
Press Release



ProSiebenSat.1 sells Red Arrow Studios' US production business to Peter Chernin's The North Road Company

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- **Group continues to focus consistently in the Entertainment segment on successful local programming strategy in the German-speaking region and sells the US production companies that do not contribute to synergies**
- **The US production companies Kinetic Content, Left/Right, 44 Blue, Half Yard Productions and Dorsey Pictures are being sold to Peter Chernin's The North Road Company**
- **European production business remains an important part of the Entertainment business and the Group's strategy**
- **Transaction is based on EV of USD 310 million (EUR 293 million)¹; purchase price is subject to customary adjustments and is at around USD 200 million (around EUR 189 million)**

Unterföhring, July 6th, 2022. ProSiebenSat.1 Group continues to consistently execute its strategy and sells the US part of Red Arrow Studios' production business to Peter Chernin's The North Road Company. This includes the companies Kinetic Content, Left/Right, 44 Blue, Half Yard Productions and Dorsey Pictures. Founded in 2022 by Peter Chernin, The North Road Company is a global, multi-genre studio that produces scripted, documentary, and non-scripted film and TV content across the United States and international markets. The disposal has already been approved by the relevant antitrust authorities and the transaction has now been closed accordingly.

The sale reflects the clear focus of ProSiebenSat.1 Group's entertainment business on producing local, relevant content that is distributed live and on-demand across all platforms in the German-speaking region. For creative ideas and the production of own content, the German-speaking production business of Redseven Entertainment and the European production companies CPL Productions, Endor Productions, Snowman Productions and July August play an important role. They thus make a strong contribution to ProSiebenSat.1's programming strategy. The distribution business Red Arrow Studios International will also remain in the Group. In addition, ProSiebenSat.1 recently launched two new production companies in Germany with Cheerio Entertainment and Flat White Productions to strengthen its own production capacities in the Entertainment segment for the German-speaking market. In addition, the Group had invested in the production company Pyjama Pictures in 2019. At the same time, also Studio71 remains a firm part in the Group's strategy: The global digital media and entertainment company especially addresses young target groups with its video offerings.

Rainer Beaujean, Group CEO of ProSiebenSat.1 Media SE: "We continuously verify that our companies are fully aligned with our strategy and financial targets. In the entertainment business, this means that we need production companies that understand the cultural



characteristics and preferences of our viewers. After all, local content is what sets us apart from the competition. Such production businesses are, besides our German companies, our assets in countries such as Denmark and the UK. It was therefore consequent that we keep these companies within our Group. Our top priority is to link them even more closely with our entertainment platforms. Our US production companies have created successful and popular TV brands in the US market, but do not strengthen our strategy in the German-speaking region in the long term. For North Road, they will make a significant contribution. We wish them all the best for this and thank them very much for our time together.”

Red Arrow Studios, ProSiebenSat.1 Group's production network, built up its US business from 2010. During this time, these companies produced successful formats for US stations and platforms: These include, for example, the hit formats “Love is Blind” (Kinetic Content for Netflix), “The Weekly” (Left/Right for FX and Hulu), “Wahlburgers” (44 Blue for A&E), “Say Yes to the Dress” (Half Yard Productions for TLC) and “Building Alaska” (Dorsey Pictures for Discovery).

The transaction is based on an enterprise value of USD 310 million (EUR 293 million). The purchase price is subject to customary adjustments and is at around USD 200 million (around EUR 189 million). The now sold US production companies generated an adjusted EBITDA of USD 8 million (EUR 7 million) in full-year 2021. This adjusted EBITDA comprises personnel expenses at around USD 33 million (around EUR 31 million) in connection with especially incentive programs.

The sold US companies had achieved the following key financial figures in full-year 2021:

Revenues (ext.)	EUR 218 million
Adjusted EBITDA (ent.)	EUR 7 million
EBIT (ent.)	EUR -3 million
Adjusted operating free cash flow (ent.)	EUR 11 million
Free cash flow (ent.)	EUR 12 million
Adjusted net income (ent.)	EUR -5 million

1 Currency conversion: EUR 1 = USD 1.06 (as of June 30, 2022)

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About ProSiebenSat.1

As a digital group, ProSiebenSat.1 combines leading Entertainment brands with a with a strong Dating & Video and Commerce & Ventures portfolio under one roof. We are pursuing a clear strategy based on synergies and a focus on reach, monetization, and value creation. We offer the best entertainment – whenever, wherever and on any device. From lighthouse formats such as "The Masked Singer" to successful in-house productions like



"Germany's Next Topmodel – by Heidi Klum". We have a wide reach with our 15 free and pay TV channels in Germany, Austria and Switzerland, live and on-demand, which we are continually strengthening and monetizing in a variety of ways – directly by marketing advertising spots in the Entertainment segment as well as indirectly via our Commerce & Ventures portfolio. Here, we invest advertising time in young digital companies and in exchange receive shares in the companies themselves or in their revenues. With our investment and commerce activities, we build digital consumer brands such as flaconi, Jochen Schweizer mydays or Verivox by using our TV reach and advertising power and turn them into market leaders in their respective industries. The Dating & Video segment was also established in line with this principle: With ParshipMeet Group, we have created a leading globally operating player in the dating segment that now is an important part of our Group reflecting the success of our diversification. In this way, the Group creates long-term value for all stakeholders. Behind ProSiebenSat.1 are around 8,000 employees, who delight our audience and customers with great passion every day. All of them follow one shared vision: "We empower brands & create moments that matter."

About The North Road Company

Founded in 2022 by Peter Chernin, The North Road Company is a global, multi-genre studio that produces scripted, documentary, and non-scripted film and TV content across the United States and international markets. North Road comprises market-leading production entities including Chernin Entertainment, the scripted TV and film business formed in 2010; Red Arrow Studios' U.S. assets (Kinetic Content, Left/Right, and 44 Blue Productions); Words + Pictures, the premium non-fiction business; and an international business devoted to strategic acquisitions and localized programming. North Road is one of the largest suppliers of TV and film content, with over 70 active productions from Chernin Entertainment, Words + Pictures and Red Arrow's U.S. portfolios.