ProSiebenSat.1 Media SE

Quarterly Statement for the First Quarter of 2023

MOVING FORWARD

RELEVANCE
INNOVATION
VALUES

CONTENT

AT A GLANCE

- **Group revenues as expected below previous year:** Group revenues are clearly impacted by the macroeconomic environment in the German-speaking region (Germany, Austria, Switzerland) and therefore declined to EUR 816 million in the first quarter of 2023 (previous year: EUR 941 million). Consolidation effects also had a negative impact on revenue development.
- **Advertising market highly sensitive to economic developments:** Given the still burdened economic environment in the first quarter of 2023, the investments by the advertising industry remain below the previous year's level. At the same time, the previous year's figure was not yet comparably impacted by the effects of the Russia/Ukraine war.
- **Commerce & Ventures segment posts revenue growth:** The key growth drivers were the Beauty & Lifestyle business with flaconi and the online comparison portal Verivox (Consumer Advice). Verivox benefited significantly from the improvement in the energy markets and the return of competition.
- **Earnings impacted by development of the high-margin advertising business:** Adjusted EBITDA amounts to EUR 53 million, significantly lower than in the previous year (previous year: EUR 112 million). This reflects our expectations in a challenging market environment.
- **Economic institutes expect a clear improvement as of the second half of 2023:** ProSiebenSat.1 expects – in parallel with the forecast economic upturn – a significant recovery in the important advertising business in the second half of the year. In line with revenues, adjusted EBITDA is also likely to be characterized by catch-up effects.
- **Full-year outlook confirmed, assuming a significant recovery in advertising business:** For the full-year, ProSiebenSat.1 expects slight organic revenue growth to around EUR 4.10 billion with a variance of plus/minus EUR 150 million and adjusted EBITDA of around EUR 600 million with a variance of plus/minus EUR 50 million.
- **In order to achieve our medium- and long-term growth targets, we are transforming our organization:** We are expanding the business areas relevant to our strategy and putting Joyn at the center of our entertainment activities. At the same time, we are focusing on cost efficiency, profitability and cash flow.

KEY FIGURES OF PROSIEBENSAT.1 GROUP

in EUR m

	Q1 2023	Q1 2022[1]
Revenues	816	941
Adjusted EBITDA[2]	53	112
Adjusted net income[3]	−15	38
Adjusted operating free cash flow[4]	−24	145
Audience share (in %)[5]	24.2	24.9

	03/31/2023	12/31/2022	03/31/2022[1]
Employees[6]	7,385	7,284	7,923
Programming assets	1,114	1,086	1,128
Cash and cash equivalents	436	504	706
Net financial debt	1,682	1,613	1,740
Leverage ratio[7]	2.7	2.4	2.1

1 Prior-year figures partly adjusted as described in Annual Report 2022, Notes to Consolidated Financial Statements, note 3 "Changes in reporting standards and accounting policies".
2 EBITDA before reconciling items.
3 Net income attributable to shareholders of ProSiebenSat.1 Media SE before the amortization and impairments from purchase price allocations, adjusted for the reconciling items. These include valuation effects recognized in other financial result, valuation effects of put option liabilities, valuation effects from interest rate hedging transactions as well as other material one-time items. Moreover, the tax effects resulting from such adjustments are also adjusted. See Annual Report 2022, page 131.
4 For a definition of the adjusted operating free cash flow, please refer to the Annual Report 2022, page 129.
5 ProSiebenSat.1 Group; AGF in cooperation with GfK; market standard: TV; VIDEOSCOPE 1.4; Target group: 14–49 years.
6 Full-time equivalent positions as of reporting date.
7 Ratio net financial debt to adjusted EBITDA in the last twelve months.

» INFORMATION

Due to rounding, it is possible that certain figures do not exactly add up to the total shown and that percentage figures given do not exactly reflect the absolute figures to which they relate.

CURRENT INFORMATION ON THE FIRST QUARTER OF 2023

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Adjustment of the Dividend Policy and Dividend Proposal for Financial Year 2022

ProSiebenSat.1 is focusing on expanding the Group's position as one of the leading, digital media companies in the German-speaking region (Germany, Austria, Switzerland) on the basis of a solid financial position. Against this backdrop, the Executive Board of ProSiebenSat.1 Media SE, with the approval of the Supervisory Board, decided to adjust the dividend policy on April 27, 2023, and thus after the end of the reporting period:

Besides the general economic environment and the adjusted net income as reference basis for distributions to shareholders, the Group from now takes into particular focus an appropriate level of financial leverage when determining distributions to shareholders. Furthermore, ProSiebenSat.1 also takes into account requirements for investments into the business, including the realization of strategic growth opportunities, particularly in the Entertainment core business.

Reference basis for dividend payments remains the Group's adjusted net income. In the future, the Group will generally aim to pay out 25% to 50% of adjusted net income (previously: 50%), taking into account the aforementioned criteria. For the time being, the upper end of our financial leverage target corridor of 1.5x to 2.5x will serve as a benchmark for maintaining an appropriate level of financial leverage (ratio of the Group's net financial debt to its LTM adjusted EBITDA). However, important strategic investments may lead to a temporary adjustment of the target corridor.

Considering the aforementioned adjusted criteria for distributions to shareholders and in the light of the – due to the Russia/Ukraine war and the related general economic environment – expected burdened business development of the Company, the Executive Board and Supervisory Board will propose to the 2023 Annual General Meeting to pay out a significantly reduced dividend of EUR 0.05 per share to the holders entitled to dividends for fiscal year 2022 (previous year: EUR 0.80). This corresponds to an expected dividend payment of around EUR 11 million. This reduced proposal takes in particular into account that – as per the outlook of the Company for fiscal 2023 – the financial leverage ratio for the Group at the end of full-year 2023 is expected above the upper end of the target corridor. Payment of the proposed dividend is subject to approval by the Annual General Meeting on June 30, 2023.

→ **Company Outlook**

Personnel Change on the Executive Board

Martin Mildner has been a member of the Executive Board and Chief Financial Officer (Group CFO) of ProSiebenSat.1 Media SE since May 1, 2023. He succeeds Ralf Peter Gierig, who resigned from his office as Chief Financial Officer on April 27, 2023, prior to the resolution on the preparation of the Annual and Consolidated Financial Statements for financial year 2022, by mutual agreement with the Supervisory Board of ProSiebenSat.1 Media SE and left the Executive Board.

Most recently, Martin Mildner was Chief Financial Officer of the MDAX-listed United Internet AG and had successfully taken the Group subsidiary IONOS public. Prior to this, he spent many years as General Counsel and Global Head of M&A at Otto Group, where he was responsible among other things, for the setup of the online fashion retailer ABOUT YOU and the preparation for its IPO in 2021.

Information on the matter of German Payment Services Supervision Act

ProSiebenSat.1 Group reported as part of the Annual Report for financial year 2022, published on April 28, 2023, in detail on the business activities of Jochen Schweizer GmbH and mydays GmbH with regard to the German Payment Services Supervision Act ("Zahlungsdiensteaufsichtsgesetz" – "ZAG") and the related processes. At the time of the resolution on the preparation of the interim statement for the first quarter of 2023, there is no new information available in this respect. For a comprehensive presentation of the matter, we therefore refer to the Annual Report.

→ Annual Report 2022, chapter "Significant Events and Changes in the Scope of Consolidation"

Development of the shareholder structure

ProSiebenSat.1 Media SE's shares are largely held by institutional investors from Europe and the US as well as private shareholders. The largest individual shareholder is MFE-MEDIAFOREUROPE N.V. ("MFE", formerly: Mediaset), with registered office in Amsterdam, Netherlands, and its headquarter in Cologno Monzese, Italy. It holds – according to the voting rights notification dated May 9, 2023 – 25.73% of the shares in ProSiebenSat.1 Media SE (December 31, 2022: 22.72% together with Mediaset España Comunicación, Madrid, Spain). In addition, MFE has secured the option to acquire a further 3.14% of the share capital or voting rights via instruments within the meaning of Section 38 (1) No. 1 and No. 2 WpHG (December 31, 2022: 6.29% together with Mediaset España Comunicación, Madrid, Spain). MFE's shareholding in shares and instruments thus totals 28.87% (December 31, 2022: 29.01% together with Mediaset España Comunicación, Madrid, Spain).

PPF Group N.V. ("PPF Group"), Amsterdam, Netherlands, holds – according to the voting rights notification dated March 5, 2023 – 10.10% of the shares in ProSiebenSat.1 Media SE via PPF IM Ltd. (formerly: Acolendo Limited), Nicosia, Cyprus. In addition, there is an option to acquire a further 3% of the share capital or voting rights via instruments within the meaning of Section 38 (1) No. 1 WpHG, so that the stake in shares and instruments amounts to 13.10%. PPF is thus the second largest individual shareholder of ProSiebenSat.1 Media SE.

Irrespective of the general regulatory requirements under capital market and antitrust law, by law the regulatory authorities can take measures as part of a media concentration audit to ensure plurality of opinion and information if certain reporting thresholds are exceeded, especially in the event of an interest in the share capital or voting rights of 25% or more. The number of shares held is decisive for the exercise of voting rights at the Annual General Meeting.

ECONOMIC DEVELOPMENTS

After the **global economy** had deteriorated significantly in 2022, especially due to the impact of the Russia/Ukraine war and high inflation, which dampened consumer spending, at the beginning of 2023, there are growing signs that the decline in **German economic performance** could be much milder in the winter half of the year than was forecast at the end of 2022. In addition to the easing in the supply chains, this is being driven in particular by declining energy prices. The ifo Business Climate Index, a business sentiment barometer, increased for the fifth time in a row in March 2023. Against this backdrop, the German Federal Statistical Office sees a stable development of economic output in the first quarter of 2023. Nevertheless, inflation will remain high at first and significantly reduce private households' purchasing power – with corresponding negative effects on private consumption. A recovery here can only be expected if real wages also increase.

Although the German economy is likely to gain momentum, especially from the second half of 2023, the macroeconomic situation remains challenging. Visibility remains low: The existing economic uncertainties range from turbulence in the international banking sector and the persistence of high inflation to possible energy supply shortages in the coming winter. The geopolitical tensions, not least in connection with the Russia/Ukraine war, also remain high.

According to the Joint Economic Forecast, the German economy is expected to grow by 0.3% in real terms in 2023, while private consumption is expected to decline by 0.2% over the full-year.

DEVELOPMENT OF RELEVANT MARKET ENVIRONMENTS

ProSiebenSat.1 is the home of popular entertainment and infotainment. The Company is one of the leading entertainment providers in the German-speaking region. We intend to strengthen this position. We are increasing our reach by focusing on local and relevant live content and consistently expanding our digital portfolio. Here, the streaming platform Joyn is at the center of our digital entertainment presence.

Entertainment is our core business. At the same time, the Group is diversifying its revenue sources and has been supporting the development of emerging digital companies with its brand-building power for over ten years: This investment approach is based on the media-for-equity/revenue model. This means that ProSiebenSat.1 invests free advertising time in digital consumer brands in exchange for a share in their growth. ProSiebenSat.1 Group thus monetizes its reach through both advertising and media synergies in the Commerce & Ventures business, which in turn has given rise to the Dating & Video segment. The initial investment in the Dating & Video segment was made in 2012 via a media-for-revenue deal with Parship Group GmbH ("Parship").

All our offerings follow the same principle: "Viewers and Users First." This means that we put viewers and users at the center of everything we do. We gear our products exclusively to their needs. They can thus be entertained by our content, make use of our offerings and ultimately spend as much time with us as possible.

In the **Entertainment** segment, ProSiebenSat.1 focuses on advertising-financed video content and responds to media usage trends in a targeted way. In addition to video, audio formats in the form of podcasts also supplement our portfolio. The development of the TV market is characterized by two major trends: TV remains the medium with by far the highest usage time, even though multi-year comparison shows that daily usage of live TV offerings is declining at a high level. At the same time, the latest ViewTime Report in cooperation with forsa shows that usage of advertising-financed streaming offerings has gained significantly in importance. This high popularity is a peculiarity of the German TV market, which also characterizes our portfolio: Our streaming platform Joyn is freely available and is primarily financed by advertising.

Digitalization continues to bring lasting change to the media landscape. Media can be accessed anytime and anywhere. User behavior is becoming more individual and diverse, also giving rise to new options for advertising. This is particularly true of TV advertising: The more tailored the advertising, the higher the added value for our advertising customers as well as our viewers. With innovative Advanced TV advertising products ProSiebenSat.1 is driving the digital transformation. To this end, the Group is combining the advantages of the digital world – such as data-based broadcast options – with its high TV reach.

The advertising market reacts in a very sensitive and early-cyclical way to economic developments. Private consumer spending in particular correlates very closely with investments in advertising. Given the decline in private consumption, investments in TV advertising in Germany decreased again in the first quarter of 2023. According to Nielsen Media Research, the gross amount was 9.8% lower than in the previous year at EUR 3.33 billion (previous year: EUR 3.69 billion). In this competitive environment, ProSiebenSat.1 Group's gross TV advertising revenues amounted to EUR 1.11 billion (previous year: EUR 1.29 billion). This resulted in a market share of 33.4% (previous year: 35.0%). In addition to the ongoing macroeconomic burdens, the first quarter of 2023 is influenced by a comparison effect: At the start of 2022, and thus before the outbreak of the Russia/Ukraine war in February of last year, advertising revenues were still growing dynamically.

» INFORMATION

The data from Nielsen Media Research are important indicators for assessing the development of the advertising market. However, they are gathered on a gross revenue basis, meaning that neither discounts and own advertising nor agency commission are taken into account. In addition, the figures include TV spots from media-for-revenue and media-for-equity deals. The advertising revenues of major US digital corporations such as Google LLC ("Google") also are not reflected in the Nielsen figures, which therefore do not represent the entire gross advertising market. This also results in differences from the development of the TV advertising market on a net basis.

For the German market, the ProSiebenSat.1 stations' audience shares in the 14- to 49-year-old target group amounted to 24.2% in the first quarter of 2023 (previous year: 24.9%). This declining development reflects our expectations in a very challenging market environment, to which we have already responded with cost adjustments in programming. At the same time, ProSiebenSat.1 is continuing the programming strategy with a focus on local content and live formats. In this context, independent news reporting is increasingly important to meet the growing demand for current information and reliable contextualization of news on all platforms. With our own newsroom, we are increasingly fulfilling our high level of social responsibility: Since January 1, 2023, ProSiebenSat.1 has been producing news in-house and broadcasting it live.

At the same time, ProSiebenSat.1 stands for successful entertainment. For TV, it places an emphasis on local content in prime time, which is particularly relevant for the advertising industry. Examples include "Germany's next Topmodel – by Heidi Klum" and "Wer stiehlt mir die Show?" (Stealing the Show). In the first quarter of 2023, these shows' ratings averaged 20.9% or 20.1% in prime time (viewers aged 14 to 49) and were thus above the station average. Overall, the share of local content on the big TV stations ProSieben and SAT.1 increased by 10.4% compared with the same quarter of the previous year. This is an increasingly important competitive advantage: With our own content, we are sharpening our brand profile while enhancing our position versus multinational streaming providers.

In addition to the focus on local and live content, we are putting Joyn at the center of our entertainment activities and expanding the streaming platform into an entertainment and lifestyle brand for the entire family in the German-speaking region. Besides Germany, the streaming platform has also been available in Austria since May 2023. Joyn is an aggregator platform, and cooperation with various industry partners are an important part of our streaming strategy. In this context, it is becoming increasingly important for the acquisition of programme licenses to acquire platform-independent rights. The new agreement with NBC Universal is an important milestone: In February 2023, we concluded the largest joint film and series contract to date. The agreement includes a long-term, exclusive content partnership, which for the first time gives us the flexibility to choose in which order we broadcast the content – whether first on linear TV or Joyn.

In the **Commerce & Ventures** segment, ProSiebenSat.1 Group bundles its investments in e-commerce companies. According to the principle of "reach meets idea", the media group primarily invests advertising time in digital consumer brands and participates in the growth of the companies in the form of media-for-revenue or media-for-equity deals. We are continuing on this path by acquiring more minority investments and thus expanding our digital portfolio without major cash investments. The latest example is KoRo Handels GmbH ("KoRo"), a provider of innovative, vegan and vegetarian food, in which we took a stake in April 2023 via a media-for-equity investment. At the same time, ProSiebenSat.1 Group is concentrating on improving the operational performance of its majority investments. These include the online comparison portal Verivox (Consumer Advice), the car rental comparison portal billiger-mietwagen.de (Consumer Advice), the experience and leisure business of Jochen Schweizer mydays (Experiences), and the online beauty provider flaconi (Beauty & Lifestyle).

A large proportion of these businesses are dependent on general economic development. This relates firstly to the financial strength of the growth companies and the investment opportunities that arise. Secondly, the propensity of consumers to spend, and thus private consumption, is relevant for the business performance of the Commerce & Ventures portfolio. This was again made clear at the beginning of the year, albeit with varying intensity and impact depending on the sector.

Moreover, there is the special situation of the online comparison portal Verivox, whose business model is based on healthy dynamic competition. Verivox optimized its product range for the time after the energy price crisis and grew rapidly again when electricity and gas prices decreased in the first quarter of 2023. For example, a price alarm was installed on the portal, which notifies the user as soon as cheaper offers are available. Competition has since recovered, which means there is potential for savings again and thus options for consumers to switch providers.

In the **Dating & Video** segment, we operate in a dynamic market environment and cover a broad spectrum of the online dating and social entertainment market with the ParshipMeet Group brands under the motto “Meet – Date – Fall in Love.” ParshipMeet Group is also diversified in terms of revenue sources and geography. The factors influencing business performance are similarly diverse, including macroeconomic factors in the various countries as well as technological and social trends. There are also currency effects, as the business generates most of its revenues in North America.

After the market for interactive live-video formats grew dynamically during the COVID-19 pandemic and the social restrictions, the trend toward video meetings has normalized in the months following the end of contact restrictions and is back at a pre-pandemic level. In addition, consumer sentiment and especially the generally reluctance to consume in the German-speaking region had an impact on the usage of ParshipMeet Group’s offerings. In this context, the focus is currently on the operating performance of the brands. At the same time, ParshipMeet Group is currently reorganizing and more closely integrating its businesses so that its brands better complement each other with regard to products, target groups and user intentions. The aim remains to maximize the value for all stakeholders of ParshipMeet Group in the medium- to long-term and to realize it at the appropriate time.

FINANCIAL INFORMATION ON BUSINESS PERFORMANCE IN THE FIRST QUARTER OF 2023

Group revenues declined as expected in the first quarter of 2023: At EUR 816 million, they were 13% or EUR 125 million below the previous year and are still characterized by the challenging macroeconomic environment. The advertising market in particular is very sensitive to the economic situation, so revenues in the Entertainment segment were below the previous year's level. Consolidation effects also had a negative impact on revenue development. In contrast, revenues in the Commerce & Ventures segment developed positively. Adjusted for currency effects and portfolio changes, the Group's revenues decreased by 8% or EUR 73 million compared to the first quarter of 2022.

EXTERNAL REVENUES BY SEGMENT

in EUR m

	Q1 2023	Q1 2022[1]	Absolute change	Change in %
Entertainment	527	663	−136	−20.5
Commerce & Ventures	172	147	25	17.2
Dating & Video	117	132	−14	−11.0
Revenues	**816**	**941**	**−125**	**−13.3**

1 Prior-year figures partly adjusted as described in Annual Report 2022, Notes to Consolidated Financial Statements, note 3 "Changes in reporting standards and accounting policies".

External revenues in the **Entertainment** segment amounted to EUR 527 million in the first quarter of 2023 and were thus 20% or EUR 136 million below the previous year's figure. Adjusted for currency effects and portfolio changes, the decline was 14%. At the beginning of the year, consumers' willingness to spend is still significantly affected by the challenging macroeconomic environment, so the advertising market again developed below the previous year's level. In addition, the previous year's quarter was not yet comparably impacted by the effects of the Russia/Ukraine war, which broke out at the end of February 2022. In this context, our advertising revenues in the German-speaking region (Germany, Austria, Switzerland) decreased by 12% in the first quarter of 2023. The decline in TV advertising revenues in the German-speaking region was partially compensated by the growth in digital & smart advertising revenues, which increased by 8% in the first quarter of 2023. In addition to the streaming platform Joyn, this is attributable to the dynamic growth in the audio segment. The past quarters have shown that the advertising market closely correlates with the development of private consumption. The Group is therefore expanding its portfolio in a targeted manner and addressing different media usage interests.

Consolidation effects also had a negative impact on revenues in the Entertainment segment: Due to its focus on the German-speaking region, the Group sold the US production business of Red Arrow Studios as of July 1, 2022. This business had contributed revenues of EUR 60 million in the first quarter of the previous year. As a result, revenues from the content business (program production and sales) decreased significantly year-on-year by a total of minus 76%.

In the **Commerce & Ventures** segment, **external revenues** grew to EUR 172 million in the first quarter of 2023 (previous year: EUR 147 million), this represents an increase of 17%. Adjusted for currency effects and portfolio changes, the increase amounted to 18%. The key growth drivers were the Beauty & Lifestyle business with flaconi and the online comparison portal Verivox (Consumer Advice). In the first quarter of 2023, Verivox benefited directly from the return of competition in the energy market and grew significantly. In contrast, the media-for-revenue and media-for-equity businesses of SevenVentures declined as expected. This was also due to the difficult advertising market environment.

External revenues in the **Dating & Video** segment amounted to EUR 117 million; a decrease of 11% or EUR 14 million. Adjusted for currency effects of EUR 4 million, the decline was 14% or EUR 19 million. While the current consumer restraint affected dating platforms in the German-speaking region and resulted in declining revenues, the US subsidiary eharmony again recorded significant growth as the strongest brand in the dating portfolio. Overall, revenues from the dating business were therefore only slightly below the previous year's figure at EUR 65 million in the first quarter of 2023 (previous year: EUR 68 million). Revenues in the video business decreased to EUR 53 million (previous year: EUR 64 million). After revenues from the video business grew very dynamically during the COVID-19 pandemic and the associated restrictions in public life, they declined at a high level in an intensely competitive environment also in the first quarter of 2023.

EXTERNAL REVENUES

in EUR m

	Entertainment		Commerce & Ventures		Dating & Video		**Total Group**	
	Q1 2023	Q1 2022	**Q1 2023**	Q1 2022[1]	**Q1 2023**	Q1 2022	**Q1 2023**	Q1 2022[1]
Advertising revenues	**432**	**483**	**27**	**36**	**—**	**—**	**459**	**519**
DACH[2]	376	427	27	36	—	—	403	462
Rest of the world	56	57	—	—	—	—	56	57
Distribution	**46**	**44**	**—**	**—**	**—**	**—**	**46**	**44**
Content	**28**	**116**	**—**	**—**	**—**	**—**	**28**	**116**
Europe	26	53	—	—	—	—	26	53
Rest of the world	2	63	—	—	—	—	2	63
Digital Platform & Commerce	**—**	**—**	**144**	**110**	**—**	**—**	**144**	**110**
Consumer Advice	—	—	58	42	—	—	58	42
Experiences	—	—	5	3	—	—	5	3
Beauty & Lifestyle	—	—	81	65	—	—	81	65
Dating & Video	**—**	**—**	**—**	**—**	**117**	**132**	**117**	**132**
Dating	—	—	—	—	65	68	65	68
Video	—	—	—	—	53	64	53	64
Other revenues	**21**	**19**	**1**	**1**	**—**	**—**	**22**	**20**
Total	**527**	**663**	**172**	**147**	**117**	**132**	**816**	**941**

1 Prior-year figures partly adjusted as described in Annual Report 2022, Notes to Consolidated Financial Statements, note 3 "Changes in reporting standards and accounting policies".
2 DACH = German-speaking region (Germany, Austria, Switzerland).

In line with the revenue development, **adjusted EBITDA** decreased by 52% to EUR 53 million in the first quarter of 2023 (previous year: EUR 112 million). Adjusted for currency effects and portfolio changes, the decline was 45%. Costs affecting EBITDA amounted to EUR 767 million, down 8% on the previous year's figure (previous year: EUR 835 million). In addition to consolidation effects, cost savings also had an impact.

The decline in adjusted EBITDA reflects our expectations in a very challenging market environment. In particular, the highly profitable but at the same time very cyclically sensitive advertising business impacted earnings in the first quarter of 2023. ProSiebenSat.1 assumes the development of adjusted EBITDA during the year – in line with revenues – to be divided into two parts: considerable negative effects on adjusted EBITDA in the first half of 2023 contrasting with – parallel to the forecast economic upturn – significant catch-up effects in the second half.

→ **Company Outlook**

ADJUSTED EBITDA BY SEGMENT

in EUR m

	Q1 2023	Q1 2022[1]	Absolute change	Change in %
Entertainment	31	91	−60	−66.1
Commerce & Ventures	4	2	2	84.0
Dating & Video	21	22	−1	−3.1
Reconciliation (Holding & other)	−3	−3	0	−10.0
Total adjusted EBITDA	**53**	**112**	**−59**	**−52.3**

1 Prior-year figures partly adjusted as described in Annual Report 2022, Notes to Consolidated Financial Statements, note 3 "Changes in reporting standards and accounting policies".

In the **Entertainment** segment, **adjusted EBITDA** of EUR 31 million was with 66% significantly below the previous year's level (previous year: EUR 91 million). This reflects the negative development of the high-margin advertising business due to the economic situation. The Group reacted to this by efficiently managing programming expenses, which at EUR 224 million were 8% below the previous year (previous year: EUR 243 million). In addition, the full consolidation of Joyn as of October 31, 2022, had a negative effect on earnings in the amount of EUR 14 million.

The **Commerce & Ventures** segment recorded an **adjusted EBITDA** of EUR 4 million in the first quarter of 2023 (previous year: EUR 2 million). This is a growth of 84%, which is largely attributable to the revenue development at Verivox.

The **adjusted EBITDA** of the **Dating & Video** segment was almost at the previous year's level at EUR 21 million in the first quarter of 2023 (previous year: EUR 22 million), with cost savings contrasting the revenue decline.

The Group's **EBITDA** declined by 66% to EUR 38 million in the first quarter of 2023 (previous year: EUR 111 million). **EBIT** amounted to minus EUR 14 million (previous year: EUR 57 million) and was thus also significantly below the previous year's level.

RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME

in EUR m

	Q1 2023	Q1 2022[1]	Absolute change	Change in %
Adjusted EBITDA	53	112	−59	−52.3
Reconciling items	−16	−1	−14	~
EBITDA	**38**	**111**	**−73**	**−65.9**
Depreciation, amortization and impairments	−52	−54	2	−3.6
thereof from purchase price allocations	−8	−10	3	−27.1
Operating result (EBIT)	**−14**	**57**	**−71**	**~**
Financial result	−17	−22	4	−20.2
Income taxes	1	−16	16	~
Net income	**−31**	**20**	**−50**	**~**

1 Prior-year figures partly adjusted as described in Annual Report 2022, Notes to Consolidated Financial Statements, note 3 "Changes in reporting standards and accounting policies".

The **financial result** improved by 20% to minus EUR 17 million in the first quarter of 2023 (previous year: EUR –22 million). This was due to different and in part opposing effects: While the **interest result** developed negatively as a result of higher interest rates and amounted to minus EUR 12 million (previous year: EUR –3 million), the **result from investments accounted for using the equity method** improved to minus EUR 1 million (previous year: EUR –10 million). The increase is attributable to the full consolidation of Joyn. In the previous year, the 50% share in net profit or loss of the streaming platform was recognized in the financial result using the equity method. In addition, the **other financial result** improved to minus EUR 4 million (previous year: EUR –8 million). The largest single items were the result of the valuation of interest rate options of minus EUR 6 million (previous year: EUR 11 million) and valuation effects from securities of minus EUR 3 million (previous year: EUR –21 million), which in the previous year were attributable to the investment in ABOUT YOU. At the same time, the result of the valuation of media-for-equity investments rose to EUR 3 million (previous year: EUR 1 million).

In the first quarter of 2023, there was income from **income taxes** of EUR 1 million, after income tax expenses of EUR 16 million in the previous year. The change compared to the previous year is primarily due to the decline in earnings before taxes.

Due to the developments described above, **net income** decreased to minus EUR 31 million (previous year: EUR 20 million).

Adjusted net income amounted to minus EUR 15 million in the first quarter of 2023 (previous year: EUR 38 million). The reconciling items relevant for calculating adjusted net income are presented in the reconciliation below. The **reconciling items within EBITDA** increased to EUR 16 million (previous year: EUR 1 million) and include as the largest single item reorganization expenses of EUR 9 million (previous year: EUR 2 million), which relate in particular to the US-headquartered The Meet Group. In contrast, **reconciling items below EBITDA** decreased to EUR 5 million (previous year: EUR 14 million).

RECONCILIATION OF ADJUSTED NET INCOME

in EUR m

	Q1 2023	Q1 2022[1]	Absolute change	Change in %
Net income	**–31**	**20**	**–50**	**~**
Reconciling items within EBITDA	16	1	14	~
Reconciling items under EBITDA	5	14	–8	–60.9
Depreciation, amortization and impairments from purchase price allocations	8	11	–3	–26.4
Valuation effects in other financial result	4	6	–2	–36.1
Valuation effects of put options and earn-out liabilities[1]	0	–1	0	–57.0
Other effects	1	–4	5	~
Tax effects on adjustments	–7	1	–8	~
Subtotal	**–10**	**34**	**–44**	**~**
Adjusted net income attributable to non-controlling interests	–5	3	–8	~
Adjusted net income	**–15**	**38**	**–53**	**~**

1 Prior-year figures partly adjusted as described in Annual Report 2022, Notes to Consolidated Financial Statements, note 3 "Changes in reporting standards and accounting policies".

ADJUSTED OPERATING FREE CASH FLOW

in EUR m

	Q1 2023	Q1 2022[1]
Adjusted EBITDA	53	112
Consumption of programming assets incl. change in provisions for onerous contracts	204	230
Change in provisions	6	0
Change in working capital	–9	–34
Investments	–271	–175
programming assets	–219	–139
other investments	–52	–36
Other[2]	–7	11
Adjusted operating free cash flow	**–24**	**145**

1 Prior-year figures partly adjusted as described in Annual Report 2022, Notes to Consolidated Financial Statements, note 3 "Changes in reporting standards and accounting policies".
2 Comprises adjustments from reconciling items within EBITDA, included in the cash flow positions consumption of programming assets incl. change in provision for onerous contracts, change in provisions, change in working capital and investments.

Adjusted operating free cash flow declined to minus EUR 24 million in the first quarter of 2023 (previous year: EUR 145 million). This is attributable firstly to the year-on-year decline in adjusted EBITDA. Secondly, the development is influenced by a postponement of investments in licensed programming.

The Group's **net financial debt** amounted to EUR 1,682 million as of March 31, 2023 (December 31, 2022: EUR 1,613 million; March 31, 2022: EUR 1,740 million). This figure thus decreased slightly compared to the end of the previous year's quarter, which reflects the development of cash flow. The **leverage ratio** and thus the ratio of net financial debt to adjusted EBITDA in the past twelve months (LTM adjusted EBITDA of the Group), amounted to 2.7x (December 31, 2022: 2.4x; March 31, 2022: 2.1x). As expected, this development is attributable to the decline in adjusted EBITDA.

→ **Company Outlook**

» INFORMATION

As of March 31, 2023, the definition of ProSiebenSat.1 Group's net financial debt does not include lease liabilities according to IFRS 16 of EUR 175 million (December 31, 2022: EUR 178 million; March 31, 2022: EUR 217 million) and real estate liabilities of EUR 141 million (December 31, 2022: EUR 133 million; March 31, 2022: EUR 107 million).

RISK AND OPPORTUNITY REPORT

ProSiebenSat.1 Group's overall risk situation is unchanged compared to December 31, 2022. This also applies to the opportunity situation. We pursue a clear corporate strategy that reflects the key market trends. This also includes continuously monitoring and analyzing macroeconomic and industry-specific developments.

→ **Annual Report 2022, "Risk and Opportunity Report"**

As an early-cyclical company, we should benefit quickly and directly from an economic recovery. Recently, there have been growing signs that the economic slowdown in the German-speaking region could prove milder than initially expected. The recovery on the energy markets is also likely to contribute to this. Currently, the economic institutes expect an economic recovery in the second half of 2023. Although the German economy is likely to gain momentum in the second half of 2023, visibility remains limited. There is a high level of uncertainty among consumers. Given the continuing macroeconomic challenges, our assessment of the risks from the economic and geopolitical environment is therefore unchanged. Like at the end of 2022, we still rate the potential impact as very high and see the likelihood of occurrence as possible. The risk is therefore still rated as high.

→ **Economic Developments**

All other reported risks are also unchanged in terms of both likelihood of occurrence and possible impact compared to the end of 2022.

We systematically monitor all risks covered by the risk management process. These are not necessarily the only risks that the Group faces. However, we are not currently aware of any additional risks that could affect our business activities, or we do not consider them relevant in the context of this report. There are currently no identifiable risks that, individually or in combination with other risks, could have a material or lasting adverse effect on the earnings, financial position and performance of the Group. The identified risks pose no threat to the Group as a going concern, even looking into the future.

→ **Company Outlook**

» INFORMATION

ProSiebenSat.1 Media SE has a comprehensive risk management system to systematically identify, assess, manage and monitor risks. Risks are defined in this report as potential future developments or events that could significantly influence our business situation and result in a negative deviation from targets or forecasts. Therefore, risk indicators that we have already taken into account in our financial planning or in the Interim Consolidated Financial Statements as of March 31, 2023, are not covered by this definition and are consequently not explained in this Risk Report. The relevant risks are described in the Annual Report 2022 from page 174 onwards. The organizational requirements for risk and opportunity management are also explained here.

→ **Annual Report 2022, "Risk and Opportunity Report"**

COMPANY OUTLOOK

The macroeconomic development in ProSiebenSat.1 Group's core markets is currently still subject to uncertainty also in the financial year 2023, particularly in the context of the Russia/Ukraine war and its consequences. One the basis of the available macroeconomic parameters, ProSiebenSat.1 expects the economic environment in the German-speaking region (Germany, Austria, Switzerland) to remain challenging for the Group – despite the recent slight improvement in the macroeconomic data – particularly in the first half of 2023 in view of the continued high inflation and associated consumer restraint. For the second half of 2023, ProSiebenSat.1 Group anticipates an economic recovery in the German-speaking region based on the current data from the economic institutes.

ProSiebenSat.1 confirms the Group's forecast[1] for the financial year 2023: This continues to be based on the assumption that ProSiebenSat.1's business – and in particular its high-margin advertising business – will be heavily impacted by the weaker macroeconomic environment in the first half of the year. At the same time, as an early-cyclical company we are likely to benefit from the forecast economic recovery in the second half of 2023, as the advertising revenues in particular closely correlate with the macroeconomic development. Adverse effects on the business that could arise from a further escalation of geopolitical tensions, for example, are not reflected in this outlook.

On this basis, ProSiebenSat.1 Group continues to forecast the following results – excluding further portfolio changes – for the financial year 2023:

Revenues

ProSiebenSat.1 continues to aim for a stable revenue development in 2023 and anticipates **revenues** of around EUR 4.10 billion with a variance of plus/minus EUR 150 million. Adjusted for currency effects and for the portfolio changes in the financial year 2022, such as the disposal of the US production business of Red Arrow Studios and the complete takeover of the streaming platform Joyn, ProSiebenSat.1 is aiming for revenue growth in the low single-digit percentage range. The corresponding figure for the previous year, adjusted for currency and portfolio effects, was EUR 4.02 billion[2].

The revenue target is particularly influenced by the development of the Entertainment advertising revenues in the German-speaking region: Reaching the midpoint of the target range, the Group expects Entertainment advertising revenues in the German-speaking region to decrease by around minus 2% for the full-year. For the TV advertising revenues included here, ProSiebenSat.1 anticipates a decline in the mid single-digit percentage range for the full-year. This is expected to be partially compensated for by strong growth of the digital portfolio. The Group expects the development of advertising revenues during the year to be divided into two parts: In the first half of 2023, ProSiebenSat.1 anticipates a low double-digit percentage decrease in TV advertising revenues compared to the previous year. In the second half of the year, by contrast, ProSiebenSat.1 anticipates a significant recovery in its important advertising business, parallel to the forecast economic development.

1 For ProSiebenSat.1 Group, the main currency apart from the euro is the US dollar. The Group anticipates a US dollar share in Group revenues for 2023 of c. 16% and for adjusted EBITDA of c. 14%. An average strengthening or weakening of the US dollar in relation to the euro by 1 cent over the entire financial year impacts Group revenues by c. EUR 6 million and adjusted EBITDA by c. EUR 1 million. For the outlook regarding all of the key figures described, the Group uses a EUR/USD exchange rate of USD 1.05 to the euro in financial year 2023.
2 Based on revenues in financial year 2022 translated at the exchange rates used for planning purposes in financial year 2023 less the revenues of companies deconsolidated in 2022, in particular of the US production business of Red Arrow Studios totaling EUR 135 million. The revenue contribution in particular of Joyn GmbH, which has been fully consolidated since November 2022, was proforma for the months January to October 2022. This results in a change in the Group's external revenues of minus EUR 4 million.

Earnings Performance and Cash Flow

Against the background of the portfolio changes in 2022 and the anticipated decline in high-margin TV advertising revenues, the Group continues to expect an **adjusted EBITDA** of around EUR 600 million with a variance of plus/minus EUR 50 million for full-year 2023 (previous year's figure adjusted for currency and portfolio effects: EUR 623 million[3]). These expectations include negative consolidation effects in the mid two-digit million EUR amount from the complete takeover of the streaming platform Joyn. Opposing effects with a pro rata impact in 2023 from a cost reduction program initiated by the Group at the beginning of the year are also reflected here. ProSiebenSat.1 assumes the development of adjusted EBITDA during the year – in line with revenues – to be divided into two parts: considerable negative effects on adjusted EBITDA in the first half of 2023 contrasting with significant catch-up effects in the second half.

The Group's total programming costs will amount to c. EUR 1 billion in 2023 (previous year: EUR 1.029 billion). This also includes programming costs from the full consolidation of Joyn. A significant part of the total programming costs will continue to relate to local content which will also benefit the streaming platform Joyn.

The **adjusted net income** of ProSiebenSat.1 is mainly determined by the development of adjusted EBITDA. Furthermore, this key figure is influenced by the financial result and by income taxes. On this basis, the Group continues to expect adjusted net income for the full-year 2023 to be in a mid two-digit million EUR amount below the previous year's level of EUR 301 million.

The **adjusted operating free cash flow is** the Group's relevant cash flow management indicator and is based on the development of adjusted EBITDA. Accordingly, ProSiebenSat.1 continues to assume that the adjusted operating free cash flow for the full-year 2023 – for reasons of comparability adjusted for the change in investments in relation to the construction of the new campus at the premises in Unterföhring – will be in a low three-digit million EUR amount below the previous year's figure of EUR 492 million.

Capital Efficiency

ProSiebenSat.1 measures the mid-term financial success of the company on the basis of **P7S1 ROCE** (return on capital employed). Due to the expected decline in adjusted EBITDA, the Group continues to expect P7S1 ROCE in the financial year 2023 to be slightly below the previous year's level of 12.4%.

Capital Structure

In general, ProSiebenSat.1 aims for a **leverage ratio** (the ratio of the Group's net financial debt to its LTM adjusted EBITDA) in a range between 1.5x and 2.5x at the end of the respective year. However, due to the expected decline in adjusted EBITDA in the full-year, the Group continues to expect the leverage ratio to be between 2.5x and 3x as of the end of 2023 (previous year: 2.4x), reaching the midpoint of the adjusted EBITDA target. As a result of the greater burden on adjusted EBITDA in the first and second quarter, the leverage ratio in the first half of the year will be considerably higher than the level anticipated for the end of 2023.

3 Based on adjusted EBITDA in financial year 2022 translated at the exchange rates used for planning purposes in financial year 2023 less the adjusted EBITDA of the companies deconsolidated in 2022, in particular of the US production business of Red Arrow Studios in a non-significant amount. The adjusted EBITDA contribution in particular of Joyn GmbH, which has been fully consolidated since November 2022, was proforma for the months January to October 2022. This results in a change in the Group's adjusted EBITDA of minus EUR 55 million.

CONSOLIDATED INCOME STATEMENT

in EUR m	**Q1 2023**	Q1 2022[1]
Revenues	816	941
Cost of sales	−555	−612
Gross profit	**261**	**329**
Selling expenses	−168	−159
Administrative expenses	−111	−120
Other operating income	5	8
Operating result	**−14**	**57**
Interest and similar income	4	7
Interest and similar expenses	−16	−10
Interest result	−12	−3
Result from investments accounted for using the equity method	−1	−10
Other financial result	−4	−8
Financial result	**−17**	**−22**
Result before income taxes	**−31**	**35**
Income taxes	1	−16
Net income	**−31**	**20**
Attributable to shareholders of ProSiebenSat.1 Media SE	**−28**	**24**
Attributable to non-controlling interests	−3	−5
Earnings per share in EUR		
Basic earnings per share	−0.12	0.11
Diluted earnings per share	−0.12	0.10

1 Prior-year figures partly adjusted as described in Annual Report 2022, Notes to Consolidated Financial Statements, note 3 "Changes in reporting standards and accounting policies".

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	**Q1 2023**	Q1 2022[1]
Net income	**−31**	**20**
Foreign currency translation adjustment	−11	20
Measurement of cash flow hedges	−16	2
Income taxes	4	−1
Items that may be reclassified subsequently to profit or loss	**−22**	**22**
Remeasurement of defined benefit obligations	0	−1
Income taxes	0	0
Items that will not be reclassified subsequently to profit or loss	**0**	**0**
Other comprehensive income	**−21**	**21**
Total comprehensive income	**−52**	**41**
Attributable to shareholders of ProSiebenSat.1 Media SE	**−46**	**40**
Attributable to non-controlling interests	−7	1

1 Prior-year figures partly adjusted as described in Annual Report 2022, Notes to Consolidated Financial Statements, note 3 "Changes in reporting standards and accounting policies".

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in EUR m	**03/31/2023**	12/31/2022
ASSETS		
Goodwill	1,990	1,997
Programming assets	935	912
Other intangible assets	813	809
Property, plant and equipment	503	490
Investments accounted for using the equity method	28	29
Other financial assets	281	294
Other receivables and non-current assets	2	3
Deferred tax assets	20	20
Non-current assets	**4,574**	**4,555**
Programming assets	179	174
Inventories	40	41
Other financial assets	75	93
Trade receivables	416	471
Current tax assets	83	87
Other receivables and current assets	93	81
Cash and cash equivalents	436	504
Current assets	**1,322**	**1,451**
Total assets	**5,895**	**6,005**

in EUR m	**03/31/2023**	12/31/2022
EQUITY AND LIABILITIES		
Subscribed capital	233	233
Capital reserves	1,046	1,046
Consolidated equity generated	330	358
Treasury shares	−60	−60
Accumulated other comprehensive income	54	72
Other equity	−207	−141
Total equity attributable to shareholders of ProSiebenSat.1 Media SE	1,396	1,508
Non-controlling interests	326	266
Equity	**1,722**	**1,774**
Non-current financial debt	2,118	2,117
Other non-current financial liabilities	291	287
Trade and other payables	76	73
Other non-current liabilities	5	6
Provisions for pensions	1	2
Other non-current provisions	10	9
Deferred tax liabilities	272	277
Non-current liabilities	**2,772**	**2,770**
Other current financial liabilities	104	124
Trade and other payables	899	909
Other current liabilities	237	258
Current tax liabilities	67	78
Other current provisions	95	92
Current liabilities	**1,401**	**1,461**
Total equity and liabilities	**5,895**	**6,005**

CONSOLIDATED CASH FLOW STATEMENT

in EUR m	**Q1 2023**	Q1 2022[1]
Net income	−31	20
Income taxes	−1	16
Financial result	17	22
Depreciation, amortization and impairments of other intangible assets and property, plant and equipment	52	54
Consumption of programming assets incl. change in provisions for onerous contracts	204	230
Change in provisions	6	0
Change in working capital	−9	−34
Income tax paid	−7	−27
Interest paid	−8	−8
Interest received	1	0
Cash flow from operating activities	**225**	**272**
Proceeds from disposal of non-current assets	3	10
Payments for the acquisition of other intangible assets and property, plant and equipment	−52	−36
Payments for investments including investments accounted for using the equity method	−1	−4
Payments for the acquisition of programming assets	−219	−139
Proceeds from losing control of subsidiaries or other businesses (net of cash and cash equivalents disposed of)	—	−1
Cash flow from investing activities	**−269**	**−169**
Proceeds from issuance of financial liabilities	9	11
Repayment of lease liabilities	−11	−11
Payments for transactions with non-controlling interests	−20	—
Cash flow from financing activities	**−22**	**−1**
Effect of foreign exchange rate changes on cash and cash equivalents	−2	9
Change in cash and cash equivalents	**−68**	**112**
Cash and cash equivalents at beginning of reporting period	504	594
Cash and cash equivalents at end of reporting period	**436**	**706**

1 Prior-year figures partly adjusted as described in Annual Report 2022, Notes to Consolidated Financial Statements, note 3 "Changes in reporting standards and accounting policies".

FINANCIAL CALENDAR

Date	Event
May 26, 2023	Publication of the Quarterly Statement for the First Quarter of 2023
June 30, 2023	Annual General Meeting
August 3, 2023	Publication of the Half-Yearly Financial Report 2023
November 14, 2023	Publication of the Quarterly Statement for the Third Quarter of 2023

Changes in dates cannot be ruled out. We thus recommend to check the dates on the ProSiebenSat.1 website.

→ **www.prosiebensat1.com/en/investor-relations/presentations-events/financial-calendar**

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→ **http://www.prosiebensat1.com**

FORWARD-LOOKING STATEMENTS

This statement contains forward-looking statements regarding ProSiebenSat.1 Media SE and ProSiebenSat.1 Group. Such statements may be identified by the use of such terms as “expects,” “intends,” “plans,” “assumes,” “pursues the goal,” and similar wording. Various factors, many of which are outside the control of ProSiebenSat.1 Media SE, could affect the Company’s business activities, success, business strategy and results. Forward-looking statements are not historical facts, and therefore incorporate known and unknown risks, uncertainties and other important factors that might cause actual results to differ from expectations. These forward-looking statements are based on current plans, goals, estimates and projections, and take account of knowledge only up to and including the date of preparation of this statement. Given these risks, uncertainties and other important factors, ProSiebenSat.1 Media SE undertakes no obligation, and has no intent, to revise such forward-looking statements or update them to reflect future events and developments. Although every effort has been made to ensure that the provided information and facts are correct, and that the opinions and expectations reflected here are reasonable, ProSiebenSat.1 Media SE assumes no liability and offers no warranty as to the completeness, correctness, adequacy and/or accuracy of any information or opinions contained herein. This statement is an English translation; in case of any discrepancies, the German authoritative version of the statement shall prevail over the English translation.