



# Highlight

Highlight Communications AG



## 3Q 2024

## QUARTERLY STATEMENT as of September 30, 2024

### Development of the Highlight Group in the first nine months in line with expectations

- Consolidated sales amounted to CHF 258.4 million (previous year CHF 285.6 million).
- EBIT amounted to CHF -7.6 million (previous year CHF -3.0 million).
- The equity ratio was 26.2% as of September 30, 2024 (December 31, 2023: 26.8%).

## Economic development of the Highlight Group

### *Sales and earnings (in CHF million)*

	Jan. 01 to Sept. 30, 2024	Jan. 01 to Sept. 30, 2023	Change
Sales	258.4	285.6	-9.5%
EBIT	-7.6	-3.0	n/a
Net profit for the period	-18.2	-18.0	n/a
Net profit attributable to shareholders	-18.2	-18.4	n/a
Earnings per share (in CHF)	-0.32	-0.32	n/a

The lower revenue compared to the previous year is due to the lower segment sales in the Film segment.

Other segment revenue, which is largely characterized by capitalized film productions, was above the previous year's level due to production-related factors.

Consolidated operating expenses decreased slightly by CHF 4.2 million to CHF 355.9 million.

As a result, EBIT is CHF -7.6 million (previous year CHF -3.0 million) and the consolidated net loss for the period is CHF -18.2 million compared to CHF -18.0 million in the previous year.

### *Net assets and financial position (in CHF million)*

	Sept. 30, 2024	Dec. 31, 2023	Change
Balance sheet total	658.2	598.8	9.9%
Equity	172.2	160.4	7.3%
Equity ratio (in %)	26.2	26.8	-0.6 points
Current financial liabilities	215.9	153.7	n/a
Cash and cash equivalents	7.0	25.5	n/a

Non-current assets of CHF 508.3 million were CHF 57.7 million above the level at the end of 2023. The increase in film assets by CHF 56.3 million to CHF 252.3 million resulted from a rise in in-house productions compared to the end of 2023.

Current assets increased slightly by CHF 1.7 million, to CHF 149.9 million. While cash and cash equivalents decreased by CHF 18.5 million, this was offset by an increase in trade and other receivables by CHF 28.6 million.

Equity increased by 7.3% to CHF 172.2 million compared to CHF 160.4 million at the end of 2023.

## Operational and economic development of the Film segment

**Theatrical production** - In the third quarter of 2024, filming began on a total of four theatrical movies, including “The Physician 2”, a sequel to the international box office hit from 2013, and “Manitou’s Canoe”, the sequel to the most successful German film of all time.

In the area of rights acquisition, the Constantin Film Group secured “High In The Clouds” and “Solo Mio” in the same period.

The movie theater market in Germany is down 14% and 16% on 2023 in terms of viewers and sales respectively as at this date. The strike undertaken by actors and creatives of the SAG-AFTRA (Screen Actors Guild – American Federation of Television and Radio Artists) in 2023 also affected releases in the first quarter of 2024, which resulted in a low product density and therefore also had an impact on movie theater figures. The current deficit compared to 2023 should be reduced a little more in the fourth quarter, as fewer US products came to German movie theaters last autumn/winter due to strikes.

As of the reporting date, moviegoers for 2024 are estimated at 64 million with GBO (gross box office) of EUR 618 million; the average ticket price is on a par with the previous year at EUR 9.60.

The economic tensions in Germany and Europe continue to have a strong impact on consumer behavior.

**Theatrical distribution** - During the reporting period, the movies “200% Wolf” and “Megalopolis” opened in German movie theaters on August 8, 2024 and September 26, 2024 respectively.

**Home entertainment** - The blockbuster in-house production “Chantal and the Magic Kingdom” (“Chantal im Märchenland”), which builds on the successful Suck Me Shakespeer franchise, was the one movie released in the third quarter: millions of people had previously enjoyed it in movie theaters, and it delivered well above-average sales figures in digital and physical exploitation. Other exploitations included the animated family film “The Secret of La Mancha” and the action fantasy film “Boy Kills World”. Both titles promise very good sales figures in initial marketing.

The positive overall result was also driven to a large extent by the sales figures in both physical digital formats for the following movies released in the first half of 2024: “Das Beste kommt noch”, “The Unlikely Pilgrimage of Harold Fry”, “Wow! - Nachricht aus dem All”, “The Three Musketeers – Milady”, “Home Sweet Home”, and the direct-to-video releases “Natural Born Liar” and “A Happy Man”. The intensive and continuous marketing of the library products also contributed to the very pleasing sales figures.

In a generally weak physical sales market, the license acquisition “Neue Geschichten vom Pumuckl” was a hit, with several thousand units sold. The physical reissue of the all-time classic “The Name of the Rose” in several versions, including 4K format, also generated strong sales.

Constantin Film once again delivered strong market shares for ARD’s summer movie slot. The comedy “Contra” with Christoph Maria Herbst and Nilam Farooq in the lead roles achieved a 20.8% market share among 14 to 49 year-olds, with 812,000 viewers in this age group, giving ARD the highest ratings of the day. In the overall market, 4.5 million viewers watched the movie with a market share of 19.7%; in addition, there were 453,000 views in the media library. The ninth film adaptation in the Eberhofer series, “Rehagout-Rendezvous”, delivered a market share of 21.1% in the overall market with 5.2 million viewers. Equally impressive was the success among the young audience of 14 to 49 year-olds: 811,000 viewers were between 14 and 49 years old, with a market share here of 18.5%.

The repeats of the Croatian crime dramas in prime time on ARD with the titles “Vor Mitternacht” and “Tod im roten Kleid” attained double-digit market shares in the overall market, with 20.2% (4.2 million viewers) and 19.8% (4.58 million viewers) respectively.

In the streaming segment, the sensational historical epic production “Those About To Die”, starring Anthony Hopkins, shone with extremely good viewing figures on Amazon Prime Video. The 10-part series was accessed over 30 million times in Germany during the reporting period. The docutainment show “Kaulitz & Kaulitz”, which started on Netflix just before the beginning of the third quarter, reached a total of over 20 million views.

**License trading/TV exploitation** - In the third quarter, the theatrical movies “Rehagout-Rendezvous” (from the Eberhofer series, Degeto and ORF/Austrian Broadcasting Corporation) were made available for the first time on free-to-air TV, as well as the comedies “Liebesdings” (with Elyas M'Barek in the lead role) and Leander Haußmanns’ “Stasikomödie” (both ProSieben).

In pay TV (PPC), the digital premieres “Natural Born Liar” and “A Happy Man” saw initial exploitation on Sky; along with “The Three Musketeers – Milady”.

**TV service production** – In the third quarter, filming began on numerous productions, including a Netflix comedy directed by Marco Petry with Alexandra Maria Lara and David Striesow (Olga Film), the feature films “Was noch Schönes kommt” (Hager Moss) and “Am Ende des Tages” (Olga Film), and the TV series “Stationär” (Rat Pack).

During the reporting period, Constantin Entertainment produced, among other things, new episodes of “Geht’s noch?! - Die irrwitzige Verbrauchershow” (Sat 1), a seventh season of “Musik in den Bergen” (BR), as well as new episodes of a reality show for “Germany Shore” (Paramount+). Filming also began on the second season of the personality series “Kaulitz & Kaulitz” (Netflix).

**Sales and earnings** (in CHF million)

	Jan. 01 to Sept. 30, 2024	Jan. 01 to Sept. 30, 2023	Change
Segment sales	141.9	171.7	-17.4%
Segment earnings	0.5	5.6	n/a

Segment expenses decreased by CHF 5.1 million or 2.2% to CHF 229.1 million in the reporting period. Due to the lower segment sales, the segment profit was still below the previous year’s figure.

**Operational and economic development of the Sports and Event segment**

In the third quarter of 2024, TEAM signed Qatar Airways and Crypto.com as new sponsors for the UEFA Champions League 2024-2027 seasons. Kaizen Gaming (Betano) signed a sponsorship deal for the UEFA Europa League and the UEFA Conference League 2024-2027 seasons.

In the third quarter, the activities of Highlight Event AG were focused on the negotiation of various TV contracts for the Vienna Philharmonic Orchestra as well as events associated with the sponsorship agreements in 2024 and 2025, and on the sale of the sponsorship rights for the Eurovision Song Contest 2025.

Strategic investor for SPORT1: In August, the agreement between Sport1 Medien AG and ACUNMEDYA on the sale of 50% of the members’ shares in Sport1 GmbH, announced in February 2024, was completed. In addition to the equity interest, an extensive content campaign will also be implemented as part of the strategic cooperation with ACUNMEDYA: Internationally known and highly successful entertainment and sports entertainment formats from ACUNMEDYA are to be brought German free TV on SPORT1. The German premiere of EXATLON Germany in September marked the start. The sports reality format EXATLON uniquely combines sports, reality and entertainment, and has already won over a large audience worldwide.

For its digital platforms, SPORT1 acquired sub-licensing rights from Warner Bros. Discovery for highlight clips from the Summer Olympic Games in Paris, in order to comprehensively cover the next highlight of the super sports year after soccer’s European Championship.

In free TV, market shares in the third quarter among viewers aged three and over and in the core target group of men aged 14 to 59 years were 0.4% (Q3 2023: 0.5%) and 0.7% (Q3 2023: 0.9%) respectively – and therefore, as expected, they were down on the same quarter of last year due to strong competition from soccer’s European Championship and the Olympic Games on other channels.

The pay TV channel SPORT1+ recorded a total of around 1.89 million subscribers as of September 30, 2024 (September 30, 2023: 1.87 million). The number of subscribers of eSPORTS1 was around 2.16 million as of September 30, 2024, up on the same quarter of the previous year (September 30, 2023: 2.09 million).

In terms of digital content, in the third quarter of 2024, visits decreased by 1% and video views on the SPORT1 platforms were down 7% compared to the third quarter 2023. The slight decline was partly due to a temporary SEO problem with the Google search algorithm, while coverage of the European Football Championship and the Olympic Games had a positive effect on visits and video views.

## Sales and earnings (in CHF million)

	Jan. 01 to Sept. 30, 2024	Jan. 01 to Sept. 30, 2023	Change
Segment sales	116.5	113.9	2.3%
Segment earnings	-4.5	-4.2	n/a

The external sales of the Sports and Events segment were CHF 116.5 million, which is CHF 2.7 million above the previous year's level due to exchange rate effects. Other segment income decreased by CHF 0.7 million to CHF 2.8 million, while segment expenses increased by CHF 2.3 million to CHF 124.0 million. The segment profit was CHF -4.5 million due to exchange rate effects (previous year CHF -4.2 million).

## Report on risks and opportunities

There were no changes in the Highlight Group's risks and opportunities in the third quarter of 2024. A detailed description of the risk management system and the risk and opportunity profile can be found in the management report of our 2023 annual report.

## Outlook

### Film Segment

The Constantin productions "Hagen - Im Tal der Nibelungen" and "Der Spitzname" are scheduled for release in German cinemas in the fourth quarter.

In home entertainment exploitation, which includes digital and physical distribution, Constantin expects consistently strong sales figures for the new releases and catalog products for digital distribution. For physical business, a further decline in sales is expected due to increasing consumer restraint.

With Francis Ford Coppola's masterpiece "Megalopolis" and the franchise animation "200% Wolf", further promising productions are available in home entertainment sales in the fourth quarter of 2024.

In the fourth quarter of 2024, revenue/free TV from ProSieben are expected for the theatrical movies "Family Affairs" and "After Forever" (the fourth and final part of the bestseller film adaptation). RTL and ORF are about to make "The Pool" (director: Doris Dörrie) available on free TV for the first time; RTL is also starting to license the video launch title "Lamborghini".

In addition, the two feature films "Das Beste kommt noch" with Til Schweiger and "Wow! - Nachricht aus dem All" will be available on pay TV (PPC) on both Sky and blue Entertainment (Switzerland).

### Sports and Event segment

In the next quarter, TEAM will focus on supporting UEFA and in delivering the first-ever League Phase for the current season. The change to the format of the UEFA Champions League, UEFA Europa League and UEFA Conference League adds 126 matches per season to the inventory of the 2024-2027 commercial cycle.

In the third quarter, the activities of Highlight Event AG focus on various sponsor and media events of the Vienna Philharmonic Orchestra in Madrid (October 1, 2024), Paris (October 4, 2024) and Beijing (October 28, 2024), as well as preparations for the New Year's Day Concert 2025 and a further sponsor event in Milan in February 2025. Sales activities for the ESC 2025 in Basel (Switzerland) have started well. Various sponsorship agreements have already been extended or concluded at an early stage.

The fundamental focus of Sport 1 GmbH in the 2024 fiscal year is on the rigorous use, dissemination and capitalization of content in the areas of sports and entertainment. In addition to strengthening the SPORT1 portfolio through the acquisition of new rights and the launch of new formats, the extension of existing partnerships and the development of new content collaborations and business areas, the cross-platform exploitation and staging of established program pillars will continue to be priorities. These include core sports such as soccer, darts and motor sports. Given the continued massive growth in the digital and cross-platform use of media content, the Sports segment will also continue to advance the digital diversification of the SPORT1 brand, while also creating new content and marketing environments. On the basis of the wide reach of its platforms, the rights acquired on a long-term basis and the existing target group, the SPORT1 MEDIEN Group plans to successively create

its own digital products geared toward its platforms' target group and hence make itself less dependent on the advertising market. Another focal point is the planning and implementation of promising Web3 projects.

In addition to complex live and non-live productions, PLAZAMEDIA will continue to focus on developing innovative production technologies, content management solutions and technical content distribution in 2024.

The main priorities for sports at the other subsidiaries of Sport1 Medien AG will also be maintaining and expanding existing customer relationships and developing new ones. There will be a particular focus on making the best possible use of synergies in the sports and entertainment sector, where the subsidiaries cover the entire value chain and hence provide integrated services for partners and customers.

### **Events after the balance sheet date**

Management and the Board of Directors are not aware of any events that occurred after the balance sheet date with a material impact on the net assets, financial position and results of operations of the Highlight Group.

## **Notes and forward-looking statements**

*This document is a quarterly statement according to Section 51a of the Exchange Rules for the Frankfurter Wertpapierbörse.*

*For calculation-related reasons, rounding differences of +/- one unit may arise and the percentages shown may not precisely reflect the absolute figures to which they relate.*

*This document contains forward-looking statements that are based on estimates and expectations of the Group management. Words such as “anticipate”, “intend”, “expect”, “can/could”, “plan”, “intended”, “further improvement”, “target is”, and similar expressions are intended to identify forward-looking statements.*

*Forward-looking statements are not historical facts. These are subject to risks, uncertainties and factors, of which most are difficult to assess and which in general are beyond the control of the Group management. If one or more of these risks or uncertainties materializes, or if underlying expectations do not occur or assumptions prove to be incorrect, the actual results, performance, or achievements of the Highlight Group may differ significantly from those described explicitly or implicitly in the forward-looking statements. Highlight Communications AG does not intend to continuously update the forward-looking statements contained in this document.*

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