



ProSiebenSat.1
Media SE

ANNUAL GENERAL MEETING 2023

**REPORT OF THE
EXECUTIVE BOARD**

BERT HABETS
GROUP CEO,
PROSIEBENSAT.1 MEDIA SE

REPORT OF GROUP CEO BERT HABETS



Annual General Meeting 2023 ProSiebenSat.1 Media SE June 30, 2023

– Check against delivery –

[Welcome]

Dear shareholders,

On behalf of the Executive Board of ProSiebenSat.1 Media SE, I would like to welcome you to our Annual General Meeting for the financial year 2022. I would also like to welcome our Supervisory Board, our candidates standing for election to the Supervisory Board, our employees, and all media representatives who are taking the time to join us and follow this event online.

We welcome you today from the Bavaria Film Studios. This is where many of our big shows like “Joko und Klaas gegen ProSieben” (Beat the Channel) or the cooking show “The Taste” are usually produced. As a media company, we are at home in a place like this. **Because it symbolizes what we stand for: strong shows and unique entertainment moments.** That is also one of the reasons why this industry fascinates me so much and why I'm particularly pleased to be able to speak to you as CEO of ProSiebenSat.1 today – and thus to lead a company that is one of the leading entertainment providers in the German-speaking region.

We are having a **purely virtual Annual General Meeting** this year. It is particularly important to us that your rights are implemented in exactly the same way as at a face-to-face event. This means: You can make your contributions and ask questions live. Direct communication with you, our shareholders, is important to us and goes without saying.

Today's Annual General Meeting is taking place significantly later than originally planned. The reason for this was regulatory issues at our portfolio companies **Jochen Schweizer and mydays** in connection with the Payment Services Supervision Act, the so-called ZAG. Specifically, the question was to what extent

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parts of the business activities of the two companies fall under the ZAG. Jochen Schweizer and mydays subsequently adjusted their product offerings in March, thus eliminating these regulatory concerns. Jochen Schweizer and mydays have been fully ZAG-compliant with their product range since then. Andreas Wiele has already addressed this topic in his speech. What I can add to this: After we informed the public about the ZAG topic in an ad-hoc announcement, the public prosecutor's office also became aware of this issue and is currently investigating the facts. This status is called an observation process. This means that the Munich public prosecutor's office has not initiated an official investigation but is initially analyzing whether an investigation will be initiated at all on the basis of the facts at hand. The discussions with the public prosecutor's office are very constructive and I hope that we will be able to clarify this situation very soon.

[Review 2022 & Financial Outlook 2023]

Ladies and Gentlemen, we are all aware that **we live in challenging times**: Already at the Annual General Meeting a year ago, the terrible war in Ukraine hit us all emotionally, but also economically. Unfortunately, this situation has not changed to this day. With the outbreak of war in February 2022, the economy has become increasingly clouded: the ensuing energy price crisis and the high inflation in the German-speaking-region since then have caused the German economy to slide into recession, which is also directly affecting us. After all: We are the first to feel the uncertainty among consumers. In a situation like this, companies are very reluctant with their advertising bookings. This has had a strong impact on the entire advertising market and thus on our entire financial year.

We therefore closed 2022 with a decline, as expected: Our **revenues** fell by 7% to EUR 4.2 billion. The main reason for this, as just explained, was our advertising revenues: These decreased by 6% year-on-year in the German-speaking-region. Since we generate proportionately more profit with TV advertising than with our other business areas, this decline also led to a clear drop in earnings: **Our adjusted EBITDA** in 2022 was EUR 678 million and hence 19% below the previous year. The **adjusted net income** decreased from EUR 365 million to EUR 301 million. The effects of the full takeover of the Joyn streaming platform also contributed to this decline in earnings. By contrast, our **net financial debt** developed positively, reduced by EUR 238 million compared with the end of 2021 to EUR 1.613 billion. As a result, we were able to keep our **leverage ratio** of 2.4x within the target range of 1.5x to 2.5x despite the decline in earnings.

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Unfortunately, the negative impact of the economic environment – and thus on our advertising business – continues at present. For this reason, our revenues and earnings also declined in the first quarter. We expected this. And we also expect this negative impact to continue in the second quarter, even though to a lesser extent. In June, we already saw significant improvements in advertising bookings compared to the previous months. The economic research institutes also do not expect a recovery in the German-speaking region until the second half of the year. **In parallel, we expect a noticeable recovery in our very profitable advertising business.**

Our **financial outlook for the full-year 2023** precisely reflects this two-part expected development: Significant burdens in the first half of the year are offset by significant catch-up effects in the second half. In concrete terms, this means:

- We are targeting **Group revenues** of around EUR 4.10 billion in 2023 with a variance of plus/minus EUR 150 million – and thus organic revenue growth in the low single-digit percentage range.
- For **adjusted EBITDA**, we expect a figure of around EUR 600 million with a variance of plus/minus EUR 50 million.
- For the **leverage ratio**, we generally aim for a ratio of 1.5x to 2.5x net financial debt to adjusted EBITDA at the end of each year. This year, however, we expect a ratio of between 2.5x and 3x at the end of the year, mainly driven by the lower adjusted EBITDA.

[Dividend]

Against the background of this business outlook, we have decided, with the approval of the Supervisory Board, to propose to you today a significantly **reduced dividend of 5 cent per share for the financial year 2022** and to fundamentally adjust our dividend policy from this financial year onwards. In the future, **we aim to pay out 25% to 50% of adjusted net income as a dividend**, with a particular focus on maintaining an appropriate level of financial leverage. It is essential that we keep our debt within reasonable limits. In the current difficult times, this is our priority above all in order to have scope for investments in content and our digital offering. We are taking this step primarily so that we can continue **to invest appropriately in our future.**

We are well aware that the significantly reduced dividend is not good news for you. However, we must now lay the foundation for a healthy and profitable company in the long-term, one that you can also enjoy. **This decision is unavoidable in order for ProSiebenSat.1 to once again become an attractive investment with added**

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value and a future for you. Because in order to grow successfully in the long-term, we need a solid financial position – and for that we need YOUR support.

To position ourselves in the best possible way for this, we are taking the necessary steps consistently in all areas. This means: In addition to our dividend policy, we are of course working to set-up the Group even more efficiently. **Specifically, we will be adjusting our organizational structure this year and working intensively on our operating cost base.** We are doing this out of economic necessity – and because our organization of course must be built in such a way that it can implement our strategy in the best possible way. The first effects from our cost program will be visible in the fourth quarter of this year and are expected to be in the low double-digit millions, with the full effect being achieved in 2024. **At the same time, we are maintaining strict financial discipline and focusing on profitability and cash flow across our portfolio.** These are the prerequisites to grow in our transformation journey. And to create long-term value for you, too.

[Goal]

Ladies and gentlemen, 2023 is another tough year. There is nothing to sugarcoat here. At the same time, I wouldn't have taken this job if I wasn't convinced of ProSiebenSat.1's enormous potential. I know we have the strength to build on past successes and continue our journey.

We are the home of the best entertainment and information in the German-speaking-region. Our entertainment portfolio is complemented by digital consumer brands in the Commerce & Ventures and Dating & Video segments. **Our clear goal here is: “Viewers and Users First”.** This means that we put our viewers and users at the center of everything we do. We tailor our offerings entirely to their needs. This enables them to be inspired by our content, become part of our communities, use our products and services, and ultimately spend as much time as possible with us. **Our clear goal: We want to be number one in the German-speaking entertainment market, profitable and fast growing.**

The prerequisite for this is that we remain flexible, so that we can respond quickly to the many changes in our world and especially in our constantly changing industry: Even if we cannot always influence change – we can certainly shape change in a targeted manner through our actions. Therefore, the same applies to us as a company: We must move forward with courage and determination – in every consequence. **I would also like to thank our employees for their courage.** In my first few months at ProSiebenSat.1, they gave me an outstanding welcome

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and reflected openly with me on the strengths and weaknesses of our Company. This enabled us to define our route into the future together. And I would now like to talk about how exactly we envision this journey.

[Strategy]

At ProSiebenSat.1, we have everything it takes to reach millions of people every day:

- **15 TV stations** in Germany, Austria and Switzerland, which means we reach over **60 million people** each month in Germany alone. In addition, we have around 12 million unique users via our digital platforms.
- And our commerce platforms generate almost **250 million visits** per month.

There is one reason we are doing all this: **Our entertainment business is the engine of our success. That is why we are now focusing precisely on this force and placing our Entertainment segment even more strongly than before at the center of everything we do.** Let's take a closer look at it here.

[Entertainment]

Our full priority is to make our digital offerings even more attractive. The first prerequisite for growth is to reach a large audience. That is why we want to offer our viewers exactly the offering and features they are looking for and want to use. Because that is how we get **people to spend more time on our platforms.**

This requires excellent and exclusive programs. We focus on **local and relevant live content.** Newly developed formats for all stations and genres contribute to this, as well as series produced exclusively for Joyn, such as "INTIMATE". Our popular lighthouse formats such as SAT.1 breakfast TV, "The Taste" or "Wer stiehlt mir die Show?" (Stealing the Show) are also an important part of our programming strategy. In 2022, we already increased our share of local formats on SAT.1 and ProSieben by a further 10.8% year-on-year.

News also plays a central role. Since January 1, ProSiebenSat.1 has therefore been producing its own news in Germany again. To that end, over the past two years we have built up a newsroom of around **60 people at three locations:** a central editorial office with newsroom in Unterföhring, a political news desk in Berlin in the immediate proximity of the Bundestag and the Chancellor's Office, and our own correspondent's office in Washington. From the end of the year, we will be broadcasting from one of the **most modern news studios in Europe**, which is currently being built as part of our new "New Campus" project in Unterföhring. We already reach an audience of millions on TV and online with our news, which has

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been grouped under the umbrella **brand “:newstime”** for about two weeks. In addition to the aforementioned lighthouse formats, our news also fully pay off in terms of our goal of creating local and relevant content for our viewers.

To offer our viewers the best programs, we rely on partnerships and strengthen our own production business. We recently took an important step here: We founded two new production companies in Germany and sold our U.S. production business. Our **production house Seven.One Studios** is now fully focused on the German-speaking region. We also want to promote young talent in particular and have access to one of Germany's largest influencer networks through our companies Studio71 and Buzzbird.

But good content is only one part. At the same time, we need the ideal distribution channel. The second basis for our success is therefore a platform that makes it as easy as possible for users to consume our content. In November 2022, we therefore acquired 100% of the **streaming platform Joyn**: It is the key to our digital future and reach – the **central hub of our user journey**, accessible anywhere, anytime. Because it is no secret that reach is declining on linear TV. That makes it all the more important to reach viewers digitally. And we are putting all our energy in Joyn to keep it growing! **We want to make Joyn the super streamer in Germany, Austria and Switzerland.** One streaming platform for everyone. Such an offer does not yet exist today, despite the full streaming market.

In order to appeal to such a **broad target group**, we need a lot of content and different content:

- For **children and especially teenagers and young people**, we create programs that they can only find with us. That is no easy task, since this target group is primarily active on social media. That is why **“creator-led content”** plays an important role here – content from and with well-known influencers. At Joyn, we have been working closely with content creators for some time now to bridge the gap between social media and traditional TV. How can you imagine that? For example, live shows with well-known stars from the social media world. Here, we've already had some successes recently, including the “Great Fight Night” with particular interest for young people, in which two well-known streamers challenged each other to a boxing match. We showed the fight on Joyn – turning a real event with over 13,000 viewers inside the arena into a successful live format for our streaming platform. We will offer more of this in the future.

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- We offer a large portfolio **for adults**, because they are of course our largest and broadest target group: In addition to our **live TV offering**, especially around **sports and news formats**, and exclusive preview options for these formats, we are expanding our **Joyn Originals** offering for them. These are exclusive programs that are only available on Joyn. We also offer them selected **U.S. premium content** from our license agreements and are increasingly focusing on so-called "FAST Channels," which we call **on-demand channels**. Here, thematically similar programs are played one after the other as in a playlist, so that our viewers can watch content on specific interests and topics on an ongoing basis. We currently offer 16 such on-demand channels on Joyn: In addition to very format-specific channels such as the one for Joko and Klaas, where we show episodes from their various shows, there are also more general channels on genres such as "comedies," "true crime" or "action movies".

When we think about the future of Joyn, we don't just think about which target groups we want to inspire with our content, but also about **how users want to be involved**:

- Step 1: Especially with the on-demand channels we were just talking about, they can **sit back** and just be entertained. Our goal is to also **personalize** these in the future. In this way, the content that can be found on Joyn will become increasingly **relevant** for users.
- Step 2: The users themselves become **active**. This means that we offer them the opportunity to **interact** with their favorite content, for example, by liking, commenting, or voting. This creates a **sense of community** that links users not only to the content, but also to Joyn as a platform.
- Step 3: The users **participate**. This means that we **involve** them in the formats, for example by allowing them to ask questions and join in the discussion live on a talk show and thus become part of the show themselves. For us, involvement also means that we want to enable **shopping** within the app. For example, if I like the shoes that an influencer is wearing in his Joyn show, I should be able to buy them with one click without having to leave Joyn. In this way, we can tap into **new revenue streams** for ourselves, independent of advertising.

Our ambition is to have these offers implemented in the next two years. These are **ambitious goals**, with which we want to **double** the reach of Joyn in this period.

Our strategic path for Joyn has a second component. It is not just our own content that is crucial to Joyn's success. Joyn is an **aggregator platform** that already

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combines **TV live streams from over 60 broadcasters for free**. Just think about your own habits: The more content from different providers you can find on one platform, the easier it is for you. And that is what it is all about: We want to pick up users directly from their habits and needs. To do this, we need to bundle not only the live signals on one platform, but also the media libraries in particular. That is why we are already in talks with other media companies, producers, advertisers and agencies, as well as talent, so that they can join us: **Together, we can establish an industry-connecting streaming service**. I'm aware: This idea is not new, and the challenge is big. And yet the moment has never been so right, the need so acute. **It is a unique opportunity for the entire German media industry.**

A look at our neighboring country shows that it is possible: In May, we launched Joyn in Austria as well. Joyn Austria is our blueprint: **We have managed not only to offer our content on Joyn, but to unite all Austrian broadcasters – private and public – on one platform**. Joyn is thus Austria's superstreamer, offering not only more than 50 stations – live and in the media libraries – but also over 30 of the most popular radio stations. With this focus, Joyn Austria is already set to become the leading digital platform by 2024.

We are also working on such a coalition for diversity and quality in Germany:

When integrating the content of German public broadcasters on Joyn, we would of course take into account all media law requirements, especially with regard to advertising. We also see no obstacles under copyright or antitrust law. We are already in good talks with the public broadcaster about this. Because one thing is important above all: We must not get lost in media policy discussions but must pursue a clear goal together and with speed and create facts. **A strong streaming platform "made in Germany" is state-of-the-art. And it also makes economic sense in terms of financial resources.** After all, we have already created the technological basis for this with Joyn.

Success in the digital world requires thinking in new dimensions, exploring new ways of cooperation. **Joyn can be a real gamechanger here: THE streaming platform for Germany.** Let's not miss this opportunity.

For me, Joyn stands for more togetherness, for less against each other. In a world in which media use is becoming more and more digital and the market situation more and more complex, we should not be concerned with competition of private broadcasters *against* public broadcasters. With our viewers in mind, we should be concerned with **competition between private and public**

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broadcasting against the flood of disinformation. That is why we must all work together to strengthen our dual system and pull together.

Ladies and gentlemen, of course Joyn also plays such a central role in our strategy **because ad-financed streaming is a growth market.** With Joyn, we also offer our advertising customers a high-quality and secure digital environment. In addition, we see video as a whole and need a high total reach for successful **monetization**, i.e. for our company to earn money. How do we want to become faster and better at this? By becoming more tech-savvy and data-savvy, **we improve and expand our advertising portfolio with smart products.** We call these our **“advanced TV advertising products”**. They **bridge the gap between TV and digital**, because we complement our large TV reach with digital, targeted addressability. At the same time, we make our advertising inventory digitally bookable for our advertising customers. Simply put, this means: We make advertising easier for our customers to buy – and at the same time more powerful, by addressing it very specifically to the people for whom it is relevant.

With our Advanced TV advertising products – which, by the way, are also available on Joyn – and our growing digital reach via Joyn, we want to significantly increase the **digital share of our advertising revenues.** And thus not only compensate for the gradual decline in classic TV advertising revenues, but even overcompensate for it in the medium- to long-term.

You see: There is also a strong shift towards digital in the sales of our content and our reach. **It is therefore clear that our digital focus is driving our actions as never before.**

Now that I have gone into detail about our core Entertainment business, let's take a look at our Commerce & Ventures segment.

[Commerce & Ventures]

This is where we bundle our investments in digital growth companies. And here, too, we will focus better – on the **strategic and successful proximity to our core Entertainment business.**

As a reminder: For more than ten years, we have already been using our free, i.e. unsold, advertising inventory to make up-and-coming digital companies known. Through so-called **media-for-equity** and **media-for-revenue investments**, we give young companies advertising time and receive company shares or a revenue

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share in return. In other words, we use our reach to help young digital companies build a strong brand and accelerate their growth.

In the future, we will focus on such minority investments and in this way promote the next generation of entrepreneurs in the German-speaking region with our power. In general, however, we take a very disciplined approach to cash investments in this segment. The focus is on reducing our debt – and if we really invest money significantly, it is in our core business of Entertainment.

In the case of our **majority shareholdings**, i.e. companies such as the online beauty platform flaconi or the voucher provider Jochen Schweizer mydays, the focus is on **operating performance**. We want to improve this sustainably. A current successful example is **our online comparison portal Verivox**: Throughout 2022, Verivox's business model suffered from increased energy prices and the resulting limited switching options. Now that the situation on the energy markets is easing, competition is increasing and consumers have renewed incentives to switch their electricity or gas provider, Verivox's revenues are rising significantly. In the first quarter, 140% more new contracts were concluded via Verivox than in the previous year.

At the same time, we continue to adhere to our **best owner principle**: This means that we divest our shareholdings when we can no longer strengthen their growth primarily through our reach. In case of a disposal, we of course want to realize the value we have created by building and strengthening the respective brand – for our company and for all stakeholders.

[Dating & Video]

A great demonstration of how we can build market leaders through the power of television and our digital reach is our Dating & Video segment. In 2012, we invested in the dating brand Parship via advertising time. Ten years later, we have built **one of the world's top three online dating providers** around Parship: Today, the ParshipMeet Group consists of eight brands and is at home on three continents. ParshipMeet now generates around two-thirds of its revenue outside the DACH region. However, this also means that the synergies with our German-speaking Entertainment business are becoming less and less important. In the medium- to long-term, we will therefore look at all options for creating value for all stakeholders with ParshipMeet.

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Currently, our focus is therefore also on **improving and sharpening the operating business of ParshipMeet Group**. In concrete terms, this means that at the beginning of the year we restructured the organization to reduce redundancies. The aim of the new structure is also to ensure that the brands of ParshipMeet Group complement each other even better in terms of their products, target groups, user intentions and regions. In this way, we want to put ParshipMeet back on a sustainable growth path.

[Investors]

Ladies and gentlemen, as you can see, **we are pursuing a clear strategy with a focus on our Entertainment expertise and our digital business** – and one that is clearly geared **to the German-speaking-region**. We are pleased that our international investors such as Media for Europe and PPF also support these plans. Because in our constructive dialog with our investors, as in our communication with you, our shareholders, we also attach the greatest importance to transparency and openness. What is important for me to emphasize: As stakeholders of this company, it is incumbent on all of you to know the route of our journey and to navigate together with us toward a successful future.

[Strategic Priorities]

Let me emphasize once again at the end: The economic environment and the necessary transformation of ProSiebenSat.1 make it necessary for us to take tough decisions this year. That applies to the dividend proposal as well as to our cost program. But these measures are necessary to put ProSiebenSat.1 in a **strong and, above all, sustainable position**. Of course, our strategy fully pays off in terms of our financial targets. At the same time, in implementing them, we are clearly adhering to the financial guidelines we have defined for ourselves. This means: **We continue to aim for an organic increase of our Group revenues by an average of 4% to 5% per year in the medium- to long-term**. At the same time, we are aiming for a financial leverage ratio of 1.5x to 2.5x. In the medium-term, we continue to aim for a ProSiebenSat.1 return on capital employed of over 15%.

We are investing *today* in *tomorrow*. Because we have a clear plan for the future and are convinced that we can translate our strategy into growth. We all agree that 2023 must be the year we focus. In which we take decisive steps to achieve our goal of becoming the number one in the German-speaking Entertainment market. **I am convinced that we have taken the right path on our journey with our clear focus on Entertainment and on Joyn**. Now it is up to us to prove that we can do it. That is where we are focusing all our energy on. For us. And above all for you, our

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shareholders. So that ProSiebenSat.1 is a very valuable investment for you in the medium- and long-term!

Thank you for your attention!