat.1 Media SE, I would like to welcome you today to our Annual General Meeting for the 2020 financial year. I would also like to welcome our Supervisory Board, our employees and all media representatives, who are following our Annual General Meeting live on the Internet. Thank you for joining us today.

Ladies and Gentlemen,

For more than a year now, the COVID-19 pandemic and the related restrictions have been part of our lives. Therefore, this is also the second time that our Annual General Meeting is held entirely in virtual form. Already last year, we have shown how well this can work. As a digital company, the virtual world is our home, we are familiar with live broadcasts, and, of course, we have the necessary infrastructure – such as here in the studio of our science magazine Galileo.

This year, we do not only want to run our Annual General Meeting smoothly for you, but also strengthen our exchange. Because we have taken your feedback from last year to heart. Your biggest criticism: Genuine dialog was missing. This is why today, in addition to the questions submitted in advance, we are offering you another direct opportunity to ask your follow-up questions live during the discussion. The exchange between Company and shareholders is also very important to us.

[Vision]

Ladies and Gentlemen,

The trailer at the beginning has already given you the right impression: ProSiebenSat.1 is so much more than a pure media company. We have been

systematically digitizing and diversifying our business for years and have further accelerated in 2020:

- We have sharpened our focus.
- We have set up our company in a way to create more and more value.
- And, just as importantly, we are taking responsibility.

All in all, we are strongly developing into a digital company. This means: We are digitizing our TV business and we are using the entertainment power and million reach of our TV stations and online channels to build and expand our digital businesses and turn them into market leaders. Let's take Flaconi as an example: With our TV and advertising expertise, we have transformed Flaconi into one of the leading online shops for beauty products in Germany in eight years. A 48 percent increase in revenues last year alone speaks for itself. And in recent weeks, Flaconi has also benefited enormously from the advertising partnership with our hit format "Germany's Next Topmodel – by Heidi Klum".

This strategy points the way to our future. It sets us apart from pure media companies. With this, we are driving ProSiebenSat.1 and our diversification forward by our own power. Our path is clearly defined.

[Responsibility]

But with all this focus on ourselves, we do not forget our social responsibility. Because our reach is our duty. In this demanding time, we have regularly demonstrated our system relevance: As a private media company, we carry just as much responsibility as the public broadcasters. In doing so, we give sociopolitical issues the attention they deserve – to an extent only a few can do. Be it...

- equality between women and men,
- cyberbullying and hate on the internet,
- racism,
- or climate and environmental protection.

Our viewers in Germany, Austria and Switzerland appreciate the clear attitude of our formats. The national daily newspaper "Süddeutsche Zeitung" recently wrote that at ProSiebenSat.1, together with our ProSieben station faces Joko Winterscheidt and Klaas Heufer-Umlauf, we "provided for several of the most relevant television moments of the past year". Some of you have certainly seen or heard about these yourselves:

- With the seven-hour documentary “#nichtselbstverständlich” (“#notforgranted”), we drew attention to the health-care crisis in Germany.
- “Männerwelten” (“Male Worlds”) was about sexual harassment and violence against women.
- “A Short Story of Moria” about the conditions in the burned-down Greek refugee camp.
- And journalist Thilo Mischke's reports, for example on right-wing extremism, regularly move the country.

In Germany alone, ProSiebenSat.1 reaches more than 60 million people on television and 11 million via its own online channels – we use this reach for the benefit of society. After all, the pandemic impressively demonstrated how important it is that we classify the major issues of our time and provide orientation in an age of information overload and simultaneous disinformation. In Austria, therefore, our news brand PULS 24 News saw a new record year in terms of its market shares. And since the interviews with the chancellor candidates in the run-up to the German federal elections, it has been clear that political interviews are also part of our media brands.

We are relevant. We are innovative. We have the courage to place explosive topics in prime time, the time slot with the highest reach between 8:15 and 11 p.m. And we speak the language of our young target group. With these formats, we dominate social discourse again and again, while at the same time fully paying into our local content focus. This USP sets us apart from other media companies – and it also makes us an important pillar of diversity of opinion in this country.

For us, however, taking responsibility does not stop at this point. It is part of our self-perception to operate in an inclusive, sustainable, environmentally and socially responsible manner. This is why, for instance, we have set ourselves as a Group the goal of being climate-neutral by 2030 and we are driving environmental and climate protection in all areas of our business to achieve this. Let me give you a few examples:

- In the midst of the Corona year 2020, we took our “Sauber gedreht” project (“clean shoot”), which aims to make our TV productions more ecologically sustainable, out of the pilot phase and into regular operation. For our show “The Masked Singer”, for example, we reduced CO₂ emissions by 94 percent by switching to green electricity.

- The Flaconi team has implemented a packaging concept with boxes made from 100 percent recycled material and has already reduced plastic use in the entire shipping process by 52 percent.
- And our weather portal wetter.com uses its experts to draw attention to the consequences of climate change.

As you can see: We are committed across the entire Group and take our responsibility in all areas of sustainability very seriously.

[Review 2020]

Let us now look at the operational business: At the Annual General Meeting a good 12 months ago, Christine Scheffler, Wolfgang Link and I had been in our current positions for only around three months. You may still remember: At that time, I promised you that we as the Executive Board would stand for unity and consistency and ensure stability in this changing environment. We have kept that promise! We led ProSiebenSat.1 safely through the COVID-19 crisis as one team. With our strategic focus and our new Group structure, we have put ourselves in a stable position to grow profitably and in the long term. Looking back, we can say today: 2020 was a year that we at ProSiebenSat.1 will remember.

We made a good start into the year. Then in March, like everyone else, we were hit hard by the COVID-19 pandemic. However, thanks to our diversified and broad positioning, we came through this year better than many pure media players. Because we thus managed to compensate the declines in advertising revenues with growth in many parts of our other businesses.

The COVID-19 effects negatively impacted our business, particularly in the second quarter. But we took countermeasures early on, implementing a strict cost and cash flow management, which quickly took effect and is still doing so. Being an early-cycle company, we thus benefited from the economic recovery as of the third quarter and posted a very strong fourth quarter. Those of you who have been accompanying us for some time know that the last quarter of the year, including the pre-Christmas season, is traditionally our most important and strongest quarter in terms of earnings. Thanks to this performance, we even managed to exceed the full-year outlook that we published as part of our communication for the third quarter of 2020.

- We achieved almost stable Group revenues in 2020 despite the pandemic. Overall, revenues decreased by only 2 percent to EUR 4.047 billion.

- In the fourth quarter, our adjusted EBITDA grew by 12 percent and offset part of the COVID-19-related decline in earnings which we saw in the first nine months of 2020. In total, our adjusted EBITDA decreased by 19 percent to EUR 706 million.
- Here, of course, we felt the strong impact of the pandemic on our advertising business. This is further evidence of how important it is for us to make our company even less dependent on traditional TV advertising revenues and to diversify further.
- We were also able to reduce our net financial debt by EUR 277 million at the end of the year – to EUR 1.968 billion.

However, 2020 will not only be remembered at ProSiebenSat.1 for COVID-19, but also as the year in which we laid our foundation for sustainable value creation. Here, we were guided by the priorities I presented to you last year. Let me briefly explain how we have made progress and are continuing to develop into a digital company:

1. We focus on local and live content and aim to become more relevant:

This focus in the Entertainment business paid off in 2020. We reached an average of two percent more net viewers every day with our content. ProSieben and SAT.1 were the only major private stations to increase their market shares in prime time in our core target group. In addition to the infotainment initiatives just described and major entertainment shows like “The Masked Singer” and “Stealing the Show”, sports is also becoming an important component of our local focus: Alongside the NFL and Formula E, we have secured in particular the only live free TV package for the German Bundesliga, which starts in summer. What's special about this is that we can also show the nine matches per season on the websites of SAT.1 and ran, on their apps and on our streaming platform Joyn.

2. We expand our digital reach and make our advertising smarter:

As the Bundesliga example shows, we are taking a platform-independent approach. That means: We distribute our content on all channels and pay particular attention to digital platforms. We also want to monetize our digital and linear reach even more consistently and driven by data. To this end, we are charging TV with digital benefits such as addressability and thus make it even more attractive as an advertising medium for our customers. Here, we launched further innovative advertising products in 2020. For example, we now enable advertisers to manage their campaigns across devices, playing on TV and on our digital platforms. At the same time, we are driving forward our distribution business by offering our content on third-party platforms – a now highly profitable line of business for us.

3. We drive our diversification forward and become less dependent on TV advertising revenues:

Consistent portfolio management is essential for successful diversification. We do not buy for the sake of buying or sell for the sake of selling. Rather, we carefully make sure that our businesses support each other and that we create synergies. We proved this last year. At the 2020 Annual General Meeting, I announced the acquisition of the U.S. dating company The Meet Group – we finally closed this acquisition in September.

We have combined our Parship Group with The Meet Group and this way created a leading global player in the dating market. The offerings of the newly built ParshipMeet Group today range from so-called social entertainment to online dating and matchmaking, hence from casual meetings, for example via video, to serious partner searches. The Group thus covers the entire spectrum of the rapidly growing online dating market. At the same time, the ParshipMeet Group now has a very diversified revenue model, from long- and short-term subscriptions to revenues from advertising and in-app purchases. Overall, we expect the ParshipMeet Group to significantly diversify our Group's revenues and earnings. With the ParshipMeet Group, we have therefore demonstrated how we develop business models in a meaningful manner and actively shape our portfolio.

In addition to acquisitions, our portfolio strategy also includes disposals when we can no longer fulfill our principle of being the best owner for the respective company and at the same time create significant value for our Group. This was the case last year with the hosting provider myLoc and the healthcare products company WindStar Medical, which we divested in the second half of the year. WindStar had been part of ProSiebenSat.1 since 2016. Within four years, we increased brand awareness of the core brand SOS from 30 percent to 75 percent and the enterprise value of WindStar grew by 2.4 times to EUR 280 million – thanks in particular to advertising on our platforms.

4. We want to leverage our synergies even better:

Since the beginning of the year, we have created a synergistic Group structure based on three strong segments in which our businesses support each other even better: Entertainment, Dating and Commerce & Ventures. Our production business Red Arrow Studios and Studio71 have since been an integral part of our Entertainment segment, together with the Seven.One Entertainment Group. Dating includes the ParshipMeet Group, and in Commerce & Ventures, we bundle

our entire investment portfolio of digital companies. I will explain to you in detail in a moment what synergies this new setup holds.

As you can see: With this agenda, we are well on the way to making ProSiebenSat.1 more diversified, more synergistic and more profitable. But this progress is not thanks to us three Executive Board members, but to the more than 7,000 colleagues who are moving ProSiebenSat.1 forward with incredible dedication day by day. Especially in the difficult times of the pandemic, we proved once again that we stand together as one team and can rely on each other. Let me take this opportunity to thank you – dear team – once again – also on behalf of Christine and Wolfgang.

[Dividend]

You, dear shareholders, have also contributed to ProSiebenSat.1 being able to defy the pandemic headwinds so steadfastly and to being in such a good position today. Renouncing the dividend for the financial year 2019 was not easy. But it was the right thing to do. Because together with our cost, liquidity, and cash flow measures, it has made a significant contribution to the fact that we have come through this Corona-year economically well. That we were able to improve our offerings for our users and customers at the same time. And – especially important – that we were able to give a sense of security to the company and prevent headcount reductions.

We are therefore very pleased that we will again be able to let you participate in our success for the 2020 financial year. In line with our general dividend policy of distributing 50 percent of adjusted net income to you, our shareholders, we are today proposing a dividend of 49 cents per share together with the Supervisory Board. And we also want to repay your support in the long term with reliably good performance: Our extraordinary fourth quarter of 2020 has already made this clear, and we will continue on this path in 2021.

[Strategy]

We are therefore driving forward our strategy at high speed. We want to further leverage synergies within the Group and expand our diversification with the aim to achieve sustainable and profitable growth in all segments. In doing so, we are not only looking at revenue growth. We are working on our profitability and cash flow because we aim to create value now and in the future. We as Executive Board team are working hard to develop ProSiebenSat.1 substantially. That is what it is all about every day – not about painting colorful pictures on the wall that turn out to be a facade in the end. After all, 2020 proved how important it is to have a crisis-proof

business model. And that is exactly what we have – especially with our synergetic combination of Entertainment, Dating, and Commerce & Ventures. What exactly are we talking about here?

Within our **Entertainment** segment, we focus on the production of relevant, local and live content and its distribution across all platforms. With this platform-independent approach, we respond to the changing viewing habits of our users and create even better monetization with our advertising innovations. In the creation of our own content, we benefit from synergies with our own production business, as Red Arrow Studios and Studio71 now belong to this segment. This also fits with our strategic decision to produce our own news for all platforms as of 2023. The in-house newsroom not only opens up completely new possibilities for us in current reporting activities. It also creates synergies in cooperation with our existing editorial teams, including the merging of TV and digital. Hence, we are making Entertainment even stronger in order to use it as a springboard for our other two segments and thus also increase their revenues and enterprise value.

Our **Dating** segment with the ParshipMeet Group is an important driver for our diversification. In this context, the new group offers great synergy potential – whether within the Company or with the Entertainment segment. With the reach and advertising opportunities of our entertainment platforms, for example, we want to further increase awareness of the ParshipMeet brands in German-speaking countries. This has already worked very successfully with Parship and ElitePartner, and now we have launched our first TV campaign for the dating app Lovoo. The Lovoo brand has been part of our portfolio since the transaction of The Meet Group, too.

At the same time, the future topic of live video streaming – the core competence of the ParshipMeet Group – seamlessly combines Dating and Entertainment. This is why we also want to create new, exciting synergy options here by combining them with our entertainment expertise. What is live video streaming? In a nutshell: On our dating platforms, our users can get in touch with several people at once via video. Plus: With interactive live formats and dating games, we provide additional entertainment for the audience. To give you a sense of the potential: Users spend more than one billion minutes per month on our video streams and play 250,000 dating games there every day. Already now, live video streaming accounts for more than a third of our dating revenues. And the trend continues upward. At the same time, we are offering the technology behind our live video streaming solution to other platforms, which is becoming a very fast-growing business.

As you probably know, we are planning a partial IPO for ParshipMeet Group next year when the integration of the two companies is completed. An important aspect: We intend to continue to benefit from the synergies and video focus of the dating business after the IPO and remain a majority shareholder. How right the acquisition of the fast-growing The Meet Group was and what value we have created for the entire Group can certainly be assumed from the valuation of the competitors – for example Match Group or Bumble.

In the **Commerce & Ventures** unit, we bundle our investment businesses. At the beginning of the value chain is our Accelerator, which supports early-stage start-ups with individually tailored media offers in the form of convertible loans. Our investment arm SevenVentures is the leading media investor worldwide. There, we focus on young companies after the founding phase, which with the help of our high TV reach and the advertising opportunities on our platforms grow stronger and become better known. In return, we receive a stake in the company or its revenues. In this way, we introduce new customer groups to the medium of TV, stimulate the market and create value for us far beyond the traditional TV business. In addition to these minority investments, the segment also includes our strategic majority investments with even greater synergy potential. These include NuCom Group's digital consumer brands, such as Verivox from the consumer advice sector, the experience provider Jochen Schweizer mydays, and beauty & lifestyle companies such as Flaconi, which we are building into market leaders. To put it in a nutshell: In the Commerce & Ventures segment, we grow brands with our entertainment strength.

Our strategy is clear: We want to continuously combine Entertainment, Dating and our business with digital consumer brands, and in particular use our entertainment strength to drive our digital growth businesses forward.

[Outlook 2021 / strategic priorities]

Ladies and Gentlemen,

of course, COVID-19 continues to be our concern in our daily personal and professional lives, as it does for all of you. For example, most of our employees worldwide have been working from home for over a year now. When colleagues are in the office – for example, those who are indispensable for broadcasting operations – it is only under strict safety and hygiene measures. These naturally also apply to our TV productions, where we also have no audience.

But just as confidence is growing daily in the private sector due to the increasing progress of vaccinations, we at ProSiebenSat.1 are also looking optimistically towards the rest of the year. We are already very satisfied with the performance of our first quarter – even though we were still burdened with lockdown restrictions here. Our cost discipline, our clear focus and, in particular, our diversification strategy once again proved to be right here. We thus managed to keep the financial impact of COVID-19 on our business low or even to compensate for it. In terms of revenues, we grew by 1 percent, and in particular the high growth rates in Dating and Commerce & Ventures largely offset the decline in the advertising business and its impact on our adjusted EBITDA. This underlines the value of these segments for the entire Group.

But we also saw the first signs of a recovery in our advertising business in March, and in April we already posted a significant year-on-year increase in our advertising revenues of over 40 percent. In May, we were even stronger in both absolute and percentage terms: With an increase of around 60 percent, we are by the way in line with the May figure from 2019, this means we are at the level before the start of the Corona pandemic. This is good evidence that the advertising business was not structurally weakened by Corona.

Following the good development in the first quarter and our positive expectations for the coming months, we have also decided to increase our full-year outlook for revenues and adjusted EBITDA:

- Overall, we are now targeting revenues of between EUR 4.250 billion and EUR 4.450 billion in full-year 2021 – excluding further portfolio changes. This would mean year-on-year revenue growth of between 5 percent and 10 percent.
- Accordingly, we now expect adjusted EBITDA to be between EUR 750 million and EUR 800 million, compared with a currency- and portfolio-adjusted previous-year figure of EUR 708 million.

By the way, the increase in our revenue and adjusted EBITDA ranges will also have a positive impact on all the Group's other most important financial performance indicators.

I would also like to remind you of our rule of thumb: Every 1 percentage point increase in advertising growth would be reflected in additional Group revenues of around EUR 20 million and growth in adjusted EBITDA of almost the same amount.

Of course, we confirm the principles of our financial policy: We continue to aim for a leverage ratio of between 1.5x and 2.5x and – as in this year – we intend to distribute around 50 percent of our adjusted net income to you, our shareholders.

Finally, another key performance indicator is also very important to me: Our P7S1 Return on Capital Employed measures our mid-term financial success. In the mid-term, this should be over 15 percent for the Group as a whole. To this end, expansion and new investments should generally be amortized within three years and generate a return of at least 18 percent. Strategic projects are usually expected to be amortized within five years. We have also systematically aligned the management of our organization to this target.

[Share]

"Our company has far more potential than it is currently given credit for." I am just as convinced of this statement today as I was in March 2020 when I started as Chairman of the Executive Board. And since then, we have all been working hard to make the value of ProSiebenSat.1 more visible. With first successes: Our market capitalization and share price have clearly increased since then. On March 26, 2020, the day our Executive Board was set up, the share price was at EUR 6.80. To date, it has more than doubled.

You can also see from these share price developments how strongly our ProSiebenSat.1 share has performed since the new set-up of our Executive Board – also compared to our competitors:

- We see a better development than for the two large indices DAX and MDax.
- Our share price performance clearly exceeds that of pure media companies such as ITV, Mediaset, TF1 and RTL.
- And interestingly, the ProSiebenSat.1 share – especially since the beginning of this year – is also outperforming the ones of Google, Facebook and Amazon, and thus mostly of digital companies with a successful advertising-financed business model that are also increasingly integrating an entertainment component.

We see this development as a clear sign of confidence of you, dear shareholders, in the strength of ProSiebenSat.1 and as a confirmation of our strategy.

The reported interest of national and international media companies in merging with our company also shows that the potential of our business model is noticed.

Let me be clear: We will not close our minds to any reasonable idea. If we are asked to enter into strategic talks, we will of course listen to the proposal with an open mind and check whether it not only makes sense for the other party but is also advantageous for ProSiebenSat.1 and all our stakeholders. Because our own strategy is clear – and it does not need any help from outside. We focus on ourselves and have a clear idea of how we will shape our future and generate growth by investing in our own business.

For all the imagination that such speculation initially arouses, however, it is ultimately questionable how a merger with a traditional media company, national or international, could contribute to these goals. Colported cost synergies are almost impossible to realize across borders in the local media business and are neutralized by dissynergies at the national level. Not to mention the effects on media and opinion diversity in Germany and on Bavaria as a business location.

Ladies and Gentlemen,

We have seen it in various points today: ProSiebenSat.1 is much more than a pure media company. With our strong digital business models, which range from our digital studio Studio71 to the Commerce & Ventures investments to the ParshipMeet Group, we are now oriented towards digital players instead of TV broadcasters.

Direct comparison with pure European media companies also shows that this is the path to sustainable success: Between 2011 and 2020, ProSiebenSat.1 was the fastest growing company in this environment. While our Compound Annual Growth Rate in this period is plus 7 percent, it is negative for some pure European TV houses. Even in the pandemic year 2020, we clearly performed best with a revenue decline of only two percent.

Our biggest competition today is much more in the digital market, because advertising budgets are also increasingly shifting to the online world. Equal opportunities in the advertising market – that would be a much stronger turbo for us than a merger with a pure media company could ever be. For example, we are prohibited by law from regional advertising on linear TV in Germany, even though it has long been technically possible, and it is part of the daily business of large tech companies to play out online advertising only in Unterföhring or only in Cologne. Regulation must ensure fair game rules – and it must not hinder the innovative strength of domestic companies in contrast to international competition.

Are we therefore afraid of Google, Facebook, Netflix and the like, as we read many media companies are? No. Because we are focusing on the fields in which we can scale our strengths and use them profitably. We do not need regulation to protect us. We focus on ourselves and on what we can influence – our own performance.

[End]

Ladies and Gentlemen,

I hope I have been able to show you today that we have a clear plan for ProSiebenSat.1 and are implementing it consistently and with great speed. We have sharpened our focus. We are creating value. And we are taking responsibility. This has taken us a decisive step forward on our path.

We are continuing to work in a focused manner not only to grow our revenues, but also to increase our profitability. We act with a focus on results, and with everything we do, we make ProSiebenSat.1 even more synergistic, diversified and profitable.

I already told you last year that this path can sometimes be difficult. That there is no elevator to the destination, and that we have to take the stairs. But we are ready for it. Because we are convinced that our strategy and our business model are the right path to our future as a digital company – with a focus on synergies and cutting-edge technology as the link. And our diversification is our strength in this.

Thank you for your attention and stay healthy!