ProSiebenSat.1 Media SE

ANNUAL REPORT 2020

SPEEDING UP

SHARPENING FOCUS

CREATING VALUE

TAKING RESPONSIBILITY

KEY FIGURES OF PROSIEBENSAT.1 GROUP

in EUR m

	2020	2019
Revenues	**4,047**	4,135
Revenue margin before income taxes (in %)	**9.1**	13.8
Total costs[1]	**3,664**	3,592
Consumption of programming assets	**966**	958
Adjusted EBITDA[2]	**706**	872
Adjusted EBITDA-margin (in %)	**17.4**	21.1
EBITDA	**801**	838
Reconciling items[3]	**95**	-34
Operating result (EBIT)	**553**	578
Adjusted EBIT	**514**	684
Financial result	**–183**	–6
Result before income taxes	**370**	572
Adjusted net income[4]	**221**	387
Net income	**252**	412
Attributable to shareholders of ProSiebenSat.1 Media SE	**267**	413
Attributable to non-controlling interests	**–15**	–1
Adjusted earnings per share (in EUR)	**0.98**	1.71
Payments for the acquisition of programming assets	**1,063**	1,072
Free cash flow	**120**	207
Cash flow from investing activities	**–1,391**	–1,396
Free cash flow before M&A	**235**	339
Audience share (in %)[5]	**27.2**	28.2
Total video viewtime (in billion minutes)[6]	**1,084**	1,076
Total daily TV consumption (AGF) (in minutes)[7]	**211**	202

	12/31/2020	12/31/2019
HD subscribers (in m)[8]	**10.6**	10.0
Employees[9]	**7,307**	7,253
Programming assets	**1,213**	1,204
Equity	**1,687**	1,288
Equity ratio (in %)	**23.8**	19.5
Cash and cash equivalents	**1,224**	950
Financial debt	**3,192**	3,195
Leverage ratio[10]	**2.8**	2.6
Net financial debt	**1,968**	2,245
PS71 ROCE (in %)[11]	**10**	16

1 Total costs comprise cost of sales, selling expenses, administrative expenses and other operating expenses.
2 EBITDA before reconciling items.
3 Expense adjustments less income adjustments.
4 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-options and earn-out 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. Annual Report 2019, page 88.
5 ProSiebenSat.1 Group; AGF in cooperation with GfK; market standard: TV; VIDEOSCOPE 1.4; Target group: 14–49.
6 Total number of minutes viewed across linear and non-linear platforms: Linear free TV, TVC (TV Websites, mobile apps, SmartTV), 7TV, Studio71 Germany (TV content), JOYN (until 12/31/2019 estimate); HbbTV data currently not available due to introduction of new tracking system.
7 Total TV Market; Target group: 14–69.
8 HD FTA subscribers, Germany.
9 Full-time equivalent positions as of reporting date.
10 Ratio net financial debt to adjusted EBITDA in the last twelve months.
11 Ratio of earnings (ROCE) of the last twelve months to capital employed (average).

SPEEDING UP

SHARPENING FOCUS · CREATING VALUE · TAKING RESPONSIBILITY

ANNUAL REPORT 2020

To beat the competition, it is necessary to stay a step ahead and continually strive for improvement. Only those who never lose sight of their goals make it to the top. Which is exactly what we are doing at ProSiebenSat.1 – doubling down on our strengths. We are focusing on local content, expanding our digital reach, improving monetization through intelligent advertising products and, above all, harnessing synergies in the commerce and dating businesses to drive ProSiebenSat.1 Group's success. After all, bundling our competencies generates fresh momentum that will fast-track our transformation. Day in, day out, our more than 7,100 employees around the globe drive that change with a view not only to achieving sustainable growth and creating value for ProSiebenSat.1 but also to expanding our position as one of Europe's most diversified and successful media companies.

OUR RESULTS & AMBITIONS

OUR RESULTS

ProSiebenSat.1 Group has long ceased to be a pure-play media company. Instead, it is systematically digitalizing and diversifying its business. Today, our business is based on three strong pillars: Entertainment, Dating and Commerce & Ventures. We focus on producing our own live, local content that not only sets us apart from the competition but also allows us to leverage our TV stations' millions-strong reach for our digital businesses. By harnessing the strength of our entertainment business and wide advertising reach, we are building leading consumer brands and driving diversification by our own power. Part of that process includes a group wide active portfolio management. Overall, we are concentrating on further intensifying synergies within ProSiebenSat.1. Despite the challenges of the COVID-19 pandemic, we have made good progress in this regard in 2020.

Almost stable revenue performance despite the COVID-19 pandemic

EUR 4,047 MILLION

Group revenues

Live, local, relevant content

+11.6%

more prime time programs produced in-house

Extending our digital reach

+11%

more unique users on our stations' web pages

Intelligent advertising products

In 2020, we launched innovative advertising products in the shape of the CrossDevice Bridge and Dynamic Spot, which amplify TV's power as a medium with digital's strengths, making it even more attractive for our customers. Furthermore, this expands our role as advertising technology pioneer.

Driving diversification through dating

+59%

growth in revenues at ParshipMeet Group

Building leading consumer brands

>8x

increase in revenues at online beauty store flaconi since ProSiebenSat.1 became the majority stakeholder

Strong media power

2.4x

increase in WindStar Medical's enterprise value after four years as part of ProSiebenSat.1 Group

Climate protection

–24%

less operating greenhouse gas emissions

Social responsibility

More than ever in 2020, we went above and beyond in fulfilling our responsibilities as a media company and attracted attention with our reach. Be it with numerous special COVID-19 programs or “talk of the nation” shows, such as Thilo Mischke’s reportage for ProSieben, “Rechts. Deutsch. Radikal” (Right-Wing. German. Radical). Around 1.43 million viewers in the core target group tuned into “Joko and Klaas LIVE – A Short Story of Moria”, which also received 31 million online views.

Barrier-free offerings

+29%

more programming with subtitles

OUR AMBITIONS

We aim to make ProSiebenSat.1 more synergistic, diversified and profitable. By focusing strongly on generating profits, we intend to achieve sustainable growth in all segments as well as our mid-term return on capital employed target. All parts of our Group should contribute to one another so that we create lasting value for all stakeholders. At the same time, we do not lose sight of our social responsibilities, which is why we are systematically advancing our Group’s sustainability performance.

P7S1 ROCE (Return on capital employed)

>15%

mid-term target

Leverage ratio

1.5x–2.5x

Ratio of net financial debt to the Group’s LTM adjusted EBITDA

Sustainability

CLIMATE NEUTRALITY

BY 2030

Dividend policy

50%

of adjusted net income

CONTENT

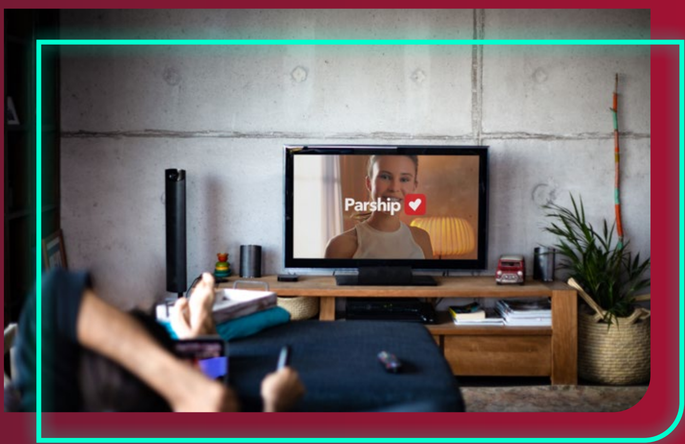
READ OUR ONLINE MAGAZINE:

HTTPS://ANNUAL-REPORT2020.PROSIEBENSAT1.COM/MAGAZINE

SHARPENING FOCUS

We focus on local, relevant, live entertainment and infotainment while expanding our digital reach and improving monetization through smart advertising products. Additionally, synergies with the entertainment business are translating into greater than ever benefits for the commerce segment.

READ THE STORY



CREATING VALUE

We are positioning ourselves as a diversified and profitable Group that creates value. Our newly established dating unit is delivering on this goal, as is our SevenVentures investment arm and our marketing innovations.

READ THE STORY

TAKING RESPONSIBILITY

We take our responsibility as a media company seriously at all times – not just during the COVID-19 pandemic. That means educating, spotlighting relevant topics through striking formats and creating a safe working environment for our employees.

READ THE STORY

CONTENT

WOLFGANG LINK
Member of the
Executive Board & CEO of
Seven.One Entertainment Group

CHRISTINE SCHEFFLER
Member of the
Executive Board &
Chief Human Resources Officer

RAINER BEAUJEAN
Chairman of the
Executive Board &
Chief Financial Officer

OUR EXECUTIVE BOARD

Strong team: Rainer Beaujean, Wolfgang Link and Christine Scheffler have been leading ProSiebenSat.1 as the Executive Board team since March 26, 2020. Between them, they have what it takes to manage the Group today and tomorrow. In 2020, they kept ProSiebenSat.1 Group stable throughout the COVID-19 pandemic and took important steps to continue pushing forward the Company's transformation.

RAINER BEAUJEAN

Chairman of the Executive Board & Chief Financial Officer

2020 is a year to remember. Not just because the COVID-19 pandemic presented everyone, including our Group, with unprecedented challenges but also because we as a team saw the situation as an opportunity. As the new Executive Board trio, our task from day one has been to steer ProSiebenSat.1 safely through this crisis. Since ours is an early-cycle business, we were among the first to feel the effects of the economic downturn triggered by the COVID-19 pandemic. In response, we have reduced costs and strengthened our financing without losing sight of our future plans. Continued investment in our programming is a testimony to our confidence in TV as a medium. We acquired the US online dating provider The Meet Group and merged it with our Parship Group, because we believe in the dating business as an important growth driver for our Group. By the same logic, we divested businesses that no longer contribute to our Group and have thus achieved impressive increases in value, because we believe in a focused positioning as a success driver.

This is why our strategy today has a tighter, clearer focus on our goals: We need to leverage the synergies between entertainment, dating and commerce & ventures even better.

"We believe in the medium of TV. In the dating business as an important growth driver for our Group. And in a focused positioning as a guarantee for success."

We need to diversify even more and use our entertainment business as a springboard for this. We must be results-oriented and work on our profitable growth.

2020 not only proved that this is the right path but also rewarded our efforts: Despite all the corona constraints, we had outperformed our latest full-year outlook. Naturally, we are expecting more in 2021. That is why we are systematically pursuing our strategy and positioning ProSiebenSat.1 to succeed and create value in the long term – with and for our more than 7,100 employees worldwide.

WOLFGANG LINK

Member of the Executive Board & CEO of Seven.One Entertainment Group

In 2020, we took a big step forward in the entertainment business: By founding the Seven.One Entertainment Group, we finally bundled the entire value chain under one umbrella – from content through distribution to monetization. In the process, we have sharpened our focus on what we are really good at – local, relevant and live entertainment and infotainment in German-speaking countries. Whether it's great show formats, gripping sports broadcasts or current news programs in prime time – last year, our programming once again drew more viewers in front of their screens. Increasingly, our own production companies are adding to our efforts in this regard. After all, it's our content that sets us apart. Not just in viewers' but also in advertisers' minds. 2020 drove home for them once again the power and impact that TV advertising has – especially in times of crisis.

Nevertheless, our ever-changing market environment continues to present us with challenges: Which is why our task is now to be all the smarter about distributing our content across various platforms with a view to giving TV more digital dimensions and advantages. In this way, we aim to capitalize further on our extensive reach. In 2020, we have not only shown that we can produce and market outstandingly well under the most difficult pandemic conditions. We have come a great deal closer to our goal of establishing a platform-independent entertainment segment.

"We have come a great deal closer to our goal of establishing a platform-independent entertainment segment."

CHRISTINE SCHEFFLER

Member of the Executive Board & Chief Human Resources Officer

2020 was a year of major challenges for many people. This makes it all the more important to take responsibility, to support, to show perspectives. For us, it was clear from the beginning of the pandemic that the health of our employees was our top priority. Whether in the US or Europe: outside of traditional broadcasting, our approximately 7,100 employees have been working at home ever since. In addition, we are proud that we add value to society with our programs and digital content. As part of Germany's and Austria's critical infrastructure, we take our responsibility associated with this very seriously. That is why we not only provided comprehensive information on the pandemic in 2020, but also decided to build up a new, 60-person news team by the end of 2022. Because promoting democracy and ensuring diversity of opinion is part of our self-perception. In addition, we support our customers in their everyday lives with our digital offers. Parship, for example, introduced a video dating function at short notice so that people can continue to meet each other safely.

And where do we stand after the pandemic? The challenges will remain. For us as a company, for the economy and society, with regard to diversity, social issues and the environment. We have not lost sight of all these important issues. And the pandemic has already taught us one thing: we can move a lot if we approach it together.

"Promoting democracy and ensuring diversity of opinion is part of our self-perception."

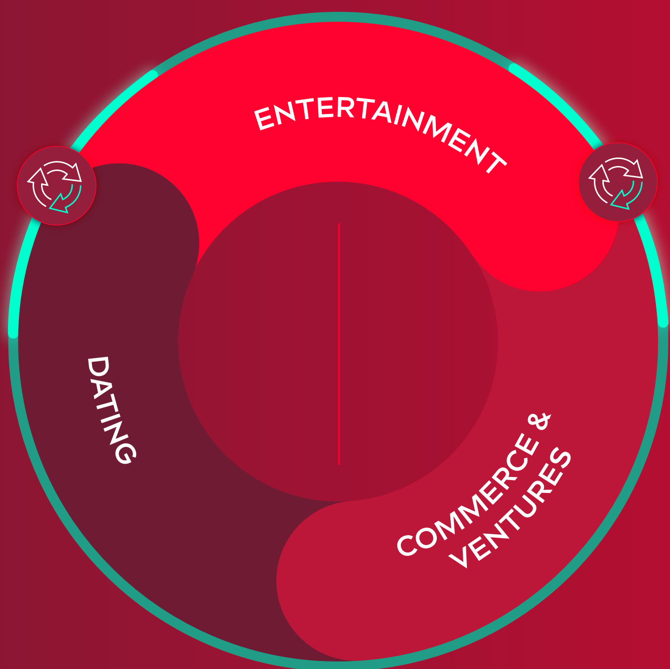
OUR STRATEGY

OUR FOCUS: DIVERSIFIED. SYNERGISTIC. PROFITABLE.

ProSiebenSat.1 Group has long ceased to be a pure-play media company. Instead, it is systematically digitalizing and diversifying its business. We use the multi-million reach of our TV channels to strengthen our digital businesses: Above all, we are harnessing the strength of our entertainment business and extensive advertising reach to additionally establish and expand leading, consumer-focused digital platforms and actively develop this portfolio with acquisitions and disposals in order to create value. In this way, we are driving forward the Group's diversification on our own strength.

Our focus is on ensuring that each part of the Group contributes to increasing the value of ProSiebenSat.1, with the businesses supporting one another. We aim to make our Company more synergistic, diversified and profitable, generating sustainable growth in all business areas. In order to accelerate achieving this goal, we have been setting up ProSiebenSat.1 in three segments as of January 2021: Entertainment, Dating and Commerce & Ventures.

OUR SEGMENTS & SYNERGIES



DATING SEGMENT

By combining the Parship Group and the US-based The Meet Group, we have created a leading global player in the dating field forming the new ParshipMeet Group and our **Dating** segment. Its offerings range from online matchmaking services through dating to social entertainment. Operating in an attractive and fast-growing market environment, the ParshipMeet Group has diversified revenues spanning subscription models to advertising and addresses a broad target group across a large geographical area. In particular, The Meet Group's USP, its video streaming expertise, strengthens our position in the dating business and opens up new growth potential.

This way, the segment is to substantially drive our diversification and significantly support the Group's future growth. ProSiebenSat.1 will therefore retain the majority stake in the company following the ParshipMeet Group's partial IPO, which is planned for 2022.

ENTERTAINMENT SEGMENT

The **Entertainment** segment focuses with the Seven.One Entertainment Group on the core markets of Germany, Austria and Switzerland. By combining our station brands with the content, distribution and sales business, this platform-independent segment represents the complete entertainment business value chain.

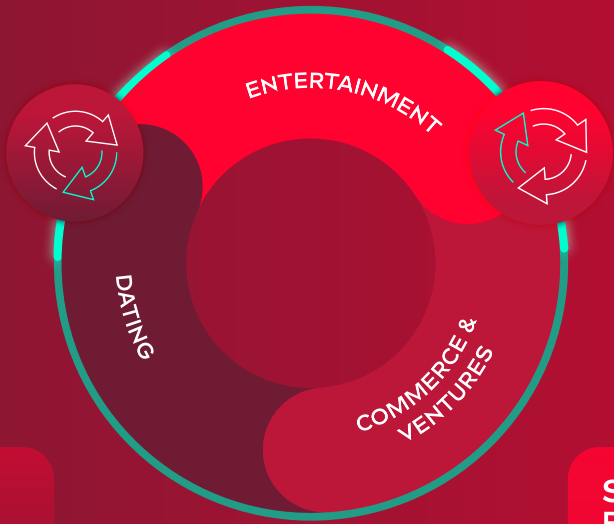
We concentrate on producing relevant, local, live content and distributing it digitally, which is the key to even better monetization. When creating our own content, we benefit from significant synergies with the production houses Red Arrow Studios and Studio71, which are now also integrated into this segment. At the same time, the digital expansion of our TV content, for example via advertising-financed video-on-demand offers, plays an essential strategic role. This is because additional distribution channels allow our content to achieve a greater total reach, which in turn translates into more opportunities for monetization.

In this way, we are building a profitable entertainment business and laying the groundwork for diversification and growth in our other business areas.

COMMERCE & VENTURES SEGMENT

Our third segment, **Commerce & Ventures,** bundles ProSiebenSat.1 Group's growth businesses, which we grow and promote using media power, and hence our entire investment options. At the beginning of our value chain in this context is the SevenVentures investment arm, which also includes the ProSiebenSat.1 Accelerator. Here, we support young companies by offering media-for-revenue or media-for-equity deals through our TV reach. In addition to the minority participations that are formed in this way, the segment also includes, for instance, our majority participations of NuCom Group. Here, we build up digital consumer brands from the fields of consumer advise, experiences and beauty & lifestyle into market leaders. This allows us to make use of all forms of participation for potential investments.

Once the initial growth steps completed, we review whether ProSiebenSat.1 is still the best owner of the respective company for the next development phase. If a business no longer has a strong link to TV advertising, we can sell these well-developed commerce brands to a more suitable owner and make the value created visible.



SYNERGIES ENTERTAINMENT — DATING

With its reach and the advertising space on its platforms, the entertainment business has the power to further raise awareness of the ParshipMeet brands in the German-speaking markets. This has already significantly boosted the market leading positions of the Parship and ElitePartner services in the past.

We also intend to strengthen ties between both segments Entertainment and Dating in order to unlock exciting new synergy potential by combining the ParshipMeet Group's live video streaming expertise with our entertainment know-how.

SYNERGIES ENTERTAINMENT — COMMERCE & VENTURES

The entertainment business is able to build leading consumer brands by harnessing the reach and advertising space of our platforms. Through advertising on our channels, we are supporting the commerce companies in raising their brand awareness and consequently increasing their revenues and company value.

In return, the data we generate through our commerce companies helps us to create addressable advertising offerings that are both optimally and efficiently tailored to the relevant viewers.

We have clearly defined our strategic priorities: With the launch of the umbrella brand Seven.One Entertainment Group and the formation of our ParshipMeet Group, we are driving forward the restructuring of the Group. While the Dating business clearly supports us in our diversification, we are focusing on our core competencies in the Entertainment sector: pushing ahead with local content and digital innovation, expanding our reach as well as monetizing it better. Within Commerce & Ventures, we are bundling our investment areas and are building at the same time digital companies into leading consumer brands through our media reach. This also includes a group-wide active portfolio management, which represents value-creating acquisitions as well as the option to divest companies that no longer contribute to our group strategy. Because overall, we are focusing on further intensifying synergies within the Group. In doing so, the Group strives to drive profitable growth through a strong focus on earnings in all segments. In the mid-term, we aim to improve our P7S1 ROCE (return on capital employed) target to over 15 percent.

TO OUR SHAREHOLDERS

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

2020 was marked globally by the COVID-19 pandemic. And for ProSiebenSat.1, it was also a particularly challenging year. As an early cycle company, the economic headwind impacted the financial results and the share price, particularly in the first half of the year. But it is especially in difficult times when it becomes apparent how firmly a company is positioned and how flexibly it can react. Towards the end of the year, ProSiebenSat.1 again saw a clear improvement in revenues and earnings in comparison to the second quarter which was very much impacted by the pandemic. In this context, the Group not only reached, but even noticeably exceeded, the revised financial targets it had announced to the end of the third quarter.

We would like to express our thanks to the new Executive Board, which has been consisting of Rainer Beaujean, Wolfgang Link and Christine Scheffler since the end of March 2020. They steered the Group successfully through the COVID-19 pandemic and, as a team, also set an important course for the future of the Company. As a result, in 2020, ProSiebenSat.1 not only implemented strict cost and cash flow management, but the Group also made good progress with forward-looking portfolio measures. The Supervisory Board expressly supports this approach.

For example, with the ParshipMeet Group, ProSiebenSat.1 has a positioning in a highly profitable market, and has thus created a driver for future growth and diversification. In the Entertainment business, the Group is focused on the markets of Germany, Austria and Switzerland, also in close cooperation with Red Arrow Studios and the digital studio Studio71. In this way, ProSiebenSat.1 Group is strengthening its offer of local content, which can be better monetarized in sales. With a profitable Entertainment portfolio, ProSiebenSat.1 provides a basis to enable other divisions such as ParshipMeet Group or NuCom Group, areas in which substantial synergies are leveraged.

The Group's strategy, based on diversification and digitalization has proved itself, particularly in a difficult business environment. At the same time, it is focusing even more strongly on profitability and synergies within the Company. In the process, ProSiebenSat.1 Group regularly analyzes its portfolio in terms of possible growth and synergy potential. The aim is to further develop the value of companies that profit from advertising on the Group's entertainment platforms. Part of this portfolio strategy is to sell companies if the Group is no longer the right owner.

COOPERATION BETWEEN THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

We, the Supervisory Board of ProSiebenSat.1 Media SE, provide the Executive Board with comprehensive advice and ongoing support. In financial year 2020, the Supervisory Board again performed the tasks required of it by law, the Company's articles of incorporation, and the rules of procedure, taking into account the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex).

In financial year 2020, the Supervisory Board regularly advised the Executive Board on its management of the Company in a spirit of close and trusting cooperation, and diligently and continuously oversaw the Executive Board in conducting the Company's business. Our work included a detailed examination of the Group's operating and strategic performance. The Supervisory Board received regular, prompt, and comprehensive information from the Executive Board regarding all issues relevant to the Company's strategy, planning, business performance, risk situation, risk management, and compliance, both at the Supervisory Board meetings and outside of meetings. The Executive Board explained to the Supervisory Board all deviations from the projected figures in detail and consulted with the Supervisory Board in that regard. We were therefore directly involved in all decisions of fundamental importance to the Company at an early stage.

The Supervisory Board meetings were characterized by an open, in-depth exchange between the Supervisory Board and Executive Board. Closed sessions, in which the members of the Supervisory Board meet without the Executive Board being present, are also an integral part of the meetings. Wherever specific actions required the consent of the Supervisory Board or one of its committees pursuant to the law, the articles of incorporation, or the rules of procedure, we consulted on the matter and adopted the requisite resolution. We were kept consistently and comprehensively informed of all matters requiring our approval, and the associated draft resolutions were promptly submitted for review by the Executive Board. The Supervisory Board was supported in this process by the competent Board committees, and it also discussed the proposals with the Executive Board.

In addition to the Supervisory Board meetings, the Executive Board kept us updated on the Company's key financial indicators in written monthly reports and also provided us with both financial information prepared during the financial year and annual financial information and reports. Information on events of significance was provided without delay also outside of meetings and the regular reporting process and, where necessary, we were asked to adopt resolutions by circular vote in consultation with myself as the Chairman of the Supervisory Board. In addition, I maintained an ongoing and close one-on-one dialog with the Chairman of the Executive Board, and, where necessary, also with the other Executive Board members.

Based on the reports submitted by the Executive Board, the Supervisory Board stayed up to date on the Company's situation at all times, was directly involved in upcoming decisions at an early stage, and was therefore able to perform its tasks in their entirety. There was hence no need for the Supervisory Board to examine the Company's books and other records beyond the documentation provided to us in the course of the Executive Board's reporting activities.

FOCAL POINTS OF THE SUPERVISORY BOARD'S ADVISORY AND MONITORING ACTIVITIES

In financial year 2020, the Supervisory Board dealt with the Company's business and financial situation, fundamental questions of corporate policy and strategy, the general personnel situation, and specific investment projects – of course taking into account the COVID-19 pandemic and its implications. The Executive Board team coordinated at length with the Supervisory Board on all areas of the strategic alignment.

All in all, the Supervisory Board of ProSiebenSat.1 Media SE held six regular meetings and seven extraordinary meetings in 2020. Due to the COVID-19 pandemic, all meetings took place as videoconference sessions or by phone. With one exception, all members of the Supervisory Board attended all meetings. The table below provides an overview on meeting participation:

INDIVIDUAL BREAKDOWN OF MEETING PARTICIPATION IN FINANCIAL YEAR 2020

	Plenary Supervisory Board Regular meetings	Plenary Supervisory Board Extraordinary meetings	Audit and Finance Committee	Compensation Committee	Capital Markets Committee
Dr. Werner Brandt, Chairman	6/6	7/7	6/6	4/4	1/1
Dr. Marion Helmes, Vice Chairwoman	6/6	7/7	6/6	4/4	1/1
Lawrence Aidem	6/6	7/7	—	3/3	—
Adam Cahan	5/6	7/7	—	—	—
Angelika Gifford (May 21, 2015 to January 13, 2020)	0/0	0/0	—	0/0	—
Erik Adrianus Hubertus Huggers	6/6	7/7	—	—	—
Marjorie Kaplan	6/6	7/7	—	—	—
Ketan Mehta	6/6	7/7	—	—	1/1
Dr. Antonella Mei-Pochtler (since April 13, 2020)	5/5	1/1	4/4	—	—
Prof. Dr. Rolf Nonnenmacher	6/6	7/7	6/6	4/4	1/1

Key topics of the individual meetings in 2020 were:

- In an extraordinary meeting on February 3, 2020, the Supervisory Board was given comprehensive information on the financial performance expected at the end of financial year 2019 and in the first quarter of financial year 2020, from which the outlines of the initial slightly negative trend as a result of the pandemic could be seen. We received an insight into strategic targets and measures determined for the Executive Board and the management for 2020. In addition, we were informed about the status of potential acquisitions and the sale of Red Arrow Studios which was considered at the time, but not realized. Christine Scheffler also informed us about personnel changes.

  At the beginning of the year, Angelika Gifford informed me about a conflict of interest resulting for the exercise of her new activity. As a result, she resigned her mandate as member of the Supervisory Board of ProSiebenSat.1 Media SE with effect from January 13, 2020. In this extraordinary meeting, the Supervisory Board discussed the succession plan for Angelika Gifford and evaluated potential candidates.

- On February 27, 2020, there was a further extraordinary meeting in which we discussed extensively the planned acquisition of The Meet Group by Parship Group.

- At the financial statements meeting held on March 4, 2020, the Supervisory Board approved the Annual and Consolidated Financial Statements, the Management Report and Group Management Report, the Corporate Governance Report, the Report of the Supervisory Board and the Compensation Report for financial year 2019. With regard to the recommendation of the Audit and Finance Committee, the Supervisory Board also decided to propose the audit firm Ernst & Young GmbH

(Ernst & Young) Wirtschaftsprüfungsgesellschaft, with its registered office in Stuttgart, for election as the statutory auditor for the financial year 2020 and for the period until the next Annual General Meeting in 2021. We also approved the other agenda items for the Annual General Meeting on June 10, 2020, with the corresponding proposed resolutions, which the Audit and Finance Committee had extensively prepared in advance.

The Supervisory Board also followed the recommendations of the Compensation Committee and approved topics relating to the Executive Board, i.e. the payment of the performance bonus for financial year 2019 and the target achievement for the 2019 Performance Share Plan and for the 2016/2017 Group Share Plan.

At the financial statements meeting we also received a detailed overview on the current development of the Company and the financial implications of the start to the COVID-19 pandemic. In addition, the Supervisory Board dealt extensively with the planned acquisition of The Meet Group by Parship Group. Combining the two successful and complementary companies creates a leading global player in the dating market. In the meeting, we approved the takeover offer. The closed session of the Supervisory Board also took place on March 4, 2020.

- In two extraordinary meetings, which took place on March 10 and March 12, 2020, we dealt with the departure of Conrad Albert as Deputy CEO and General Counsel.

- In a further extraordinary meeting on March 26, 2020, the Supervisory Board dealt with the new lineup of the Executive Board and decided to transfer to Rainer Beaujean, in addition to his function as CFO, the Chairman of the Executive Board role and to appoint Wolfgang Link and Christine Scheffler to the Executive Board. The Supervisory Board also resolved to remove Max Conze as the Company's CEO.

  With the new lineup of the Executive Board, ProSiebenSat.1 Group has returned the primary focus of its operating business to the Entertainment sector in the German-speaking region (Germany, Austria and Switzerland). The main emphasis is on local and live formats, in close cooperation with Red Arrow Studios and the digital studio Studio71.

- In an extraordinary meeting on April 6, 2020, the Supervisory Board dealt with the further increase in the share of voting rights held by Mediaset Group, which joined the Company as shareholder in May 2019, on March 30, 2020. In this meeting, the Supervisory Board also received a provisional outlook on business performance in the first quarter of 2020, particularly in respect to the potential business consequences of the COVID-19 pandemic. In addition, we were informed by the Executive Board that as a result of the pandemic an examination was taking place as to whether to postpone the Annual General Meeting planned for June 10, 2020. Furthermore, we announced the court appointment of Dr. Antonella Mei-Pochtler as new member of the Supervisory Board with effect from April 13, 2020.

- In an extraordinary meeting on April 22, 2020, the Supervisory Board followed the proposal of the Executive Board and resolved to hold this year's Annual General Meeting as planned on June 10, 2020 – but due to the pandemic on a virtual basis and without the physical presence of shareholders or their proxies. In doing so, the Company utilized the option which the German legislator had introduced on a temporary basis as a result of the COVID-19 pandemic. The Supervisory Board also resolved to concur with the Executive Board's proposal for the allocation of profits and to carry forward the full amount of the balance sheet profits to the new accounting period. Moreover, we welcomed Dr. Antonella Mei-Pochtler as a new member in the Supervisory Board of ProSiebenSat.1 Media SE.

  In the subsequent closed session, the Supervisory Board thoroughly reviewed its performance on the basis of a detailed list of questions. The review extended primarily to the Supervisory Board's view of its mission, the organization of its activities, the independence of its members, the handling of potential conflicts of interest, and the composition of its committees.

- In our regular meeting on June 9, 2020, we were given a detailed report on issues relevant to the capital market and on the anticipated financial business performance in the second quarter of 2020. In this context the Executive Board informed us in detail on the planned strategic alignment of the

Group and its segments, also in the context of the COVID-19 pandemic. Furthermore, we obtained an insight into the strategic development of the Group and the individual segments. In this meeting we also approved the acquisition of the free-TV live rights package for the Bundesliga valid for four seasons. From the summer of 2021, nine games per season will be shown on free-TV in SAT.1 and on the relevant digital platforms. In addition, Dr. Antonella Mei-Pochtler was elected to the Presiding and Nomination Committee and to the Audit and Finance Committee.

- In the Annual General Meeting on June 10, 2020, the new Executive Board team – Rainer Beaujean, Wolfgang Link and Christine Scheffler – presented itself to the shareholders. In addition, Dr. Antonella Mei-Pochtler, proposed as new member of the Supervisory Board to the Annual General Meeting, also presented herself personally to the audience.

  The Annual General Meeting agreed to the Executive Board's and Supervisory Board's proposal to carry forward the full amount of the balance sheet profits to the new accounting period and thus to suspend the dividend for the financial year 2019. At the same time, the Group confirmed its current dividend policy in principle. By a clear majority, the Annual General Meeting also elected Dr. Antonella Mei-Pochtler as member of the Supervisory Board. In addition, the Annual General Meeting granted discharge to the Executive Board and Supervisory Board for financial year 2019 by a clear majority. All other proposed resolutions were also adopted with a majority of over 90 percent.

- In a regular Supervisory Board meeting on September 9, 2020, the Executive Board provided an outlook for the third quarter of 2020 and informed us about the Group's business performance to the present date. We were also informed about the expected market situation in financial year 2021. We were provided with an extensive report on the strategy of the Group and its individual segments, which we discussed in detail with the Executive Board. Particularly the topics of digital strategy and its monetarization by extending reach were discussed in more detail. A comprehensive report on the Company's sustainability strategy was provided.

- At our regular Supervisory Board meeting on December 9, 2020, the Supervisory Board approved the 2021 budget for ProSiebenSat.1 Group, which had been presented and explained to us in detail. Furthermore, the Supervisory Board acknowledged and approved the multi-year plan and the strategic alignment. We were informed in full detail about the economic performance of the key business areas. At this meeting, we also approved the financial targets in the context of variable compensation for the Executive Board members for financial year 2021 as well as the annual Declaration of Compliance. At this meeting, we were informed that the random sampling by the German Financial Reporting Enforcement Panel (FREP) of the Consolidated Financial Statements of the Company as of December 31, 2019 including the Group Management Report and the Annual Financial Statements of the Company as of December 31, 2019 including Management Report did not result in any findings. In the closed session on the previous day, we had extensively discussed and prepared for this meeting.

In addition, the Supervisory Board – after extensive discussion at the regular Supervisory Board meetings – adopted eight resolutions by way of written circular vote in 2020, including the Executive Board's proposal to supplement the Supervisory Board on the basis of the court appointment of Dr. Antonella Mei-Pochtler and the targets of the Executive Board in respect to the components of its short-term incentives (STI) for 2020. Also, by way of written circular vote we approved the disposal of the Virtual Minds subsidiary, myLoc managed IT AG to the Italian cloud provider WIIT S.p.A. and approved the sale of WindStar Medical Holding by NuCom Group to the financial investor Oakley Capital. With these measures, the Group continued its active portfolio management strategy.

REPORT ON THE WORK OF THE COMMITTEES

The Supervisory Board of the Company has formed various committees to support it in its work. In 2020, the Board had four committees to ensure efficient execution of its duties: the Presiding and Nominating Committee, the Compensation Committee, the Audit and Finance Committee, and the Capital Markets Committee. The committees reported to the Supervisory Board regularly and comprehensively on their activities in its plenary sessions. The main emphases of the committees' work are described below.

The **Presiding and Nominating Committee** coordinates the work of the Supervisory Board and prepares its meetings. In addition, it is responsible for the tasks of a nominating committee in accordance with the German Corporate Governance Code and adopts resolutions that have been delegated to it under the Supervisory Board's rules of procedure. This includes examining license agreements, distribution agreements, and sales agreements. The committee did not meet in 2020, but passed a total of five resolutions by way of circular vote, including extending the contract on "Germany's next Topmodel" with Heidi Klum, the successful acquisition of rights for the Formula E and contract extensions with the most important media agencies.

The **Compensation Committee** prepares resolutions on personnel-related Executive Board matters for plenary sessions of the Supervisory Board. In 2020, the committee held four meetings by teleconference and passed three resolutions by way of circular vote. At an initial meeting on February 8, 2020, the committee dealt with the provisional target achievement of Executive Board members under the 2016/2017 Group Share Plan and the 2018 and 2019 Performance Share Plan as well as the provisional individual degrees of target achievement for the 2019 performance bonus. In addition, together with the members of the committee, the performance bonus targets for the individual Executive Board members for financial year 2020 were discussed and a corresponding recommendation to the Supervisory Board was approved. Also approved was the draft of the 2019 Compensation Report for approval by the Supervisory Board.

In additional meetings, the Compensation Committee dealt intensively with possible adjustments to the compensation system for members of the Executive Board in response to the requirements of the German Act for the Implementation of the Second Shareholder Rights Directive (ARUG II). These meetings took place on September 7, 2020, on November 2, 2020 and on December 2, 2020.

The **Audit and Finance Committee** reviewed the Annual Financial Statements and the Consolidated Financial Statements, the Management Report and the Group Management Report, and the proposal for the allocation of profits in preparation for the Supervisory Board, discussing in particular depth the audit report and the auditor's verbal report on the main findings of the audit. The Audit and Finance Committee did not find any grounds for objections in its reviews of the Annual and Consolidated Financial Statements. In addition, the Audit and Finance Committee discussed the quarterly statements and the Half-Year Financial Report with the Executive Board prior to their publication, taking into account the auditor's report on the audit review. It is also the Audit and Finance Committee's task to prepare the Supervisory Board's review of the Company's non-financial reporting.

In the period under review, monitoring of the financial reporting focused on the potential impairment of goodwill and other intangible assets, the measurement of programming assets, accounting for acquisitions of companies and shareholdings, revenue recognition, hedge accounting, accounting for financial liabilities, progress of ongoing tax audits, and income taxes.

The Audit and Finance Committee monitored the accounting process and the effectiveness of the internal control system and the risk management system, also referring to the corresponding reports by the head of Internal Audit and the auditor. No significant weaknesses in the internal control system for the accounting process or in the early risk detection system were identified by the auditor.

In addition, the Audit and Finance Committee handled the preparation of the Supervisory Board's proposal for the appointment of the auditor for financial year 2020 by the Annual General Meeting, the engagement of the auditor, and the fee agreement with the auditor. It monitored the effectiveness of the audit of the financial statements and the independence of the auditor, as well as the services performed by the auditor in addition to auditing services. The Audit and Finance Committee submitted the Supervisory Board an appropriate recommendation to elect the audit firm Ernst & Young as auditor for financial year 2020 and for the period to the regular Annual General Meeting in 2021. In a meeting on December 14, 2020, the Audit and Finance Committee resolved to put to tender the statutory audit for financial year 2021. The Audit and Finance Committee continuously engaged in dialog with the auditor regarding the main audit risks and the required focus of the audit of the financial statements. It established an internal regulation on services by the auditor that are not related to the audit of the financial statements ("non-audit services") and ensured that the auditor and the Executive Board informed it at each meeting about corresponding contracts and the fees incurred in this context, which it approved.

In addition, the Audit and Finance Committee was regularly informed about the further development of the compliance management system, the handling of suspected compliance incidents, legal and regulatory risks, and the risk situation, risk identification, and risk monitoring at the Company. There were also regular reports on the risk assessment by the Internal Audit department, its resources, and audit planning.

The Executive Board regularly informed the Audit and Finance Committee of the status of various activities to finance and secure liquidity for the Company. The heads of the responsible departments also attended the Audit and Finance Committee's meetings for selected items of the agenda, providing reports and answering questions. In addition, the Chairman of the Audit and Finance Committee held discussions on important individual topics between the meetings, particularly with the Chairman of the Supervisory Board, the Chairman of the Executive Board & CFO, and the auditor. The main results of these discussions were regularly reported to the Audit and Finance Committee, as well as to the Supervisory Board where necessary.

In the reporting year, the Committee met six times in the presence of the Chairman of the Executive Board & CFO Rainer Beaujean and the statutory auditor. I attended all meetings as a guest. In financial year 2020, the Audit and Finance Committee adopted no resolutions by way of a circular vote.

The **Capital Markets Committee** has the authority to decide insteadof the full Supervisory Board on whether to approve the use of the Company's Authorized Capital, to authorize the issue of conversion and/or option rights, to authorize the acquisition and use of treasury shares and/or the use of derivatives when acquiring treasury shares as well as on the associated measures in each case. In financial year 2020, there was one meeting of the Capital Markets Committee. This meeting dealt with the current economic situation of the Group.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2020

The Annual and Consolidated Financial Statements of ProSiebenSat.1 Media SE and the Management Report and Group Management Report for financial year 2020 were audited by the audit firm Ernst & Young, with its registered office in Stuttgart, and were issued an unqualified audit report on February 25, 2021.

All documents relating to the Financial Statements, the Risk Report, and the Ernst & Young audit reports were made available to the members of the Supervisory Board in due time and were subjected to a thorough review by us.

Another subject discussed was the Combined Separate Non-Financial Report which was discussed in the presence of the auditors, first at a meeting of the Audit and Finance Committee and then at a meeting of the Supervisory Board. At those meetings, the auditor reported on its significant audit findings. No accounting-related deficiencies were identified in either the internal control system or the risk management system, nor did any circumstances arise that could give cause for concern about the independence of the auditors.

The Supervisory Board acknowledged and approved the auditor's findings and, after completing its own examination, found no cause for objection on its part either. The Supervisory Board also approved the Annual and Consolidated Financial Statements prepared by the Executive Board and audited by the auditor as well as the Management Report and Group Management Report. The Annual Financial Statements are thus adopted. Finally, the Supervisory Board reviewed and concurred with the Executive Board's proposal for the allocation of profits.

In accordance with section 111(2) sentence 4 of the German Stock Corporation Act (Aktiengesetz – AktG), the Supervisory Board commissioned an external review of the content of the Combined Separate Non-Financial Report from Ernst & Young. Ernst & Young issued an unqualified audit opinion in this regard. This means that, according to the assessment by Ernst & Young, the Combined Separate Non-Financial Report of ProSiebenSat.1 Media SE was prepared in compliance with sections 315b and 315c in conjunction with sections 289b to 289e of the German Commercial Code in all material respects. In its review, which was also based on the Audit and Finance Committee's report on its preparatory review and its recommendation and the review of Ernst & Young's report and its audit opinion, the Supervisory Board likewise did not identify any reasons to doubt the correctness and appropriateness of the Combined Separate Non-Financial Report.

CONFLICTS OF INTEREST

The members of the Supervisory Board are required to disclose to the Presiding and Nominating Committee possible conflicts of interest without delay. In financial year 2020, due to one member of the Supervisory Board simultaneously having seats on corporate bodies of competitors or business partners of ProSiebenSat.1 Media SE, there was the following indications of a conflict of interest:

- Dr. Antonella Mei-Pochtler is a member of the Supervisory Board of Publicis Groupe SA (Paris, France) which is a customer of Seven.One Media GmbH. She did not participate in the resolution in the context of the contract extensions with the most important media agencies which was passed by way of circular vote.

Otherwise there were no indications for a conflict of interest.

CORPORATE GOVERNANCE

Executive Board and Supervisory Board report on corporate governance in the form of the Management Declaration pursuant to sections 289f and 315d of the German Commercial Code which can be found online under → www.prosiebensat1.com/en/investor-relations/corporate-governance/corporate-governance or in the Annual Report. In accordance with the changed recommendation of the German Corporate Governance Code, no separate Corporate Governance Report was prepared for the financial year; the relevant information is now to be found in the Management Declaration.

The members of the Supervisory Board independently took the training measures necessary for their tasks. New Supervisory Board members receive a comprehensive induction. In doing so they have the opportunity to meet members of the Executive Board and specialist executives for a bilateral exchange on fundamental and current topics of the respective Executive Board responsibilities, thus obtaining an overview of the relevant topics of the Company and the governance structure.

CHANGES IN THE COMPOSITION OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

On March 13, 2020, the Company announced that Conrad Albert, Deputy CEO and General Counsel of ProSiebenSat.1 Media SE, would resign his Executive Board post by mutual agreement as of the end of April 30, 2020, and leave the Company on this date.

On March 26, 2020, the Supervisory Board of ProSiebenSat.1 Media SE resolved that CFO Rainer Beaujean would also take on the role of Chairman of the Executive Board and CEO Max Conze would leave the company with immediate effect. Wolfgang Link and Christine Scheffler were appointed to the Executive Board. In the reorganized Executive Board team, Rainer Beaujean is responsible for Strategy & M&A, Red Arrow Studios, NuCom Group and the newly created ParshipMeet Group as well as all financial functions and the holding divisions IT, Communications, Investor Relations, Legal, Governmental Affairs and Group Security. Wolfgang Link is responsible for the Entertainment business, which includes all areas from content and digital to sales and the streaming business with the platform Joyn. Christine Scheffler heads the Human Resources, Compliance, Sustainability and Organizational Development & Operational Excellence departments.

To integrate content, digital and sales businesses even closer together, thus offering viewers content across all platforms and media, the Entertainment activities of ProSiebenSat.1 Media SE are managed together under the umbrella brand Seven.One Entertainment Group. At the same time, the Group is strengthening its news expertise and from 2023 is planning to produce its news broadcasts itself. To do this, ProSiebenSat.1 is establishing a central news editorial team for its platforms.

In conjunction with the consistent restructuring of the Group in line with synergies and value creation, ProSiebenSat.1 is taking a further step. As of January 1, 2021, the Red Arrow Studios' production and distribution business and the digital studio Studio71 are being integrated into the Entertainment segment (previously: Seven.One Entertainment Group). ProSiebenSat.1 thus recognizes the strategic affinity of the two businesses. NuCom Group remains an important pillar. Together with the SevenVentures investment arm, from the financial year 2021 it constitutes the Commerce & Ventures segment. Together with ParshipMeet Group (from January 1, 2021: Dating segment), this reinforces the Group's diversification.

There were also personnel changes in the Supervisory Board in financial year 2020. With effect from April 13, 2020, on the basis of a court order, Dr. Antonella Mei-Pochtler became a member of the Supervisory Board of ProSiebenSat.1 Media SE until the end of the Annual General Meeting on June 10, 2020. A clear majority of the shareholders then elected her as Supervisory Board member at the Annual General Meeting on June 10, 2020. She succeeds Angelika Gifford, who resigned on January 13, 2020. Dr. Antonella Mei-Pochtler is an independent entrepreneur as well as senior advisor at the Boston Consulting Group and special advisor to the Austrian Chancellor. She has extensive experience as well as a global network in the areas of strategy, media and digital transformation.

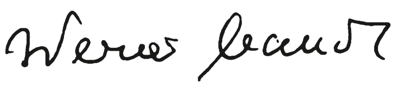
THANK YOU FROM THE SUPERVISORY BOARD

I would like to give a warm welcome to Dr. Antonella Mei-Pochtler and thank Angelika Gifford, who closely accompanied the Company as Supervisory Board member and who left the Supervisory Board last year.

On behalf of my Supervisory Board colleagues, I would like to thank the Executive Board in office – Rainer Beaujean, Wolfgang Link and Christine Scheffler have done outstanding work and guided ProSiebenSat.1 sovereign through the COVID-19 pandemic. Likewise, my special thanks go to all employees. In a very challenging year, against the backdrop of the pandemic everyone showed extraordinary commitment and as a result of their outstanding performance managed not only to secure, but to advance the Group's business.

In conclusion, I would like to convey our thanks to you, our esteemed shareholders, for your confidence in the Company and in the company stock of ProSiebenSat.1. 2020 was a year which presented us all with new challenges. But it was also a year in which the Group's strategic alignment showed its viability for the future. At the same time, ProSiebenSat.1 positioned itself to be even more synergistic, diversified and focused. In general, the reinforced focus of the Group on earnings is the foundation for improving cash flow, the ability to pay dividends, and leverage in a sustainable manner. We would be pleased if you, dear shareholders, continued to accompany ProSiebenSat.1 on this path.

Unterföhring, March 2021
On behalf of the Supervisory Board



DR. WERNER BRANDT
CHAIRMAN OF THE SUPERVISORY BOARD

MEMBERS OF THE SUPERVISORY BOARD

MEMBERS OF THE SUPERVISORY BOARD OF PROSIEBENSAT.1 MEDIA SE AND THEIR MANDATES ON OTHER SUPERVISORY BOARDS[1]

Dr. Werner Brandt, Chairman	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 Chairman of the Supervisory Board of RWE AG	Domestic Mandates: RWE AG, Essen, Siemens AG, Berlin/Munich
Dr. Marion Helmes, Vice Chairwoman	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 Member in various Supervisory Boards	Domestic Mandates: Siemens Healthineers AG, Erlangen Foreign Mandates: British American Tobacco p.l.c., London, United Kingdom, Heineken N.V., Amsterdam, Netherlands
Lawrence A. Aidem	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 Reverb Advisors (Managing Partner)	Mandates: none
Adam Cahan	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 Independent entrepreneur	Mandates: none
Angelika Gifford	Member of the Supervisory Board of ProSiebenSat.1 Media AG/ of ProSiebenSat.1 Media SE from May 21, 2015 until January 13, 2020 Member of various supervisory boards	Domestic Mandates: TUI AG, Berlin/Hanover, Thyssenkrupp AG, Essen Foreign Mandate: Rothschild & Co. S.C.A, Paris, France
Erik Adrianus Hubertus Huggers	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 Independent entrepreneur	Foreign Mandate: WeTransfer B.V., Amsterdam, Netherlands
Marjorie Kaplan	Member of the Supervisory Board of ProSiebenSat.1 Media SE since May 16, 2018 Merryck & Co (Consultant & Mentor)	Foreign Mandate: ArtBnk, LLC, Newmarket, New Hampshire, USA
Ketan Mehta	Member of the Supervisory Board of ProSiebenSat.1 Media SE since November 24, 2015 Allen & Company LLC (Managing Director)	Mandates: none
Dr. Antonella Mei-Pochtler	Member of the Supervisory Board of ProSiebenSat.1 Media SE since June 13, 2020 Special advisor to the Federal Chancellor of Austria and head of ThinkAustria, the strategic and planning unit of the Austrian Federal Chancellery, Vienna, Austria	Domestic Mandates: Westwing Group AG, Munich Foreign Mandates: Assicurazioni Generali SpA, Milan, Italy, Publicis Groupe S.A., Paris, France
Prof. Dr. Rolf Nonnenmacher	Member of the Supervisory Board of ProSiebenSat.1 Media SE since May 21, 2015 Member in various supervisory boards	Domestic Mandates: Continental AG, Hanover, Covestro AG, Leverkusen, Covestro Deutschland AG, Leverkusen

[1] The presentation of mandates describes the memberships in other supervisory boards required by German law as well as memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.

MEMBERS OF THE EXECUTIVE BOARD

MEMBERS OF THE EXECUTIVE BOARD OF PROSIEBENSAT.1 MEDIA SE AND THEIR MANDATES ON OTHER SUPERVISORY BOARDS[1]

Member of the Executive Board		Executive Board responsibilities to 12/31/2020	Executive Board responsibilities from 01/01/2021	Mandates on other Supervisory Boards
Rainer Beaujean, Chairman of the Executive Board & CFO	CFO since July 1, 2019, Chairman of the Executive Board since March 26, 2020	Strategy & M&A, Red Arrow Studios (incl. Studio71), NuCom Group, ParshipMeet Group, Finances (IR, Treasury, Corporate Procurement & Real Estate, Accounting & Taxes, Shared Services, Corporate Security), Internal Audit, Controlling, IT, Communication, Legal, Regulatory & Governmental Affairs	Dating (e.g. ParshipMeet Group), Commerce & Ventures (e.g. NuCom Group, SevenVentures), Strategy, M&A, Controlling, Finances (IR, Treasury, Corporate Procurement & Real Estate, Accounting & Taxes, Shared Services, Corporate Security), Internal Audit, IT, Communication, Legal, Regulatory & Governmental Affairs	Domestic Mandates: NCG – NUCOM GROUP SE, Unterföhring (Member of the Supervisory Board since February 6, 2020 and Chairman of the Supervisory Board since April 14, 2020), Virtual Minds AG, Freiburg im Breisgau (Member of the Supervisory Board since April 24, 2020 and Chairman of the Supervisory Board since May 11, 2020), Joyn GmbH, Munich (Member of the Advisory Board since April 6, 2020), ParshipMeet Holding GmbH, Hamburg (member of the Advisory Board since August 17, 2020), Rheinisch-Bergische Verlagsgesellschaft mbH, Düsseldorf (Member of the Supervisory Board since March 31, 2020), Rheinische Post Verlagsgesellschaft mbH, Düsseldorf (Member of the Supervisory Board since March 31, 2020), Zeitschrift Controlling (Publisher Advisory Board) Foreign Mandate: ProSiebenSat.1 Digital Content GP Ltd, London, United Kingdom (until December 23, 2020)
Wolfgang Link, Member of the Executive Board & CEO Seven.One Entertainment Group	Member of the Executive Board since March 26, 2020	Seven.One Entertainment Group (Content, Digital incl. Joyn, Sales, Distribution)	Entertainment: Content, Digital incl. Joyn, Sales, Distribution, Red Arrow Studios, Studio71	Domestic Mandates: Joyn GmbH, Munich (Member of the Advisory Board) ParshipMeet Holding GmbH, Hamburg (Member of the Advisory Board since August 17, 2020) Foreign Mandate: ProSiebenSat.1 Puls 8 TV AG, Zurich, Switzerland (Vice President of the Board of Directors)
Christine Scheffler, Member of the Executive Board & CHRO	Member of the Executive Board since March 26, 2020	Human Resources, Compliance, Sustainability, Organizational Development & Operational Excellence	Human Resources, Compliance, Sustainability, Organizational Development & Operational Excellence	Domestic Mandate: JobUfo GmbH, Berlin (Member of the Advisory Board)
Max Conze, Chairman of the Executive Board (CEO)	Chairman of the Executive Board (CEO) from June 1, 2018 to March 26, 2020 (termination of the employment contract as of May 31, 2020)			Domestic Mandates: Joyn GmbH, Munich (Chairman of the Advisory Board) (until April 6, 2020) NCG – NUCOM GROUP SE, Unterföhring (Chairman of the Supervisory Board) (until April 7, 2020)
Conrad Albert, Deputy Chairman of the Executive Board, Group General Counsel	Member of the Executive Board member from October 1, 2011 to April 30, 2020, Deputy CEO from November 19, 2017 to April 30, 2020			Domestic Mandates: VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Sendeunternehmen und Presseverlegern mbH, Berlin (Deputy Chairman) (until March 18, 2020) Bavaria Studios & Production Services GmbH, Grünwald

[1] The presentation of mandates describes the memberships in supervisory boards required by German law as well as memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.

MANAGEMENT DECLARATION

In this Management Declaration, the Executive Board and Supervisory Board report on corporate governance pursuant to sections 289f and 315d of the German Commercial Code (HGB). The Management Declaration includes information on relevant corporate governance practices and other aspects of corporate governance in addition to the annual Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act (AktG). The Executive Board and Supervisory Board regard good corporate governance as an essential component of responsible, transparent management geared toward long-term value creation. With the German Corporate Governance Code (GCGC) a standard for transparent control and management of companies was established. In line with Principle 22 of the GCGC in the version of December 16, 2019, in the present Management Declaration the Executive Board and Supervisory Board report on the Company's corporate governance and give their views on the Code's recommendations and proposals. Information on Executive Board and Supervisory Board compensation can be found in the Compensation Report. In addition to the current Management Declaration and the current Declaration of Compliance, the declarations of the last five years are available on the Company's website.

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT

The Executive Board and the Supervisory Board of ProSiebenSat.1 Media SE hereby declare that ProSiebenSat.1 Media SE has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of February 7, 2017, and published in the official section of the Federal Gazette (Bundesanzeiger) on April 24 and May 19, 2017 (previous GCGC) in the period since the issuance of the last declaration of compliance in December 2019 with the following exception:

The D&O insurance contracts concluded for the Executive Board and the Supervisory Board provide for payment of a deductible by the insured members of the Executive Board in the scope stipulated by law (section 93(2) sentence 3 of the Stock Corporation Act in conjunction with article 51 of the SE Regulation) and in their contracts of employment. However, neither the Executive Board nor the Supervisory Board regards a deductible as an effective way of enhancing Supervisory Board members' motivation or sense of responsibility. Therefore, no deductible is agreed for Supervisory Board members, contrary to the recommendations of item 3.8 of the previous German Corporate Governance Code.

The Executive Board and the Supervisory Board of ProSiebenSat.1 Media SE hereby further declare to comply in the future with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of December 16, 2019 (GCGC), and published in the official section of the Federal Gazette (Bundesanzeiger) on March 20, 2020.

December 2020

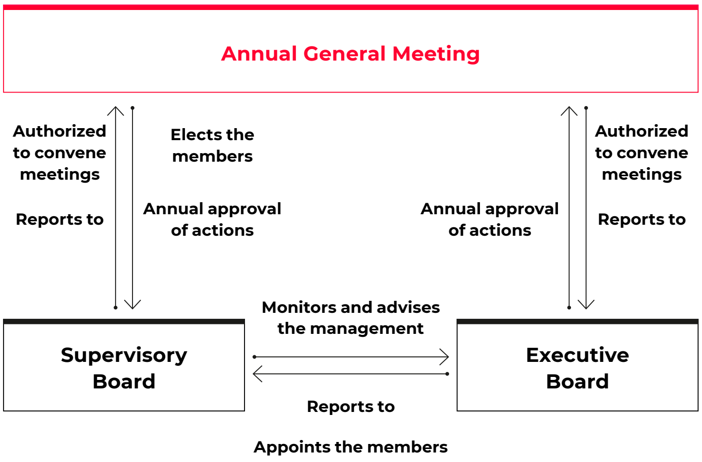
Executive Board and Supervisory Board of ProSiebenSat.1 Media SE

CORPORATE GOVERNANCE AND THE COMPANY'S GOVERNING BODIES

ProSiebenSat.1 Media SE is a listed European Company (Societas Europaea – SE), with its registered office located in Germany. Thus, in addition to the German Corporate Governance Code (GCGC), the formal structure for corporate governance is derived from German and European law, notably the law governing European Companies (SEs), stock corporation and capital markets law, and the articles of incorporation of ProSiebenSat.1 Media SE.

As a European Company, ProSiebenSat.1 Media SE operates under a dual system via its three governing bodies: the Annual General Meeting, the Supervisory Board (supervisory body) and the Executive Board (managing body). Those bodies' duties and powers are governed by Council Regulation (EC) No. 2157/2001 of October 8, 2001, on the Statute for a European Company (SE Regulation), the SE Regulation Implementation Act (Gesetz zur Ausführung der SE-VO - SEAG), the German Stock Corporation Act (Aktiengesetz - AktG) and the articles of incorporation of ProSiebenSat.1 Media SE.

CORPORATE GOVERNANCE STRUCTURE OF PROSIEBENSAT.1 MEDIA SE



A clear separation of powers is maintained between the management function and the supervisory function. The managing body is the Executive Board, which is overseen and advised by the Supervisory Board on management of the Company. All transactions and decisions of fundamental significance for the Company are undertaken by the Executive Board in close consultation with the Supervisory Board. Therefore, open communication and close cooperation between the two bodies are of particular importance.

MANAGEMENT AND MONITORING

Executive Board

The Executive Board of ProSiebenSat.1 Media SE is convinced that sustainable economic success in a competitive environment can be achieved only by ensuring that business practices comply with the applicable laws. In addition to preventing corruption, the Company particularly focuses on antitrust legislation and media law, as well as data protection. For this cause, ProSiebenSat.1 Group has implemented a compliance management system (CMS). The main objective of the CMS is to ensure that all employees consistently think and act with integrity and in accordance with company policies and the law, thus preventing law- and rule-breaking in advance.

In view of its Group structure, ProSiebenSat.1 Group has established both a central and a decentralized compliance organization. The central organization is made up of the Compliance Committee and the Group Compliance department headed by the Group's Chief Compliance Officer (CCO), which are assisted in the performance of their duties by experts from other areas, such as the Legal department. The Compliance Committee is made up of Executive Board member responsible for compliance, Christine Scheffler, the Deputy CFO and the Chief Compliance Officer, as well as the Group functions HR, Internal Audit, Risk Management and Legal as well as the Unit Compliance Officers of the different segments and the Group Data Protection Officer. The Compliance Committee and the CCO support and advise the Executive Board in implementing, monitoring, and updating the CMS. The CCO, who is based in the Executive Board department covering HR, Compliance, Sustainability, Organizational Development & Operational Excellence, and is entrusted with implementing the CMS in the Group, carries out risk analyses and training, and advises the Executive Board on the development and implementation of appropriate measures to minimize risk. In addition, he or she monitors legal developments and makes proposals for updating the CMS.

The decentralized compliance organization is represented by Unit Compliance Officers (UCOs), who are appointed in Group entities. Overall responsibility for the CMS lies with the Executive Board of ProSiebenSat.1 Media SE as the parent company of ProSiebenSat.1 Group.

ProSiebenSat.1 Group has laid down basic guidelines and policies in its Code of Conduct. The guidelines define the general standards for conduct in business, legal and ethical matters and also govern how employees can report misconduct in the Company. They serve all members of the Executive Board, the management, and the employees of ProSiebenSat.1 Group as a binding reference and regulatory framework for dealing with each other and with business partners, customers, suppliers, and other third parties. The Code of Conduct can be viewed online at → www.prosiebensat1.com/en/investor-relations/corporate-governance/code-of-conduct.

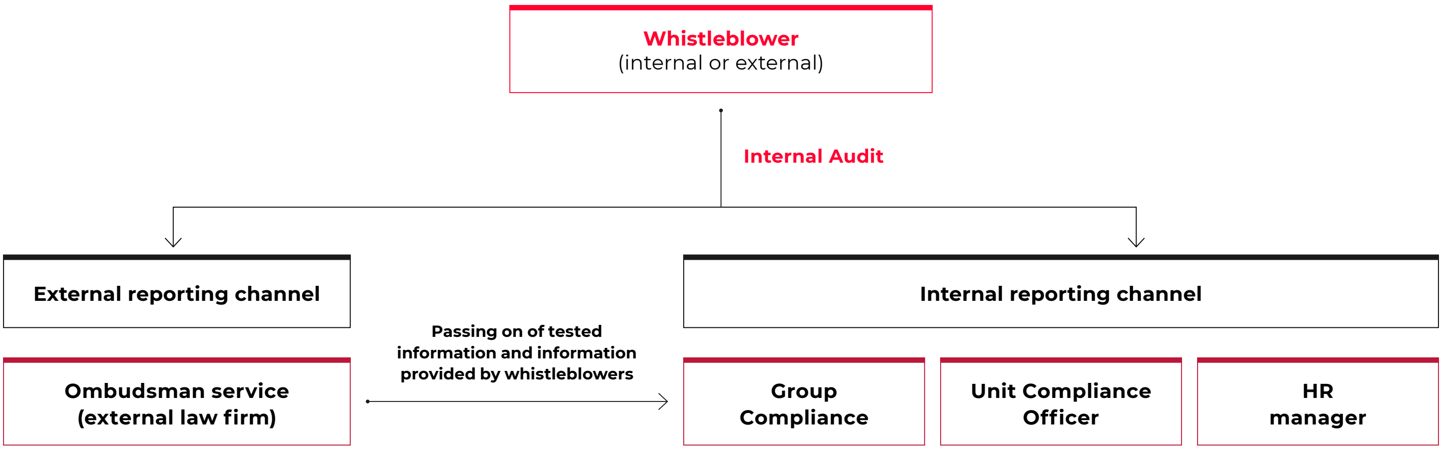
Another central compliance instrument of ProSiebenSat.1 Group is the whistleblower system. In addition to internal reporting channels, it is also possible to report legal violations anonymously via an external ombudsman service. The ombudsman service accepts complaints and reports by telephone or e-mail, checks their plausibility and then forwards them to Group Compliance. In the event of reports of serious suspicions and after internal evaluation, the Chief Compliance Officer promptly informs the management.

ProSiebenSat.1 Group values the diversity of individual characteristics, experience, and expertise that its employees and managers contribute to the Company, and regards diversity as an important success factor for the Group's development. In particular, the proportion of women in management positions is a key diversity aspect for ProSiebenSat.1 Group. In a resolution dated June 30, 2017, with reference to section 76(4) of the German Stock Corporation Act (AktG) in conjunction with article 9(1) lit. c) ii) of the SE Regulation (SE-VO), the Executive Board of ProSiebenSat.1 Media SE established the following targets – to be reached by June 30, 2022 – for the proportion of women at the two management levels below Executive Board level:

- First management level: 15%
- Second management level: 30%

At the end of the past financial year, the proportion of women at the first management level of ProSiebenSat.1 Media SE was 25.0% (previous year: 25.0%). At the second management level, the percentage of women was 30.4% (previous year: 34.2%). This means that both targets for the proportion of women at the two management levels below Executive Board level were exceeded in the reporting period.

PROSIEBENSAT.1 GROUP'S WHISTLEBLOWER SYSTEM



Supervisory Board

The Supervisory Board appoints and dismisses the members of the Executive Board, monitors and advises the Executive Board in managing the Company and is to be involved in all decisions of decisive importance for the Company. The Chairman of the Supervisory Board is elected by the Supervisory Board from among its members. He coordinates the work in the Supervisory Board and represents the Supervisory Board's interests externally. In this context the Chairman of the Supevisory Board talks to investors about topics specific to the Supervisory Board, within reasonable limits.

Annual General Meeting

The Company's shareholders exercise their rights of co-administration and oversight at the Annual General Meeting, which is handled rapidly by the chair of the meeting and should be finished after four to six hours at the latest. Parts of the Annual General Meeting are also broadcast online. Each common share confers one vote at the Annual General Meeting. The shareholders of the Company are notified of the items on the agenda of the Annual General Meeting and the resolutions proposed by the Executive Board and the Supervisory Board in due time in the meeting invitation. The Executive Board ensures that a proxy is appointed to exercise shareholders' voting rights as per their instructions and thus make it easier for shareholders to exercise their rights. The proxy is present and available at the Annual General Meeting, and furthermore shareholders or their representatives who are not attending the Annual General Meeting in person are able to authorize and issue instructions to the proxy up until the day before or, if the online shareholder portal is being used, up until the end of the general debate of the respective Annual General Meeting.

As a result of the spreading of the new SARS-CoV-2 virus (known as COVID-19 pandemic), on June 10, 2020 on the basis of the German Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19 Pandemic of March 27, 2020, the Company's Executive Board, with the consent of the Supervisory Board, resolved to hold the Annual General Meeting as virtual Annual General Meeting without the physical presence of the shareholders or their proxies. There was a live sound and video broadcast of the entire virtual Annual General Meeting via the online shareholder portal on the website. Shareholders or their proxies were able to submit their votes either in writing or on the basis of electronic communication (postal vote) as well as by authorizing a shareholder representative named by the Company. On the basis of electronic communication, shareholders were able to address questions to the Executive Board and to Supervisory Board using the online shareholder portal up to two days before the Annual General Meeting. Shareholders who exercised their voting right on the basis of a postal vote or via proxies were able to submit objections to the resolutions of the Annual General Meeting on the basis of electronic communication via the online shareholder portal from the start of the virtual Annual General Meeting until it ended.

COMPOSITION OF THE EXECUTIVE BOARD

According to the Company's articles of incorporation, the Executive Board must be composed of one or more members. The number of Executive Board members is determined by the Supervisory Board. As of December 31, 2020, the Executive Board of ProSiebenSat.1 Media SE had three members (previous year: three members). Members of the Executive Board are appointed and removed by the Supervisory Board in accordance with article 39 (2) SE Regulation. In accordance with section 7 (2) sentence 1 of the articles of incorporation in conjunction with article 46 SE Regulation, Executive Board members can be appointed for a maximum period of five years. Initial appointments generally do not utilize the full maximum period, but are generally made for a period not exceeding three years. Reappointments are permitted for a maximum of five years. In accordance with the recommendation of the German Corporate Governance Code, the Supervisory Board has set an age limit for members of the Executive Board: Persons who would turn 65 years before the expiration of their intended term of office shall not be appointed to the Executive Board. In the past year, the Supervisory Board again discussed issues of the long-term succession planning for the Executive Board, discussed the topic with the Executive Board and analyzed both the key focuses for future Executive Board work and also the executives currently available in the Company. → Members of the Executive Board

Targets for Executive Board Composition

The Supervisory Board of ProSiebenSat.1 Media SE has established a target for the composition of the Executive Board with regard to the equal participation of women in accordance with section 111(5) of the German Stock Corporation Act (AktG) in conjunction with article 9(1) lit. c) ii) of the SE Regulation as well as deadlines for the respective target achievement.

On December 10, 2019, the Supervisory Board resolved to meet the target that was set by resolution dated May 12, 2017, for the equal participation of women on the Executive Board with the appointment of one woman. The deadline for implementing this target expires on December 31, 2024. With the appointment of Christine Scheffler as a member of the Executive Board of ProSiebenSat.1 Media SE in March 2020, this target for the equal participation of women on the Executive Board is already met during the reporting period. Besides the proportion of women, no further diversity aspects have yet been defined as targets for the Executive Board as the Supervisory Board does not currently deem it a requirement for the purposes of appointing suitable candidates to the Executive Board.

WORKING PROCEDURES OF THE EXECUTIVE BOARD

Each member of the Executive Board is assigned an area of responsibility regarding which that member keeps his or her colleagues on the Executive Board continuously updated. Rules of procedure enacted by the Supervisory Board for the Executive Board and updated as necessary govern the cooperation between the Executive Board members and the Executive Board members' areas of responsibility. The working procedures also govern in particular the allocation of responsibilities and matters reserved for the full Executive Board. The Executive Board has not formed any committees.

Meetings of the full Executive Board generally took place on a weekly basis and are chaired by the Chairman of the Executive Board. One of the functions of the meetings is to adopt resolutions on measures and transactions that require the consent of the full Executive Board under the Executive Board's rules of procedure. When adopting resolutions, at least half of the Executive Board members must participate in the vote. Resolutions of the full Executive Board are adopted by simple majority. In the event of a tie, the Chairman of the Executive Board casts the deciding vote. When significant events occur, any Board member may call an extraordinary meeting of the full Executive Board; the Supervisory Board may likewise call such meetings. The Executive Board may also adopt resolutions outside of the meetings by casting votes verbally, by phone, in writing, or by text message.

Written minutes of every meeting of the full Executive Board and of every resolution adopted outside the meetings are prepared and signed by the Chairman of the Executive Board or the chairman of the meeting. The minutes are then promptly forwarded to each member of the Executive Board in writing or by text message and presented for approval at the next Executive Board meeting. If none of the individuals who attended the meeting or took part in the resolution object to the content or the wording of the minutes, the minutes shall be deemed approved.

In addition to the regular Executive Board meetings, a strategy workshop is held at least once a year. The workshops serve to prioritize strategic targets across the Group and to define the strategy for the current financial year in cooperation with senior executives from the various business units.

COMPOSITION OF THE SUPERVISORY BOARD

As of December 31, 2020, the Supervisory Board of ProSiebenSat.1 Media SE is made up of nine members as stipulated in the articles of incorporation (previous year: nine members), each of whom was elected by the Annual General Meeting. New Supervisory Board members take part in a structured onboarding process, in which they are familiarized with the Company and their tasks. → Members of the Supervisory Board

Targets for the Composition of the Supervisory Board

Having thoroughly reviewed the recommendations of the German Corporate Governance Code in the version dated February 7, 2017 regarding the specific targets for its composition, the Supervisory Board set targets for its composition that take account of the specifics of the Company pursuant to section 111(5) of the German Stock Corporation Act (AktG) in conjunction with article 9(1) lit. c) ii) of the SE Regulation, on March 12, 2018. The Supervisory Board has accordingly set the following targets:

- the share of independent Supervisory Board members within the meaning of the German Corporate Governance Code should be at least 30%;
- the share of women should be at least 1/3 (one third), to be attained by no later than March 31, 2024;
- the members of the Supervisory Board should have specific international expertise and experience in the areas of broadcasting, media, and communication;
- the international activities of the Company should be taken into account. The Supervisory Board should be filled with members who, based on their origin or professional activities, represent regions or cultures in which the Company has significant business operations. In this context, diversity should also be taken into account when appointing members to the Supervisory Board, and the current level of diversity should be maintained. The Supervisory Board should be filled with members who, based on their origin, their personal background, their education, or professional activities, are able to contribute a wide range of experience and specific expertise;

- the Supervisory Board will continue to assess how it intends to handle potential or actual conflicts of interest in order to continue to guarantee unbiased supervision of and provision of advice to the Executive Board of the Company in the Company's best interests in each individual case within the legal framework and taking into account the German Corporate Governance Code;

- the age limit of 70 years at the time of appointment to the Supervisory Board, as stipulated in the rules of procedure adopted by the Supervisory Board, should continue to apply;

- individuals who have been members of the Company's Supervisory Board for three full consecutive terms, and thus generally for fifteen years, should as a rule no longer be nominated for reelection to the Supervisory Board.

The Supervisory Board already meets the aforementioned targets it has set for its composition pursuant to the German Corporate Governance Code and the German Stock Corporation Act. The Supervisory Board considers all Supervisory Board members independent for financial year 2020.

OVERVIEW OF THE TERMS OF OFFICE OF THE MEMBERS OF THE SUPERVISORY BOARD

Name	Date of appointment	End of the term of office [as of the end of the AGM of the year or resignation]
Brandt, Dr. Werner (Chairman)	06/12/2019	AGM 2022 [3 years]
Helmes, Dr. Marion (Vice-Chairwoman)	06/12/2019	AGM 2023 [4 years]
Aidem, Lawrence	06/12/2019	AGM 2023 [4 years]
Cahan, Adam	06/12/2019	AGM 2022 [3 years]
Gifford, Angelika	06/12/2019	AGM 2023 [4 years] [Resignation as of Jan 13, 2020]
Huggers, Erik	06/12/2019	AGM 2024 [5 years]
Kaplan, Marjorie	06/12/2019	AGM 2024 [5 years]
Mehta, Ketan	06/12/2019	AGM 2024 [5 years]
Mei-Pochtler, Dr. Antonella	06/10/2020 (Confirmed by the AGM) 04/13/2020 (Appointed by court)	AGM 2023 [supplementary election for Angelika Gifford] AGM 2020
Nonnenmacher, Prof. Dr. Rolf	06/12/2019	AGM 2022 [3 years]

The described targets for the Supervisory Board's composition and stipulations concerning the equal participation of women on the Supervisory Board in accordance with section 111(5) of the German Stock Corporation Act (AktG) in conjunction with article 9(1) lit. c) ii) of the SE Regulation form part of the diversity concept for the Supervisory Board in accordance with sections 289f(2) no. 6 and 315d of the German Commercial Code (HGB). Another element of the Supervisory Board diversity concept is the skills profile for the Supervisory Board, which is described below.

Skills Profile for the Supervisory Board

In light of the recommendation of the German Corporate Governance Code in the version of December 16, 2019, under item note C.1 (Composition of the Supervisory Board), the Supervisory Board of ProSiebenSat.1 Media SE developed the skills profile described below for the Board as a whole and adopted this on March 12, 2018, so as to ensure qualified control and monitoring of the Company by the Supervisory Board. The Board as a whole already satisfies the requirements in its current composition.

Each member of the Supervisory Board should contribute essential general expertise, with the effect that the corresponding candidates are able to perform the tasks of the Supervisory Board in an international media/digital group based on their personality, independence, motivation, and integrity. In addition, it should be ensured that the subject of diversity is taken into account in the nomination of candidates by the Supervisory Board's Presiding and Nominating Committee to the Supervisory Board as a whole and subsequently to the Annual General Meeting.

The expertise and experience required for qualified and successful work by the Supervisory Board should – in keeping with the Supervisory Board's nature as a collegial body – be ensured by all members of the Supervisory Board.

Overall, the Supervisory Board of ProSiebenSat.1 Media SE should have the skills and expertise considered to be material in view of ProSiebenSat.1 Group's activities. This particularly includes in-depth knowledge with regard to:

- experience in the management of a listed, internationally operating company;

- in-depth understanding of ProSiebenSat.1 Group's different business areas – particularly content and broadcasting, distribution, digital entertainment, e-commerce, and production – and of the Group's market environment and media regulation/policy;

- in-depth knowledge in the field of digital business development, digital diversification and platform strategies (such as Addressable TV), data and advertising technology, and M&A;

- in-depth knowledge in the field of accounting, financial reporting, and auditing;

- in-depth knowledge in the fields of controlling and risk management;

- in-depth knowledge in the fields of human resources development and management;

- in-depth knowledge in the fields of governance and compliance.

In addition, at least one independent member of the Supervisory Board, who is the Chairman of the Audit and Finance Committee, must have specific expertise and experience in applying accounting principles and internal controlling methods as well as being familiar with the audit of annual financial statements.

When putting forward nominations to the Annual General Meeting, particular attention should be paid to the personality, integrity, motivation, and independence of the candidates. In addition, Supervisory Board members should comply with the limit recommended in item C.4 of the German Corporate Governance Code with regard to mandates at listed companies outside the Group

With regard to nominations by the Supervisory Board to the Annual General Meeting all requirements should be met and the above targets should be taken into account so as to ensure overall fulfillment of the skills profile for the Supervisory Board.

Further information on the skills profile for the Supervisory Board is available at the ProSiebenSat.1 Media SE website at → www.prosiebensat1.com/en/investor-relations/corporate-governance/corporate-bodies.

WORKING PROCEDURES OF THE SUPERVISORY BOARD

The Executive Board provides the Supervisory Board with prompt and complete information – both in writing and at the Supervisory Board's quarterly meetings – on planning, business performance, and the situation of the Company, including risk management and compliance matters. Where indicated, an extraordinary meeting of the Supervisory Board is called to address important events. The Executive Board includes the Supervisory Board in company planning and strategy as well as in all matters of fundamental importance to the Company. The Company's articles of incorporation and the rules of procedure for the Executive Board stipulate that all significant transactions must be approved by the Supervisory Board. Such significant transactions requiring the consent of the Supervisory Board include adopting the annual budget, making major acquisitions or divestments, and investing in program licenses. More information on cooperation between the Executive Board and the Supervisory Board and on the significant matters on which they consulted in financial year 2020 is available in the Report of the Supervisory Board. → Report of the Supervisory Board

The Supervisory Board holds a minimum of two meetings during the first half of the financial year and two meetings during the second half. To facilitate its work, the Supervisory Board has adopted rules of procedure to supplement the provisions of the articles of incorporation. These can be viewed on the Company's website → www.prosiebensat1.com/en/investor-relations/corporate-governance/corporate-bodies. The rules of procedure stipulate that the Chairman of the Supervisory Board is to coordinate the work of the Supervisory Board, chair the Supervisory Board meetings, and represent the Supervisory Board's interests externally. As a rule, the Supervisory Board adopts its resolutions at the Supervisory Board meetings. However, on instruction of the Chairman of the Supervisory Board, resolutions may also be adopted on conference calls, in videoconferencing sessions or outside of the meetings. Equally admissible is the adoption of resolutions via a combination of voting at meetings and voting via other methods.

The Supervisory Board is deemed to constitute a quorum if at least half of its members participate in the vote. Resolutions of the Supervisory Board are generally adopted by simple majority of the votes cast, unless otherwise prescribed by law. In the event of a tie, the deciding vote is cast by the Chairman of the Supervisory Board, or in his absence the Vice-Chairwoman.

The meetings of the Supervisory Board are recorded in minutes that are signed by the Chairman. A written record is also kept of resolutions adopted outside of the meetings. A copy of the minutes, or of resolutions adopted outside of meetings, is sent promptly to all members of the Supervisory Board. The Supervisory Board members participating in the meetings or voting on the resolutions may raise objections to the minutes. Objections must be made in writing to the Chairman of the Supervisory Board within one month of the minutes being sent out. Otherwise, the minutes shall be deemed approved.

Prof. Dr. Rolf Nonnenmacher, who is also Chairman of the Audit and Finance Committee, meets the requirements of sections 100(5) and 107(4) of the German Stock Corporation Act (AktG) in conjunction with article 9(1) lit. c) ii) of the SE Regulation and item D.4 of the German Corporate Governance Code as an independent, expert member. In other respects, the members of the Audit and Finance Committee are, as a whole, familiar with the sector in which the Company operates pursuant to sections 100(5) and 107(4) of the German Stock Corporation Act (AktG) in conjunction with article 9(1) lit. c) ii) of the SE Regulation.

The members of the full Supervisory Board are, as a whole, also familiar with the sector in which the Company operates pursuant to section 100(5) of the German Stock Corporation Act (AktG) in conjunction with article 9(1) lit. c) ii) of the SE Regulation. All Supervisory Board members must report any conflicts of interest without delay to the Supervisory Board's Presiding and Nominating Committee, particularly those conflicts that may arise from exercising an advisory or executive function vis-à-vis customers, suppliers, creditors, or other business partners.

The recommendation contained in item D.13 of the German Corporate Governance Code states that the Supervisory Board should regularly implement a self-assessment of its activities. The review extends primarily to the Supervisory Board's view of its mission, the organization of its activities, the independence of its members, the handling of potential conflicts of interest, and the composition of its committees. The last review of the efficiency of Supervisory Board work took place on April 22, 2020 in the context of a closed session on the basis of a detailed list of questions.

COMPOSITION AND WORKING PROCEDURES OF THE SUPERVISORY BOARD COMMITTEES

In financial year 2020, the Supervisory Board formed four committees. The Supervisory Board decides on the composition of its committees. In selecting committee members, potential conflicts of interest involving Supervisory Board members are taken into account, as are their professional qualifications.

COMPOSITION OF THE SUPERVISORY BOARD COMMITTEES AS OF DECEMBER 31, 2020

PRESIDING AND NOMINATION COMMITTEE

Dr. Werner Brandt (Co-Chairman), Dr. Marion Helmes (Co-Chairwoman), Lawrence Aidem, Marjorie Kaplan, Ketan Mehta, Dr. Antonella Mei-Pochtler (since June 10, 2020)

AUDIT AND FINANCE COMMITTEE

Prof. Dr. Rolf Nonnenmacher (Chairman and independent financial expert within the meaning of sections 100(5) and 107(4) of the Stock Corporation Act in conjunction with article 9(1) lit. c) ii) of the SE Regulation and the German Corporate Governance Code), Angelika Gifford (until January 13, 2020), Dr. Marion Helmes, Dr. Antonella Mei-Pochtler (since June 10, 2020)

COMPENSATION COMMITTEE

Dr. Werner Brandt (Chairman), Angelika Gifford (until January 13, 2020), Dr. Marion Helmes, Lawrence Aidem (since April 1, 2020), Prof. Dr. Rolf Nonnenmacher

CAPITAL MARKETS COMMITTEE

Dr. Werner Brandt (Chairman), Dr. Marion Helmes, Ketan Mehta, Prof. Dr. Rolf Nonnenmacher

The Supervisory Board committees generally meet on a quarterly basis or as required. To the extent permitted by law, the committees have been entrusted with adopting resolutions concerning various Supervisory Board tasks, especially approving certain management actions. A committee is deemed to constitute a quorum when at least half of its members participate in the vote. Committee resolutions are normally adopted by a simple majority vote. In the event of a tie, the committee chairman casts the deciding vote. Written minutes are prepared of each committee meeting and are signed by the committee chairman. Resolutions adopted outside the meetings are also recorded in writing. Minutes and the text of resolutions adopted are sent to all members of the committee concerned. These shall be deemed approved if no committee member who was present at the meeting, or who took part in the vote on the resolution, objects to the content within one month of dispatch. The committee chairmen report on the work of the committees at the meetings of the Supervisory Board.

The Chairman of the Executive Board & CFO and the independent auditor participate regularly in the meetings of the Audit and Finance Committee. In addition, the chairman of the Audit and Finance Committee invites in particular senior executives from the areas of finance and accounting to provide information at meetings if required. The Audit and Finance Committee meets without any Executive Board members being present at least once per financial year. The Supervisory Board has issued rules of procedure to govern the work of the Audit and Finance Committee. In addition, the Audit and Finance Committee and the auditors maintain a regular dialog between meetings.

The individual breakdown of participation at meetings of the Supervisory Board can be found in the → "Report of the Supervisory Board".

TRANSPARENCY AND EXTERNAL REPORTING

We aim to strengthen trust among shareholders, capital providers, and other interested parties through openness and transparency. For that reason, ProSiebenSat.1 Media SE reports regularly on key business developments and changes within the Group. The Company generally provides information simultaneously to all shareholders, financial analysts, media representatives, and other interested parties. Given the international nature of our stakeholders, we provide reports in English as well.

The financial calendar presents the publication dates of financial reports and quarterly reports well in advance, along with other important dates such as the date of the Annual General Meeting. The calendar is available on the Company's website at → www.prosiebensat1.com/en/investor-relations/presentations-events/financial-calendar.

To ensure fair communication and prompt disclosure both in Germany and elsewhere, the Company makes use of the Internet as one of its main communication channels. All relevant corporate information is published on our website at → www.prosiebensat1.com/en. Annual reports, half-yearly financial reports, quarterly statements, current stock price charts, and company presentations can be downloaded from the website at any time. The website includes a special section where the Group provides information on organizational and legal matters in connection with the Annual General Meeting. The meeting agenda can be found here, and the Chairman of the Executive Board's speech and the results of votes are made available after the meeting. In the Corporate Governance section, ProSiebenSat.1 Media SE also publishes the current Management Declaration pursuant to section 289f and sections 289f, 315d and 315e of the German Commercial Code (HGB), and the Declaration of Compliance with the German Corporate Governance Code (GCGC) in accordance with section 161 of the German Stock Corporation Act (AktG), which includes an archive with the declarations from the last five years and the Company's articles of incorporation.

Four times a year, ProSiebenSat.1 Group presents information on the Group's business performance as well as its financial position and earnings as part of the Company's annual and interim financial reporting. The Consolidated Financial Statements and the Group Management Report are made publicly available within 90 days after the end of the financial year, the mandatory financial information during the financial year within 45 days after the end of the reporting period at → www.prosiebensat1.com/en/investor-relations/publications/results.

As required by law, matters that could significantly influence the price of the Company's stock are announced immediately in ad-hoc disclosures outside of the scheduled reports and are made available at → www.prosiebensat1.com/en/newsroom/press-releases/ad-hoc-disclosures.

Notifications of changes in significant voting rights pursuant to sections 33 et seq. of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) are published immediately upon receipt. Current information is available at → www.prosiebensat1.com/en/investor-relations/publications/voting-rights-notifications.

Directors' dealings notifications in accordance with article 19 of Regulation (EU) No. 596/2014 (Market Abuse Regulation – MAR) are likewise published at → www.prosiebensat1.com/en/investor-relations/publications/directors-dealings immediately upon receipt. In financial year 2020, nine transactions in company stock or in financial instruments relating to company stock were reported to ProSiebenSat.1 Media SE by management personnel or related parties in compliance with article 19 of the Market Abuse Regulation.

As of December 31, 2020, members of the Executive Board held a total of 131,102 shares (previous year: 413,107) and members of the Supervisory Board a total of 102,235 shares (previous year: 84,710) in ProSiebenSat.1 Media SE.

INDIVIDUALIZED SHAREHOLDINGS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD AS OF DECEMBER 31, 2020

	Number of shares	Share value on purchase (in EUR)	Share value as of Dec 31, 2020 (in EUR)[2]
EXECUTIVE BOARD[1]			
Rainer Beaujean	131,102[3]	1,501,567.44	1,803,963.52
Wolfgang Link	0	—	—
Christine Scheffler	0	—	—
SUPERVISORY BOARD			
Dr. Werner Brandt	47,800	775,769.93	657,728.00
Dr. Marion Helmes	9,205	190,892.78	126,660.80
Lawrence A. Aidem	4,155	107,529.97	57,172.80
Adam Cahan	6,257	109,044.97	86,096.32
Erik Huggers	3,707	100,012.01	51,008.32
Marjorie Kaplan	3,047	33,857.50	41,926.72
Dr. Antonella Mei-Pochtler	0	—	—
Ketan Mehta	15,000	240,983.00	206,400.00
Prof. Dr. Rolf Nonnenmacher	13,064	209,961.22	179,760.64

1 Until the prescribed level of 100% of an annual fixed gross basic salary is reached, the Executive Board member is obliged to invest in each financial year an amount corresponding to at least 25% of the annual gross payout from the performance bonus and Performance Share Plan. Rainer Beaujean has already voluntarily fulfilled his investment obligation directly upon joining the Company. For Wolfgang Link and Christine Scheffler, this will apply for the first time when the performance bonus for 2020 is paid out in financial year 2021.
2 Share price as of Dec 31, 2020: EUR 13.76.
3 Thereof 1,102 before taking office.

Further information on ProSiebenSat.1 Media SE's share-based payment plans (Performance Share Plan and Group Share Plan) and the employee stock option plan (MyShares) can be found in the Group Management Report and in the Notes to the Consolidated Financial Statements. → Compensation Report → Notes, note 26, "Shareholders' Equity"

ProSiebenSat.1 Group's financial reporting conforms to the IFRSs (International Financial Reporting Standards) as adopted by the European Union. The Annual Financial Statements of ProSiebenSat.1 Media SE, the Group parent, are prepared under the accounting principles of the German Commercial Code (HGB). Both the single-entity financial statements of ProSiebenSat.1 Media SE and the Consolidated Financial Statements are available on the Company's website at → www.prosiebensat1.com/en Both sets of financial statements are audited and issued an audit opinion by an independent accounting and auditing firm. The financial statements for financial year 2020 were duly audited by the audit firm Ernst & Young with Nathalie Mielke acting as the lead auditor. They were issued an unqualified audit opinion on February 25, 2021. Prof. Dr. Sven Hayn also signed the audit opinion. Nathalie Mielke has been working with the Company as lead auditor at Ernst & Young since financial year 2019. → Report of the Supervisory Board

SUSTAINABILITY

REPORTING STANDARDS AND MATERIAL TOPICS

This sustainability chapter summarizes the key environmental, societal and social developments at ProSiebenSat.1 Group. In combination with the other content of the Annual Report 2020, this provides a comprehensive description of ProSiebenSat.1 Group's performance on the basis of financial and non-financial information. The sustainability chapter comprises the ProSiebenSat.1 Group Sustainability Report prepared in accordance with the standards of the Global Reporting Initiative (GRI) "Core" option. The complete GRI content index can be found in the "Information" section in the Annual Report 2020. In addition, the sustainability chapter serves as the Communication on Progress (COP), which all companies participating in the UN Global Compact are obliged to publish annually.

The sustainability chapter contains the combined separate Non-financial Report (NFR) for ProSiebenSat.1 Media SE and ProSiebenSat.1 Group in accordance with section 289b (1) and (3) and section 315b (1) and (3) of the German Commercial Code (HGB). The content of the NFR is marked by a grey line on the left or right edge of the page next to the text. In preparing the NFR, we are guided by the GRI standards as an international framework for sustainability reporting. In the NFR for financial year 2020, ProSiebenSat.1 Group reports on the main non-financial aspects with the corresponding information needed in order to understand the parent company's and the Group's business development, results and position and the effects of the business activities in this regard. Material risks for individual non-financial aspects were not determined in this context. The non-financial Group report has been combined with the parent company's Non-financial Report within the meaning of section 315b (1) sentence 2 HGB. Unless stated otherwise, the disclosures in this report relate to both, the Group and the parent company.

In accordance with section 317 (2) sentence 4 HGB, the auditor checked that the NFR was presented in line with the legal requirements. The Supervisory Board also commissioned Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft to audit the content of the NFR with reasonable assurance. The audit opinion dated February 25, 2021, which describes the type, scope and findings of this audit, is reproduced in the "Information" section in the Annual Report 2020. The audit was conducted using the relevant auditing standards "Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 revised)" in order to obtain reasonable assurance with regard to the legally required disclosures in accordance with sections 315b and 315c in conjunction with sections 289b to 289e HGB.

In 2017, we conducted a materiality analysis due to the first-time application of the CSR Directive Implementation Act, which complied with both the statutory requirements and the definition of materiality according to GRI, and have validated it annually since then. We recently reviewed the definition of material topics in December 2020 in the form of a survey of the members of the ProSiebenSat.1 Group Sustainability Committee. To this end, the participants reevaluated the materiality of the sustainability issues classified as material to date from three perspectives (relevance to business success, impact of the Company, and importance for stakeholders). Compared to the NFR and Sustainability Report from 2019, there were no significant changes in the reported topics.

The topics reported are essentially the result of the regular validation of the materiality analysis, the implementation and development of the ProSiebenSat.1 sustainability strategy, and the continuous dialog with internal and external stakeholder groups. This particularly includes the dialog with employees on sustainability issues and with ESG analysts in the course of capital market ratings as well as responding to press inquiries and media monitoring.

CONTENTS OF THE COMBINED NON-FINANCIAL REPORT (NFR)

Aspects and disclosures in accordance with section 289c HGB	Reported topics	Reporting in sustainability chapter
Environmental matters	Not material within the meaning of section 289c (3) HGB	n/a
Employee-related matters	Talent acquisition, employee retention and people development, diversity management	Employees, Diversity
Social matters	Social responsibility, product governance (data protection and media regulation)	Society, Governance & Compliance
Respect for human rights	Anti-discrimination	Society
Prevention of corruption and bribery	Anti-corruption and antitrust law	Governance & Compliance

For the required information on the business model in accordance with section 289c (1) HGB, please refer to the section "Organization and Group Structure" of ProSiebenSat.1 Group''s Management Report. All other references to content outside this NFR are to be understood as additional information and not as part of this NFR.

According to the GRI definition, aspects that report on the key economic, environmental and social impacts of the organization or that significantly influence the assessments and decisions of stakeholders are classed as material. Based on this different definition of materiality as compared to the NFR, the Sustainability Report includes additional topics, including the environment and climate protection, which can also be found in the action areas of our sustainability strategy.

ADDITIONAL CONTENTS OF THE SUSTAINABILITY REPORT

Reported topics	Reporting in sustainability chapter
Occupational health and safety	Employees
Accessible offerings	Diversity
Energy, emissions, waste	Environment

REPORTING SCOPE AND DATA COLLECTION

The organizational reporting framework for the information on concepts and key figures for our sustainability performance as contained in the sustainability chapter essentially comprises all Group companies and corresponds to the scope of consolidation of ProSiebenSat.1 Group as of the end of the financial year 2020, which is managed centrally by ProSiebenSat.1 Media SE. The distinction of the scope of consolidation follows the control principle of IFRS 10. Exceptions and restrictions with regard to the scope of reporting for individual content and data collection for key figures are described below or are indicated accordingly in the information on the individual topics. Unless indicated otherwise, the statements and key figures in the section “Employees” as well as with regard to diversity management mainly relate to the HR management approach and the employees of the Group companies at the headquarters in Unterfoehring, which in addition to ProSiebenSat.1 Media SE (100% of the employees), includes in particular the largest segment Seven. One Entertainment Group (75% of the employees) and the segment Red Arrow Studios (32% of the employees) ProSiebenSat.1 Group’s portfolio companies often follow an independent HR management approach. The company agreements referred to in this report relate to the companies of the joint operation “Holding” Unterfoehring. The information on ProSiebenSat.1 Group’s social responsibility particularly relates to the Group’s business activities in the Seven.One Entertainment Group segment. With the compliance management system (CMS), ProSiebenSat.1 Group covers Group-wide significant legal areas which are relevant for non-financial reporting (anti-corruption, antitrust law, data protection and media regulation). The media law concepts relate primarily to the companies of the Seven.One Entertainment Group segment in Germany due to different legal regulations in foreign countries and a lack of relevance to many companies, for example in the production sector.

SUSTAINABILITY STRATEGY

The Group defines sustainable entrepreneurial activity as an integrated approach for improving its economic as well as environmental and social performance. We are aware of our corporate and social responsibility and see it as a comprehensive challenge. For ProSiebenSat.1, success not only means increasing ProSiebenSat.1 Group’s economic results long-term. It also means continuing to develop the Group’s sustainability strategy and adapting it to new challenges, improving the key non-financial figures, and reconciling the sometimes conflicting interests of our target groups, particularly those of employees, users of our offerings and platforms, shareholders and investors, and business partners. As a matter of priority, ProSiebenSat.1 pursues a dialog with stakeholders who strongly influence the Company’s financial and non-financial performance and the regulatory framework for this, and are significantly affected by the impact of the Company.

In 2018, ProSiebenSat.1 developed a Group-wide sustainability strategy. The strategy was approved by the Executive Board in 2019 and has been implemented gradually since then. The objective of the strategic process was to tie sustainability aspects more strongly to ProSiebenSat.1’s corporate strategy and to regard the Group’s economic, environmental, and social performance in a holistic way.

ACTION AREAS AND PRINCIPLES

Society

We form opinions and promote democracy.

Diversity

We promote equal rights and equal opportunities.

Environment

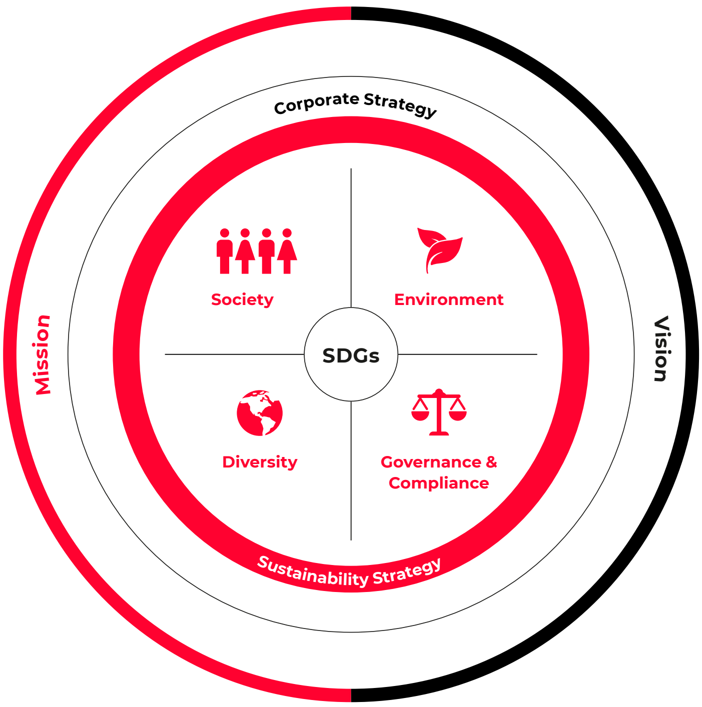
We are committed to ecological sustainability and climate protection.

Governance & Compliance

We stand for openness and honesty.

In addition to an analysis of the current situation and sector benchmarking, a review of the materiality analysis and a stakeholder survey also formed part of the development of the strategy. After defining priorities and selecting the relevant UN Sustainable Development Goals (SDGs), the sustainability strategy was formulated, which also included defining initial sustainability goals, strategic measures, and KPIs. In 2020, there was a particular focus on specifying and configuring the sustainability goals.

SUSTAINABILITY STRATEGY



Our sustainability strategy is based on the UN Sustainable Development Goals (SDGs). These define global priorities and sustainable development goals for 2030 and aim to mobilize global efforts to achieve a common set of goals and targets. ProSiebenSat.1 Group also wants to contribute to this transformation. As part of the development of the strategy, we have classified the following six goals as particularly relevant to our business activities and their contribution to the SDGs: quality education (SDG 4), gender equality (SDG 5), reduced inequalities (SDG 10), climate action (SDG 13), peace, justice and strong institutions (SDG 16), and partnerships for the goals (SDG 17). On this basis, we have transferred our sustainability management to four action areas in which we group our activities by topic area and formulate individual principles: society, diversity, environment, and governance and compliance.

Since January 2020, ProSiebenSat.1 has also been a signatory to the United Nations (UN) Global Compact and is thus explicitly committed to its ten principles in the areas of human rights, labor standards, environment and climate, and preventing corruption. The specific goals of the sustainability strategy and their implementation in 2020 are described in the following sections on the respective topics reported.

ORGANIZATION AND MANAGEMENT

Executive-level responsibility for non-financial aspects, sustainability performance indicators, and ESG (environment, social, governance) information at ProSiebenSat.1 Group particularly lies with Christine Scheffler, whose responsibilities include HR, compliance, and sustainability. In implementing the sustainability strategy, the Group took further measures in the reporting period to expand the sustainability organization and enhance the governance structures. The Sustainability Committee (formerly: Sustainability Board) represents a centralized and interdisciplinary body for managing, monitoring, and developing of the sustainability strategy. It is made up of managers and specialists from relevant central functions and operating corporate divisions as well as a works council representative. In the past year, the Sustainability Committee held two meetings. Key topics at these meetings included the presentation and discussion of the sustainability goals for 2020, updates on various projects such as Seven.One Sports' involvement in Formula E, and the presentation of ProSiebenSat.1 Group's compliance goals. In January 2020, a separate sustainability department was established in the form of the Corporate Sustainability Office. The Corporate Sustainability Office is responsible for the coordination, implementation, and communication of sustainability activities as well as the stakeholder dialog. One focus in particular is on integrating subsidiaries outside the Entertainment segment even more closely into the ProSiebenSat.1 Group's sustainability management.

EMPLOYEES

In the period under review, ProSiebenSat.1 Group's average number of employees (calculated on the basis of full-time equivalents) fell by 2% to 7,128 (previous year: 7,265). In 2020, an average of 368 employees (previous year: 506) were employed at ProSiebenSat.1 Media SE, of which 127 (previous year: 136) worked at the strategic holding company. The average number of employees in the Seven.One Entertainment Group segment increased (by 3% to 3,256 employees) as a result of bundling the Group's entertainment business and the associated integration of individual business areas. Due to the merger with The Meet Group, the number of employees in the newly established ParshipMeet Group rose to 436 (up 62%). The number of employees at NuCom Group fell by 4% to 1,779, primarily at be Around and due to the sale of WindStar Medical. The headcount at Red Arrow Studios also decreased (by 13% to 1,289 employees), particularly due to the impact of the COVID-19 pandemic on production business. In Germany, Austria, and Switzerland, the Group had an average of 5,981 full-time equivalents in the reporting period (previous year: 6,071). As in the previous year, this amounts to 84% of the Group as a whole.

GROUP EMPLOYEES BY SEGMENT

Average full-time equivalents (FTEs)

Segment	2020	2019
Seven.One Entertainment Group	3,256	3,152
ParshipMeet Group	436	270
NuCom Group	1,779	1,859
Red Arrow Studios	1,289	1,477

GROUP EMPLOYEES BY REGION

Average full-time equivalents (FTEs)

Region	2020	2019
Germany	5,535	5,612
Austria/Switzerland	447	459
US	890	968
UK	85	79
Other	172	147

In a sector that is changing faster and more radically than many other industries as a result of advances in digitalization, our employees' creativity and pace of innovation make a key contribution to our Group's success. The success factors for the future also include transforming the ProSiebenSat.1 Group into a digitally successful and diversified company. Part of this transformation is adequate human resources management: It forms part of our self-conception as an employer to create personnel-related conditions through our HR work that support the transformation process and cater to the individual interests of our employees. With our overall offer, which includes compensation based on the market standard, additional company benefit and personal development opportunities, we aim to attract, retain, and develop talented employees.

In operational terms, employee matters are the responsibility of the HR department, which is managed by the Executive Board and Chief Human Resources Officer in personal union. With a business-oriented portfolio of products, guidelines and processes, the Human Resources department helps the Executive Board, managers and employees making ProSiebenSat.1 Group attractive and successful in business in the long term. Besides quarterly reporting on personnel risks as part of Group-wide risk management, internal HR reporting plays an important role. In the HR organization, the HR Business Partners in particular are closely connected to the operating business units and are thus made aware of specific challenges. Expert teams for all HR issues – from talent & management development, talent acquisition, compensation and benefits, to labor law – round off our strategic HR work, while diversity management is also shaped by the HR organization.

Detailed information on diversity management at ProSiebenSat.1 can be found in the "Diversity" section.

In 2020, we took extensive measures to support the best possible balance of professional, personal, and family needs during the COVID-19 pandemic. As well as making working hours and locations more flexible, we resolved further measures in the reporting period to make things easier for employees with particular family responsibilities as part of the "Pandemic" works agreement, which has been extended until March 31, 2021. These include the option to reduce their work time in the short term or to convert compensation into additional vacation. In addition, employees with care responsibilities who had already used up both, their annual vacation and their working time account and did not have any other care options available, were given up to five days of special vacation.

The employee survey conducted in Germany and Austria in summer 2020, "Speak Up for P7S1," provided extensive insights into the staff's needs, particularly in the context of the Corona-crisis. Around 2,500 employees, representing roughly 60% of those eligible to participate, took part in the company dialog and contributed almost 20,000 comments sharing the experiences they had gathered in the virtual working world since the start of the COVID-19 pandemic in spring. The results are to be incorporated in the process of designing a hybrid working world for the time after the pandemic.

Talent acquisition

We are convinced that our employees make a key contribution to the Company's success with their knowledge. In order to acquire the right talents for ProSiebenSat.1, we use various employer branding measures. One key success factor is the dissemination of relevant content for all target groups to potential candidates, for example in the ProSiebenSat.1-careers blog. At the same time, it is essential to specifically address target groups that are critical to success, such as talented employees in the tech sector. For this reason, we have adapted the P7S1 Tech-Blog in line with the needs of our target group in order to offer interested parties insights into relevant topics such as artificial intelligence (AI), addressable TV or entertainment thinking, as well as the responsible teams at ProSiebenSat.1. Organizing virtual tech meet-ups provides us another platform for making contact with talented technology specialists.

In general, women represent an important target group for ProSiebenSat.1, which is why we address them in a special way. Through regular dialog with initiatives such as "PANDA – The Women Leadership Network" and our own employer branding events specifically for female target groups, we want to position ourselves as an attractive employer for women. Our careers page (→ careers.prosiebensat1.com) serves as a central platform for all interested parties and applicants while combining careers information with specific job opportunities. Alongside sourcing channels such as social media, direct approach, and university partnerships, we also approach new candidates via an employee recommendation program.

In total, the Group Recruiting recorded an increase to around 34,400 applications in 2020 (previous year: around 31,300); at ProSiebenSat.1 Media SE, the number of applications came to around 4,300 (previous year: around 4,500). External employer rankings such as Universum or Trendence are an important tool for our HR marketing strategy in employer branding and recruitment. The target groups for these rankings are among others school pupils, students, and graduates in the humanities, economics, and IT. At Universum, for example, ProSiebenSat.1 ranked 37th in the IT Young Professionals Ranking (previous year: 41). In the Trendence student ranking, the Company was in first place in the media/advertising category, following second place in the previous year.

Our training concepts are aimed at acquiring talented young employees for ProSiebenSat.1 Group. With journalistic traineeships, trainee programs, apprenticeships recognized by the German Chamber of Commerce and Industry (IHK), internships, and positions for working students, we offer young people a wide variety of possibilities to join our company. In this way, we intend to create a strong foundation of qualified young talents with an extensive internal network and specific company and industry knowledge. As part of the Charter for Training Programs, we also identified specific criteria for each of our training programs in 2020. The defined requirements for the trainees, trainers, and instructors aim to ensure high-quality, modern training for our junior staff.

With the skills model implemented in the reporting period, we will focus even more on skills-based recruitment in the future. The “P7S1 Skills” in the categories “Reflect,” “Cooperate,” “Create,” “Deliver,” “Know How,” and “Lead & Empower” provide an overview of all skills that are important for achieving our strategic corporate goals.

Employee retention and people development

Especially when undergoing a transformation process, we believe it is crucial to motivate and retain qualified and dedicated employees within the Company. We are convinced that continuous training of our employees is key to their professional and personal development and a strong performance culture in the Group. To support our employees with today’s professional tasks and prepare them for future challenges, for example through digitalization, ProSiebenSat.1 Group invested a total of EUR 2.4 million in education and training programs in the reporting period (previous year: EUR 4.5 million). The decrease was mainly due to the effects of the COVID-19 pandemic. Some of these investments were attributable to the courses offered by the P7S1 Academy, which offers the Group companies and their employees technical and personal training.

Due to the restrictions on contact during the COVID-19 pandemic, the majority of classroom training sessions could not be held as originally planned in the reporting period. The P7S1 Academy therefore increased its investment in the digitalization of its training offers and we plan to continue and expand this further in 2021. In addition, our employees can access many digital training offers on the LinkedIn Learning platform. We have also strengthened the Company’s internal knowledge management with learning content produced in-house on Company-specific topics and launched an associated initiative at the P7S1 Academy. Moreover, we give employees the opportunity for further training with offers such as job rotation, job shadowing, and mentoring programs.

Our managers’ skills are very important for our success. We want to use our manager development programs to strengthen the performance and development of managers at all levels. This includes mandatory training for new managers and seminars for managing directors. The virtual working world also poses new challenges for our managers in particular. To increase mutual dialog and make it easier to share best practices, we therefore launched a leadership community in the reporting period. We also dispose of an internal network for female managers (“LeadingWomen@P7S1”).

We also aim to contribute to an attractive work environment with our work-life balance initiatives. This also includes the possibility of part-time work. The corresponding rate in the Group (not including international assets in the Red Arrow Studios segment except Studio71) came to 18.7% in 2020 (previous year: 18.8%). In Germany it was 18.4% after 18.5% in the previous year, while for ProSiebenSat.1 Media SE it increased to 20.3% (previous year: 18.4%). At the same time, we offer our staff many social benefits, sports programs and healthy meals in the campus canteens. A work-life training series, family-focused services and our in-house daycare center complete the offer, although they could only be used to a limited extent in the reporting period due to the COVID-19 pandemic.

The turnover rate in the Group (not including international assets in the Red Arrow Studios segment except Studio71) decreased to 13.6% in the reporting period (previous year: 15.6%). In Germany it was 13.2% after 14.9% in the previous year, while for ProSiebenSat.1 Media SE it came to 18.6% (previous year: 17.7%). For the calculation of the turnover rate, the number of former employees who left in the reporting period is divided by the number of employees as of December 31. Reasons for leaving are cancellations or termination agreements. Departures due to fixed-term contracts, the end of an apprenticeship, retirement or death are not taken into account. **GRI 401-1**

OVERVIEW OF KEY EMPLOYEE FIGURES

EMPLOYEES BY EMPLOYMENT CONTRACT, GENDER, AND REGION Employee headcount as of December 31, 2020 GRI 102-8

	Temporary		Permanent	
	2020	2019	**2020**	2019
Gender				
Women	624	703	2,839	2,716
Men	403	566	3,292	2,965
	1,027	**1,269**	**6,131**	**5,681**
Region				
Germany	1,008	1,245	5,065	4,803
Austria/Switzerland	15	24	531	505
US	3	0	360	219
UK	0	0	43	33
Other	1	0	133	121
	1,027	**1,269**	**6,132**	**5,681**

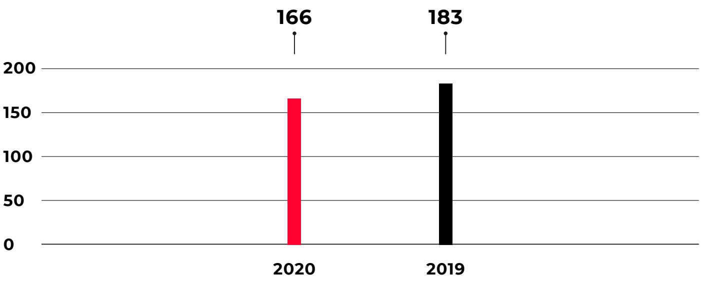
Not including international assets in the Red Arrow Studios segment (except Studio71).

NEW EMPLOYEE HIRES BY AGE GROUP, GENDER, AND REGION Employee headcount GRI 401-1

	New hires		New hire rate[1]	
	2020	2019	**2020**	2019
Age group				
<30 years	715	907	43.6%	53.9%
30–50 years	869	1,151	18.1%	25.0%
>50 years	66	71	9.3%	10.8%
	1,650	**2,129**	**23.0%**	**30.6%**
Gender				
Women	835	1,105	24.1%	32.3%
Men	815	1,024	22.1%	29.0%
	1,650	**2,129**	**23.0%**	**30.6%**
Region				
Germany	1,493	1,853	24.6%	30.6%
Austria/Switzerland	71	84	13.0%	15.9%
US	33	145	9.1%	66.2%
UK	24	16	55.8%	48.5%
Other	29	31	21.6%	25.6%
	1,650	**2,129**	**23.0%**	**30.6%**

[1] Proportion of new employees by headcount.
Not including international assets in the Red Arrow Studios segment (except Studio71).

NUMBER OF YOUNG TALENTS



Journalistic traineeships, trainee programs, Chamber of Industry and Commerce apprenticeships and dual courses of study.
Group companies primarily at the headquarters in Unterfoehring.

TRAINING SESSIONS AT P7S1 ACADEMY

	2020	2019
Training sessions	223	492
Thereof manager trainings	15	58
Participants	2,871	5,849
Thereof manager trainings	96	371

Not including international assets in the Red Arrow Studios segment (except Studio71).

HOURS OF TRAINING FOR EMPLOYEES
Employee headcount, average number of hours GRI 404-1

	2020	2019
Gender		
Women	4.5	8.6
Men	2.9	6.4
	3.7	**7.5**
Management level		
Top management	0.0	0.1
Senior management	2.2	2.6
Middle management	3.5	6.2
Team lead	4.2	9.9
No management level	3.7	7.3
	3.7	**7.5**
Area		
Production	3.1	4.7
Administration	3.7	10.2
Sales	5.4	11.9
	3.7	**7.5**

Group companies primarily at the headquarters in Unterfoehring.

EMPLOYEES IN FULL-TIME AND PART-TIME EMPLOYMENT BY GENDER

Employee headcount as of December 31, 2020 GRI 102-8

	2020			2019		
	Part-time	Full-time	Total	Part-time	Full-time	Total
Women	924	2,600	3,524	868	2,551	3,419
Men	426	3,209	3,635	407	3,124	3,531
	1,350	**5,809**	**7,159**	**1,275**	**5,675**	**6,950**

Not including international assets in the Red Arrow Studios segment (except Studio71).

EMPLOYEE TURNOVER BY AGE GROUP, GENDER, AND REGION

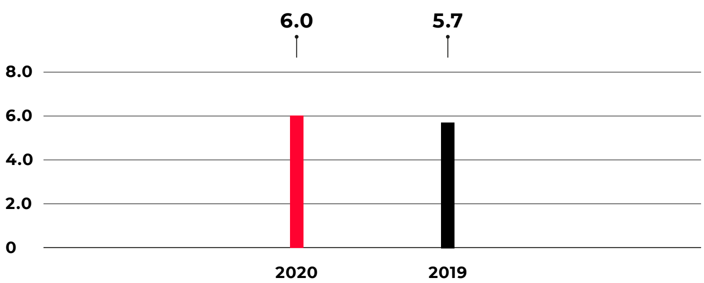
Employee headcount, in % GRI 401-1

	Turnover rate	
	2020	2019
Age group		
<30 years	17.6	18.5
30–50 years	13.0	14.7
>50 years	8.8	14.0
	13.6	**15.6**
Gender		
Women	13.0	15.2
Men	14.2	15.9
	13.6	**15.6**
Region		
Germany	13.2	14.9
Austria/Switzerland	9.0	14.0
US	26.7	38.4
UK	32.6	18.2
Other	11.9	11.6
	13.6	**15.6**

Not including international assets in the Red Arrow Studios segment (except Studio71)

AVERAGE DURATION OF EMPLOYMENT

In years



Not including international assets in the Red Arrow Studios segment (except Studio71).

Occupational health and safety

The health and safety of employees are a high priority for ProSiebenSat.1. In February, a dedicated crisis team was formed in the form of the “COVID-19 Taskforce,” which is working with Group Safety, Occupational Health and Safety and the works council to implement the SARS-CoV-2 Occupational Health and Safety Standard. Against the backdrop of the COVID-19 crisis, a majority of employees at the Unterfoehring site have been working from home on a mobile basis since mid-March. In addition to the employees absolutely necessary to maintain broadcasting operations, since the beginning of September the employees who have been working exclusively out of the office since March, have partly returned to Unterfoehring on a regular basis. With rising infection figures, the Group again strengthened its out-of-office arrangements in October. At the time this report was completed, the majority of employees is working from home on a mobile basis. We have made work processes as flexible as possible and, where necessary, also sought individual solutions for employees. In addition, a works agreement was concluded for the protection of employees and the maintenance of operations during the pandemic.

The majority of the Group’s employees do not work in a traditional production environment. They are therefore only exposed to risks related to their occupation to a minor degree. However, we are aware of other potential health risks that could arise from work-related stress or a lack of physical activity, for example. We therefore bundle numerous service offerings relating to occupational health management in our work-life program. We also offer flexible working hours, out-of-office work and the option to take a sabbatical. Through operational integration management, we ensure that sick employees overcome their incapacity to work, that their repeated incapacity is avoided, and that their job is retained. GRI 403-3

SOCIETY

Social responsibility

We can reach millions of viewers and users every day with our TV and digital offerings on all platforms. In 2020, ProSiebenSat.1 Group reached over 60 million people a month with its TV stations in its core market of Germany and achieved a combined audience share among 14- to 49-year-olds of 27.2% (previous year: 28.2%). At the end of 2020, the digital offerings managed by ProSiebenSat.1's marketer Seven.One Media also had a monthly reach of around 33 million unique users in the German market (previous year: 36 million). In addition, ProSiebenSat.1 Group's global digital studio Studio71 generated 10.9 billion video views a month with its web channels in 2020 (previous year: 9.9 billion). For a detailed description of the development of ProSiebenSat.1 Group's relevant market environments with corresponding reach figures and information on the sources, please refer to the section "Group Environment" of ProSiebenSat.1 Group's Management Report.

As a media company, we are aware of the increased attention and pursue the goal of using this reach responsibly. In addition to entertainment shows in its program, ProSiebenSat.1 therefore also aims to call public attention to socially relevant aspects with its own formats, issue films, and campaigns. The term "public value" is key here. This is generally understood to refer to the value and benefits that an organization brings for society. In the program principles of the German Interstate Media Agreement, it is already stipulated that private-sector broadcasters should express the diversity of opinions in their content and allow important political, ideological, and social players to have a say in an appropriate way. It is partly in this context that we have integrated shaping opinions and promoting democracy in the principles for our commitment to sustainability, within the action area of social responsibility. As a media company, we want to incorporate our sustainability goals in an even better way in our programming with our TV channels and in the influencer marketing of digital studio Studio71. We therefore want to focus increasingly on sociopolitically relevant issues in terms of media and content and address these issues with the young target group. In particular, the Corporate Sustainability Office is committed to the expansion within the Group through the communication of the sustainability strategy and regular exchanges with station and program managers.

For example, Thilo Mischke took a look behind the facade of the right and the far-right scene in Germany in the documentary "Rechts.Deutsch.Radikal.", aired in September 2020 after 18 months of research. The investigative documentary achieved a 15.0% market share in the target group of 14- to 49-year-olds in prime time and without ad breaks, and was also the number 1 German Twitter trend while it was being broadcast. At the same time, the "ProSieben Spezial" formed the starting point for a nationwide debate about right-wing extremism. Another example of sociopolitically relevant content on ProSiebenSat.1 Group's stations was the 15-minute format "Joko und Klaas LIVE – A Short Story of Moria" about the situation for refugees on Lesbos, which drew around 1.43 million viewers in the target group of 14- to 49-year olds. In December 2020, the Group also announced that it would produce cross-platform news for ProSieben, SAT.1, and Kabel Eins itself again. To this end, a central news team with around 60 employees is being set up.

For further information on journalistic due diligence and the independence of editorial work, please refer to the "Governance and compliance" section.

Since 2011, the Group has placed its public value activities in a larger social context and underscored their relevance for the Group by establishing an Advisory Board. The interdisciplinary body chaired by Bavaria's former minister-president Dr. Edmund Stoiber advises ProSiebenSat.1 Group on relevant social, ethical and media-policy issues and provides impetus on important topics such as education and culture. In 2020 the Advisory Board held four meetings, with the head of the Corporate Sustainability Office reporting on ProSiebenSat.1 Group's sustainability strategy at two meetings.

Detailed information on the program highlights with sociopolitical relevance and other examples of how ProSiebenSat.1 Group fulfills its social responsibility can be found in the "Taking responsibility" chapter of the Annual Report 2020.

Anti-discrimination

Discrimination refers to unequal treatment of individuals or groups of people on the basis of certain characteristics. The prohibition of discrimination is defined as a human right and forms the basis for respectful interaction. We believe that at companies in particular it is very important to ensure equal treatment of all employees. ProSiebenSat.1 Group therefore does not tolerate discrimination on the basis of age, disability, ethnic background and nationality, sex and gender identity, religion and ideology, or sexual orientation and identity. We provide the workforce throughout Germany with mandatory training on the General Act on Equal Treatment (AGG). With our Code of Conduct, we also take a clear stand against any type of sexual violence or abuse of power.

All employees are encouraged to report discrimination or violations of other principles set out in the Code of Conduct. One central tool is the whistleblower system, with the associated communication on ProSiebenSat.1's intranet specifically focusing on discrimination alongside other violations of regulations and laws. In addition to internal reporting channels, it is also possible to report violations anonymously via an external Ombuds Office. This accepts reports by telephone or e-mail, checks their plausibility, and then forwards them to the Group Compliance division. In the event of reports of serious suspected cases that turn out to be justified after internal evaluation, the Chief Compliance Officer promptly informs the management. Via the private media association VAUNET, we also participate in the Themis advice center against sexual harassment and violence, which provides assistance for those affected in the film, television and theater industry. In 2020, there was one case (previous year: four) of violations in connection with discrimination, which was closed in the reporting period. **GRI 406-1**

DIVERSITY

Diversity management

For us, diversity means recognizing and valuing differences and individuality. Our goal is to create a working environment that is free of prejudice and shows all employees the same high level of appreciation – regardless of their age, disability, ethnic background and nationality, sex and gender identity, religion and ideology, or sexual orientation and identity. Only if all employees can freely develop their talents and feel motivated to live up to their potential will this give rise to a wide variety of ideas and thus sustainable success. Against this backdrop, ProSiebenSat.1 Group signed the Diversity Charter in 2014 and follows the guidelines specified in it. Our internal guidelines also stipulate that employees at all hierarchy levels should be hired exclusively according to objective criteria and promoted solely on the basis of their abilities. We aim to promote diversity within our workforce and champion equal rights and equal opportunities in accordance with the guiding principle for the action area of diversity. The HR department and the Corporate Sustainability Office in particular are responsible for the further development of diversity management, the more targeted focus, and the operational implementation of associated measures. This also includes improving the inclusivity concept, for example with the planned conclusion of an inclusivity agreement between the Group management, the works council, and the representative body for disabled employees.

Diversity is aided in particular by the best possible balance ratio of men and women in the workforce and in management positions. In 2020, 49.2% (previous year: 49.4%) of employees in the Group were female. The proportion of female managers increased from 34.8% to 35.4% in the reporting period. When filling management positions in the Group, know-how and personal aptitude should be equally important for men and women. In addition, we have integrated "gender equality" into ProSiebenSat.1 Group's sustainability strategy as a United Nations Sustainable Development Goal (SDG) that is particularly relevant to us. The internal and external communication of this goal sends a clear signal both to potential managers and to decision-makers at all management levels in the selection process. GRI 405-1

SHARE OF MEN AND WOMEN

Employee headcount (annual average), in %

	Employees		Managers	
	2020	2019	**2020**	2019
Group				
Women	49.2	49.4	35.4	34.8
Men	50.8	50.6	64.6	65.2
	100.0	**100.0**	**100.0**	**100.0**
Germany				
Women	49.4	49.6	34.7	33.9
Men	50.6	50.4	65.3	66.1
	100.0	**100.0**	**100.0**	**100.0**
ProSiebenSat.1 Media SE				
Women	60.6	62.5	34.2	39.0
Men	39.4	37.5	65.8	61.0
	100.0	**100.0**	**100.0**	**100.0**

Not including international assets in the Red Arrow Studios segment (except Studio71).

An open-minded working climate with regard to sexual orientation and gender identity is a key criteria for us to be perceived as a modern employer. That is why we specifically support initiatives aimed at promoting diversity and inclusivity. The LGBTIQ network PROUD@ProSiebenSat.1, founded by employees in 2020, has set itself the goal of making diversity more visible within the Group. In addition to weekly project meetings and a series of internal events, the network has also launched the interview series "Queer at Work," which is published both internally and externally on the ProSiebenSat.1 careers blog.

Since 2019, there has also been a "Diversity Day" training session as part of the training program for journalistic trainees in order to raise awareness of the different aspects of diversity among our junior staff in the editorial teams. This includes diversity among employees as well as in TV programming. In the reporting period, our journalistic trainees therefore completed training with the MaLisa Foundation on audiovisual diversity as part of their theoretical training block. In this context, ProSiebenSat.1 supported the follow-up study by the MaLisa Foundation and the University of Rostock on gender representation in film and TV in Germany in 2020. The results will be published in 2021.

ProSiebenSat.1 Group also makes use of its reach and wants to set an example for diversity with its TV stations and digital services. With the campaign #ranGEGENrassismus in 2020, ran called on all American football, soccer, motor sports and other sports fans to speak up for respectful interaction and against discrimination of any kind. ProSieben also sent a signal on tolerance and a diverse society in the reporting period, supporting Christopher Street Day (Gay Pride) – which could only be held virtually for the first time due to the COVID-19 pandemic – in cooperation with Instagram.

OVERVIEW OF KEY DIVERSITY FIGURES

DIVERSITY OF EMPLOYEES

As of December 31, 2020 (headcount), in % GRI 405-1

		2020	2019
Top management[1]	Women	0	29
	Men	100	71
Senior management	Women	17	17
	Men	83	83
Middle management	Women	26	27
	Men	74	73
Team lead	Women	36	36
	Men	64	64
No management level	Women	54	54
	Men	46	46
Top management	<30 years	0	0
	30–50 years	50	57
	>50 years	50	43
Senior management	<30 years	0	0
	30–50 years	52	61
	>50 years	48	39
Middle management	<30 years	1	0
	30–50 years	66	72
	>50 years	33	28
Team lead	<30 years	2	3
	30–50 years	83	83
	>50 years	15	14
No management level	<30 years	21	22
	30–50 years	66	66
	>50 years	13	12
Production	Women	44	44
	Men	56	56
Administration	Women	57	59
	Men	43	41
Sales	Women	55	54
	Men	45	46
Production	<30 years	18	19
	30–50 years	65	66
	>50 years	17	15
Administration	<30 years	16	17
	30–50 years	71	72
	>50 years	13	11
Sales	<30 years	17	17
	30–50 years	71	71
	>50 years	12	12

[1] All female managers included in top management in 2019 have moved to Executive positions in 2020.
Group companies primarily at the headquarters in Unterfoehring.

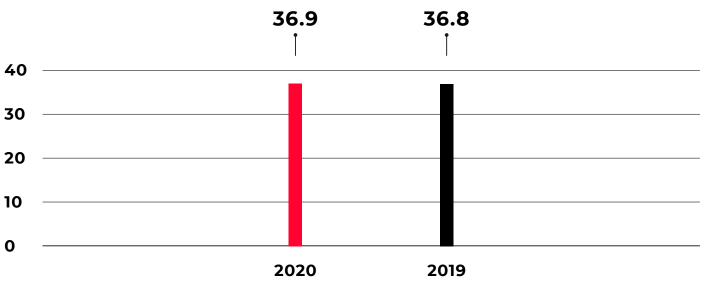
DIVERSITY OF GOVERNANCE BODIES AT PROSIEBENSAT.1 MEDIA SE

As of December 31, 2020 (headcount), in % GRI 405-1

	Executive Board		Supervisory Board	
	2020	2019	**2020**	2019
Gender				
Women	33	0	33	33
Men	67	100	67	67
	100	**100**	**100**	**100**
Age group				
<30 years	0	0	0	0
30–50 years	0	33	33	33
>50 years	100	67	67	67
	100	**100**	**100**	**100**

AVERAGE AGE OF EMPLOYEES

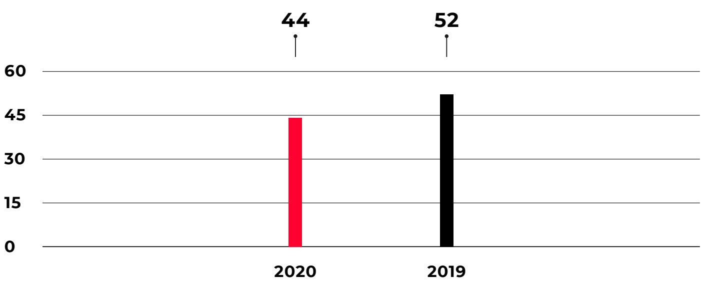
As of December 31, 2020, in years



Not including international assets in the Red Arrow Studios segment (except Studio71).

NUMBER OF NATIONALITIES OF EMPLOYEES

As of December 31, 2020 (headcount)



Group companies primarily at the headquarters in Unterfoehring.

Accessible offerings

ProSiebenSat.1 Group is committed to barrier-free access to its offerings. For this reason, we offer subtitled programming areas and audio descriptions for deaf and hard of hearing people on our channels, among others, in order to improve the dissemination of information. Back in 2000, ProSieben introduced the first regular subtitle service for the deaf on private television. Accessible content is broadcast on nearly all of the Group's stations, with the amount steadily increasing. For example, in 2020 the Superbowl, documentaries such as "Rechts.Deutsch.Radikal." or "Diagnose Trump", and entertainment formats such as "The Fame Maker" and "Pretty in Plüsch" were broadcasted with subtitles. In addition, the range of shows with live audio description was expanded in 2020. We will endeavor to increase our accessible offerings in the future, too.

Moreover, the new German Interstate Media Treaty of broadcasters of nationwide programs also promotes the expansion of accessible offerings within the limits of technical and financial possibility. Individual states and the German government have published action plans to implement the UN Convention on the Rights of Persons with Disabilities, which also aim to include more accessible formats on television. The state media authorities regularly monitor this expansion. Subtitles are currently included in the programming on five German ProSiebenSat.1 stations: SAT.1, ProSieben, Kabel Eins, sixx, and ProSieben MAXX. In the current reference period on which the state media authorities' monitoring is based, the number of subtitled shows and the broadcast time were once again increased significantly. The number of subtitled shows within the broadcasting group increased by 29% (September to December 2020: 4,452 shows; previous year: 3,458). The corresponding broadcast time in 2020 went up by 33%.

ENVIRONMENT

Although ProSiebenSat.1 Group as a media group does not operate in an industrial sector with high resource consumption and energy intensity, we are aware of our ecological responsibility. Working with our employees and in dialog with our external stakeholders, we want to contribute to mitigating climate change and protecting our environment, for example through the careful and efficient use of natural resources and by reducing our energy consumption and CO_2 emissions. However, we consider the environmental impact of our business activities to be limited and have therefore not identified environmental matters as a key non-financial aspect in accordance with section 289c (3) HGB.

In connection with the publication of the Sustainability Report 2019, we announced in June 2020 that we intend to reduce ProSiebenSat.1 Group's operating CO_2 emissions to zero by 2030, thus becoming climate-neutral. We are aiming to achieve this goal primarily by means of lower energy consumption and purchasing electricity from renewable energy sources. Furthermore, we have identified potential CO_2 savings in areas such as "green productions", business trips, and employee mobility. To this end, CO_2 offsetting with climate protection projects is also planned. The Corporate Sustainability Office works closely with the departments and in close consultation with the Executive Board on the further development of the climate strategy and the implementation of specific measures.

In this context, the Group adjusted its travel policy in the reporting period. Among other changes, this included standardizing the rules for employees and management, introducing restrictions on flights, and expanding rail travel as an environmentally friendly alternative. In addition, we have been partly offsetting emissions from business trips by airplane since 2020. At the locations Unterfoehring and Berlin, we supply our office buildings, production studios, and computer centers exclusively with green electricity. ProSiebenSat.1 has successively expanded the environmentally friendly heating supply and has switched entirely to geothermal energy for the buildings at the headquarters. We also use the waste heat from our computer centers to heat our office buildings. The gradual conversion to LED lighting also contributes to increasing energy efficiency. In addition, the measures for waste separation and reduction are being optimized on an ongoing basis. For example, the canteens on the ProSiebenSat.1 campus have already completely eliminated single-use plastics. In addition, sustainability certification in accordance with the LEED model (Leadership in Energy and Environmental Design) is planned for the new campus in Unterfoehring, which is currently under construction.

As a media company, ProSiebenSat.1 also wants to live up to its environmental responsibilities in production, and on the basis of this sense of identity it developed the "Sauber gedreht!" initiative in 2019. The first result was a catalogue with four action areas comprising measures for TV productions that range from reducing CO_2 emissions to protecting natural resources to avoiding environmentally harmful substances, as well as reduced use of plastic and a general reduction in waste. In 2020, the package of measures was sent to producers as part of a pilot phase. The growing importance of green productions is also underscored by the "Joint industry declaration for sustainability in film and series production," in which ProSiebenSat.1 was among the signatories in February 2020. In its annual "Green Seven Week", ProSieben uses its reach to raise awareness of environmental sustainability among young viewers in particular. The "Green Seven Week" was held for the twelfth time in September 2020 and drew attention to the global consequences of forest fires and forest dieback with the motto "Our forest is burning!"

Operational responsibility for recording and consolidating environmental activity data lies with the Corporate Procurement & Real Estate department for the headquarters and with the respective management teams for the ProSiebenSat.1 investments. The Corporate Communications and Corporate Sustainability central functions are responsible for CO_2 accounting, determining other reported environmental performance indicators, and reporting and communicating these.

Energy

ProSiebenSat.1's energy consumption mainly involves the purchase of electricity and heating. The total energy consumption (incl. electricity) within the Group fell to approximately 37 GWh in the reporting period (previous year: approximately 41 GWh), primarily due to lower electricity consumption and significantly restricted employee mobility as a result of the COVID-19 pandemic. The material energy consumption outside the Group is indicated indirectly in the carbon footprint through the Scope 3 emissions. The total consumption of electricity at the headquarters in Unterfoehring was around 15 GWh in 2020, representing a slight decrease as against the previous year (16 GWh). For the generation of heat, environmentally friendly geothermal energy was largely used rather than fuel oil or natural gas. In total, ProSiebenSat.1's energy consumption for heating and cooling in Unterfoehring amounted to around 7 GWh, as in the previous year. In 2020, the energy consumption of company cars in Germany was 4.7 GWh (previous year: 6.2 GWh), a decline of around 25 percent compared to the previous year. GRI 302-1, GRI 302-2

ENERGY INTENSITY GRI 302-3

	2020	2019	2018
Energy consumption in GWh	36.67	40.72	44.64
Revenues in EUR m	4,047	4,135	4,009
Average FTEs	7,128	7,265	6,239
Energy consumption/revenues in MWh/EUR m	**9.06**	**9.85**	**11.13**
Energy consumption/average FTE in MWh/average FTE	**5.14**	**5.60**	**7.15**

Emissions

We have been recording the Group's greenhouse gas emissions since 2015 and are continually working to improve the data quality of our carbon footprint and to ensure that the measurement data has the highest possible coverage rate. Our carbon footprint includes direct greenhouse gas emissions (Scope 1), indirect greenhouse gas emissions (Scope 2) and greenhouse gas emissions from upstream and downstream stages in the value chain (Scope 3). The coverage with measurement data is at least 78% for Scope 1 (previous year: 78%) and 79% for Scope 2 (previous year: 75%). Detailed information on the reporting of greenhouse gas emissions can be found in the → „Explanatory notes on the Carbon Footprint".

In 2020, as in the previous year, ProSiebenSat.1 Group's direct emissions resulted almost entirely from ProSiebenSat.1's vehicle fleet. The substantial decrease was due to reduced mobility as a result of the restrictions arising from the COVID-19 pandemic. Scope 2 emissions also decreased year-on-year, albeit less significantly. At around 44%, commuting by employees is responsible for the majority of the reported greenhouse gas emissions from upstream and downstream stages in the value chain. Overall, the reduction in Scope 3 emissions – and thus also in total emissions – is mainly due to reduced employee mobility as a direct impact of the COVID-19 pandemic.

CARBON FOOTPRINT OF PROSIEBENSAT.1 GROUP GRI 305-1, GRI 305-2, GRI 305-3

Greenhouse gas emissions (CO_2 equivalent) in metric tons[1]	2020	Change	2019	Change	2018	2017	2016
Scope 1 – Direct greenhouse gas emissions	**1,599**	**–24%**	**2,110**	**10%**	**1,910**	**2,456**	**2,371**
– Vehicle fleet[2]	1,560	–24%	2,064	19%	1,736		
– Fuel oil	40	–13%	46	–21%	58		
– Gas	–	–	–	–	116		
Scope 2 – Indirect greenhouse gas emissions[3]	**2,188**	**–24%**	**2,882**	**–72%**	**10,460**	**4,035**	**3,471**
– Electricity[4]	1,054	–9%	1,163	–87%	8,662		
– District heating and geothermal energy[5]	1,134	–34%	1,719	–4%	1,798		
Scope 3 – Greenhouse gas emissions from upstream and downstream stages of the value chain	**5,797**	**–64%**	**16,292**	**–21%**	**20,605**	**17,356**	**15,130**
– Fuels and energy-related activities not included in Scope 1 or 2	1,898[6]	–4%	1,974	–17%	2,385		
– Waste from operating processes	23	–50%	47	–18%	57		
– Employee commuting	2,529	–61%	6,474	–33%	9,659		
– Business travel (plane, train, rental car and taxi)	1,347[7]	–83%	7,797	–8%	8,504		
Total emissions from Scope 1, 2 and 3[8]	**9,584[9]**	**-55%**	**21,284**	**–35%**	**32,975**	**23,847**	**20,973**

[1] When calculating the carbon footprint, we were guided by the criteria and definitions of the Sustainability Reporting Guidelines (Standards) of the Global Reporting Initiative (GRI). The data was collected on the basis of internal guidelines. In addition, we aligned the calculation of our carbon footprint and selected data on indirect CO_2 emissions (Scope 3) to the following standards: the Greenhouse Gas (GHG) Protocol – Corporate Accounting and Reporting Standard, the Corporate Value Chain Accounting and Reporting Protocol of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). All of ProSiebenSat.1 Group's own sites and employees were included in the carbon footprint. The market-based method was used for the calculation.
[2] Without hybrid and electric vehicles.
[3] Energy consumption by the production studios and computer centers outside of the Unterfoehring and Berlin sites is not included. Scope 2 emissions according to the location-based method amounted to 9.577 metric tons of CO_2e in the reporting period (previous year: 10.557t CO_2e).
[4] Location-based emissions in the category electricity amounted to 7,401 metric tons of CO_2e in the reporting period (previous year: 8,340 metric tons of CO_2e).
[5] Location-based emissions in the category of district heating and geothermal energy amounted to 2,176 metric tons of CO_2e in the reporting period (previous year: 2,217 metric tons of CO_2e).
[6] Due to adjustments in the calculation methodology, a comparison with the previous year's development is only possible to a limited extent.
[7] In the category business travel 355 metric tons of CO_2e were compensated.
[8] Total emissions according to the location-based method amounted to 16,973 metric tons of CO_2e in the reporting period (previous year: 28,959 metric tons of CO_2e).
[9] The amount of remaining non-reduced and non-compensated emissions was 9,229 metric tons of CO_2e.

GHG EMISSIONS INTENSITY GRI 305-4

	2020	2019	2018
GHG emissions in metric tons	9,584	21,284	32,975
Revenues in EUR m	4,047	4,135	4,009
Average FTEs	7,128	7,265	6,239
GHG emissions/revenues in metric tons/EUR m	**2.37**	**5.15**	**8.23**
GHG emissions/average FTE in metric tons/average FTE	**1.34**	**2.93**	**5.29**

Waste

Waste generated at the Unterfoehring site in 2020 decreased significantly to 615 metric tons (previous year: 4,028 metric tons). In the waste balance, 188 metric tons (previous year: 3,228 metric tons) were directly attributable to demolition work in connection with the “New Campus” construction project. Any waste that cannot be reclaimed is disposed of in an environmentally responsible manner. When doing so, ProSiebenSat.1 complies with the local regulations and classifies waste as hazardous or non-hazardous in accordance with the relevant national legislation. The volume of hazardous waste (e.g. insulating material and construction materials containing asbestos) fell from 46 to 29 metric tons in 2020 on account of the construction progress. Municipal waste (domestic-type waste produced by trade and industry) decreased due to out-of-office-regulations in the wake of the COVID-19 pandemic to 69 metric tons (previous year: 122 metric tons). GRI 306-2

GOVERNANCE & COMPLIANCE

The Executive Board and Supervisory Board regard good corporate governance as an essential component of responsible, transparent management geared toward long-term value creation. Further information can be found in particular in the Management Declaration in accordance with sections 289f and 315d of the German Commercial Code (HGB). In addition to the annual Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act (AktG), this includes other relevant information on ProSiebenSat.1 Group’s corporate governance practices.

The Executive Board of ProSiebenSat.1 Media SE is also convinced that sustainable economic success in a competitive environment can be achieved only by ensuring that business practices comply with the applicable laws. In addition to preventing corruption, the Company particularly focuses on antitrust legislation and media law, as well as legal provisions on data protection. ProSiebenSat.1 Group has implemented a compliance management system (CMS) to monitor compliance with the law. The main objective of the CMS is to ensure that all employees always think and act with integrity and in accordance with the guidelines and regulations, and thus to prevent law- and rule-breaking. The central compliance organization is made up of the Compliance Committee and the Group Compliance department headed by the Chief Compliance Officer (CCO), which are assisted in the performance of their duties by experts from other areas, such as the Legal department. In addition, Unit Compliance Officers (UCOs) have been appointed who are responsible for the CMS at Group entities and are in direct contact with the respective subject experts. The CCO is entrusted with implementing the CMS in the Group, carries out risk analyses and training, and advises the Executive Board on the development and implementation of appropriate measures to minimize risks.

ProSiebenSat.1 Group has laid down basic guidelines and policies in its Code of Conduct. These guidelines define the general standards for conduct in business, legal and ethical matters and also govern how employees can report misconduct in the Company. They serve all members of the Executive Board, the management, and the employees of ProSiebenSat.1 Group as a binding reference and regulatory framework for dealing both with each other and with business partners, customers, suppliers, and other third parties. Another central compliance instrument for ProSiebenSat.1 Group is the whistleblower system. In addition to internal reporting channels, it is also possible to report legal violations anonymously via an external Ombuds Office.

COMPLIANCE TRAINING

	2020			2019		
Topic	Classroom traings (live)	Partcipants (live)	Online trainings	Classroom trainings (live)	Participants (live)	Online trainings
Media, copyright, advertising law, German Unfair Competition Act	1	3	3,448	9	247	4,235
Compliance Antitrust law	7	295		13	250	
General Act on Equal Treatment (AGG), labour law	—	—	2,338	—	—	2,469
Data protection	—	—	2,304	6	77	2,621
Information Security	—	—	6,500	6	146	2,205
Youth protection	2	26	477	6	84	536
Occupational health and safety	—	—	6,213	4	171	5,820
Tax law	2	42	—	9	79	—
Management seminars	2	18	—	3	22	—

In the financial year 2020, some classroom training sessions were held virtually instead.

Further information, particularly on the compliance organization and the whistleblower system, is provided in the Management Declaration in accordance with sections 289f and 315d HGB.

In addition, ProSiebenSat.1 Group has implemented a compliance training program that includes both online and classroom training. The online training, which is offered in English and German on a two- to three-year cycle and is mandatory for all employees, is intended to provide a basic understanding of the main compliance risks. The classroom training is targeted at “risk groups” and is carried out by Legal Affairs, Group Compliance, HR Law, Taxes, Corporate Information Security, the Data Protection Officer and the Youth Protection Officers for their individual areas. In addition, ProSiebenSat.1 Group offers seminars for the managers of German affiliated companies at its P7S1 Academy in order to give them a comprehensive overview of their rights and obligations as well as the relevant legal bases.

Anti-corruption and antitrust law

Legally compliant conduct and the prevention of violations of laws and regulations are a prerequisite for a company’s sustainable success. Therefore, preventing corruption and anti-competitive behavior in connection with antitrust law is highly relevant to business and represents an important success factor for achieving our corporate goals. Free competition is a key pillar of our economic system and is given special protection by antitrust laws. Violations of competition laws may result in high fines and claims for damages that may affect not only the company but also employees personally. The corresponding Group-wide guidelines on avoiding corruption and on competitive conduct were revised in 2020. In 2020, as in the previous year, we were not aware of any investigations against the Group, its subsidiaries or employees of ProSiebenSat.1 Group with regard to corruption offenses or antitrust violations. **GRI 205-3, GRI 206-1**

Product governance

We see product governance, with its central components of data protection provisions and media regulation, not only as a legal requirement but also as an important competitive factor with a lasting impact on trust in ProSiebenSat.1 Group’s products, offerings and brands and thus also on the economic success of the Group. Data protection and media law provisions are thereby covered by the compliance management system (CMS).

DATA PROTECTION

In the digital world, more and more personal data is being generated by new business models and processed in a wide variety of ways. This also applies to ProSiebenSat.1 Group with its wide variety of entertainment services and commerce companies in the portfolio. In this context, data protection protects the right to privacy and to information control, i.e. the right of each individual to control the disclosure and use of his or her own personal data. Our goal is to handle personal data carefully and protect it from misuse. The Group Data Protection Officer is responsible for cooperation and coordination on all major data protection matters. He is assigned to the Group Compliance division in organizational terms and is supported by data protection law specialists when it comes to legal issues. By way of mandatory training and assessments by the Group Data Protection Officer, violations of privacy are to be prevented and compliance with data protection law ensured.

In doing so, we aim to ensure compliance with data protection on the basis of a risk-oriented data protection management system and to protect personal and other sensitive data from loss, destruction, unauthorized access or unauthorized use, processing, or disclosure. Specific measures are based on the legal regulations, particularly the EU General Data Protection Regulation (GDPR) and the German Federal Data Protection Act (BDSG), as well as our own data protection guidelines. The data protection law requirements form part of our CMS. ProSiebenSat.1 Group has implemented processes to protect personal data against misuse. These relate to the preparation of agreements under data protection law in order to meet the requirements of Articles 26 and 28 GDPR and to the disclosure of personal data to public authorities. The data protection processes also cover the information required to be provided, the rights of the data subject, and the reporting of data breaches, i.e. third parties unlawfully obtaining personal data, pursuant to Articles 33 and 34 GDPR.

In 2020, there were 18 cases (previous year: eight) of substantiated complaints regarding the violation of customers’ privacy at companies of ProSiebenSat.1 Group in Germany, of which 15 were from external parties and three from regulatory authorities. Furthermore, there were six cases (previous year: 12) of data leaks, data theft, or data loss that had to be reported in accordance with the General Data Protection Regulation (GDPR). **GRI 418-1**

MEDIA REGULATION

Among other aspects, the media law provisions of the CMS deal with journalistic independence, the principles of the separation of advertising and programming, and the requirements for the protection of young people. These issues also form part of the Code of Conduct. For 2020, we recorded a total of 12 violations (previous year: 11) of journalistic due diligence, program principles, and provisions for the protection of minors and personal rights. **GRI 416-2**

In all our activities, we are committed to a free and democratic order, which is based in particular on the fundamental right to freedom of opinion. The central editorial team of Seven.One Entertainment Group is responsible at operational level for ensuring journalistic independence in the editorial work of all stations. In daily conferences with the editorial teams and programming managers, the focus areas for the content of reporting and programming are discussed. The fundamental dual-control principle applies when approving editorial content. In addition, the Group has formulated guidelines which all journalists and editorial staff are required to follow. The “Guidelines for Ensuring Journalistic Independence” specify the understanding of the journalistic principles set forth in the Press Code of the German Press Council. According to these principles, they are essentially free to form their editorial content as they see fit and should report independently of social, economic or political interests. In addition, topics such as press law and the protection of minors are trained and deepened in internal training courses.

ProSiebenSat.1 Group is committed to differentiating between editorial reporting and broadcasts for advertising purposes. In substantiated individual cases where the use of surreptitious advertising is suspected, an ad-hoc Supervisory committee can take action. In Germany, the Group is also committed to following the provisions of the German Interstate Broadcasting Agreement and the "Common Guidelines of the State Media Authorities for advertising, for ensuring separation of advertising and programming, and for sponsorship on television and radio," or rather the provisions of the German Interstate Media Agreement that have replaced these since November 2020. The ProSiebenSat.1 Group guidelines on the separation of advertising and programming include specific explanations regarding bans on the placement of particular products and services on the basis of the German Interstate Broadcasting Agreement. They provide employees of the German companies of ProSiebenSat.1 Group with binding guidelines as part of their employment contract in order to prevent violations of program principles as far as possible. For the German stations, the guidelines serve the preservation of journalistic credibility and aim to safeguard the independence of the content from third-party influences as the top-level programming guidelines.

Provisions for the protection of young people are also covered by the CMS in the context of media regulation. A key role is played by the youth protection officers at ProSiebenSat.1 Group, who are tasked with making sure that all TV and online content for which the Group is responsible is offered in an age-appropriate way. The goal is to make it difficult for children and young people to gain access to content that is unsuitable for their age group. The German Interstate Agreement on Youth Protection in the Media (JMStV) stipulates clear requirements for this. For example, providers must check their telemedia content for any aspects that could have a harmful effect on the development of children and young people. The youth protection officers are autonomous in their work and are responsible for ensuring that content that is unsuitable for children and young people is broadcasted only at the legally stipulated times. At the same time, they are expected to use technical means (e.g. PIN procedures) to ensure the protection of young people from the dissemination of content on the Group's websites that could potentially harm their development. To this end, the youth protection officers are involved in the production and purchasing of programs at an early stage, if possible. Their tasks include assessing scripts in advance, supporting productions, and preparing expert reports on them. Independently from the work of the youth protection officers, TV and online editors receive regular training on youth protection regulations. As well as providing employee training and internal guidelines, we support the protection of young people via various organizations, such as the Voluntary Self-Regulation of Television Association (Freiwillige Selbstkontrolle Fernsehen, FSF) and the Voluntary Self-Monitoring of Multimedia Service Providers Association (Freiwillige Selbstkontrolle Multimedia-Diensteanbieter, FSM).

COMPENSATION REPORT [1]

The Compensation Report describes the main features of the compensation system for the Executive Board and Supervisory Board of ProSiebenSat.1 Media SE for financial year 2020. It explains the structure and level of compensation of the individual members of the Executive Board and Supervisory Board. The Executive Board compensation system for financial years from 2018 was fundamentally revised by the Supervisory Board of ProSiebenSat.1 Media SE and presented for approval to the Annual General Meeting in May 2018, which granted its approval by a broad majority of 93%. All new Executive Board employment contracts that have since been concluded already use the new compensation system; all Executive Board employment contracts that existed at the time were converted to the new Executive Board compensation system, which has therefore applied retroactively since January 1, 2018.

This Compensation Report is part of the audited Management Report and complies with the applicable statutory requirements. The legal requirements for the Compensation Report that were introduced by the German Act for the Implementation of the Second Shareholder Rights Directive (ARUG II) must be applied for the first time to the Company's financial year 2021. The previous legal regulations are therefore applicable to this year's Compensation Report. It also takes into account the recommendations of the German Corporate Governance Code (GCGC) in the version of December 16, 2019 (see the December 2020 Declaration of Compliance). In the context of the ARUG II, this mainly refers to the statutory provisions for the purposes of reporting on compensation and in particular does not use the template tables for management board compensation. Nonetheless, in the interests of a standardized and thus more comprehensible presentation of compensation, the Company has decided to retain the established template tables in this year's Compensation Report.

COMPENSATION PAID TO THE EXECUTIVE BOARD

Responsibility and Procedure for Determining Executive Board Compensation

In addition to their functions as directors and officers of the Company, the members of the Executive Board of ProSiebenSat.1 Media SE have contractual relationships with the Company. The ProSiebenSat.1 Media SE Supervisory Board is responsible for making the employment agreements with the members of the Executive Board. The employment contracts of Executive Board members have a maximum term of five years and also regulate compensation. After a proposal by the Compensation Committee, the structure and amount of the Executive Board's compensation are defined by the Supervisory Board as a whole and are regularly reviewed. The Supervisory Board hereby ensures that there is an appropriate

DETERMINING EXECUTIVE BOARD COMPENSATION

Compensation Committee		Supervisory Board		Annual General Meeting
Prepares resolutions on the compensation system and the amount of compensation and presents these to the Supervisory Board.	→	**Adopts resolution on the compensation system and the amount of compensation. The resolved compensation system is presented to the Annual General Meeting for approval.**	→	**Adopts resolution on the approval of the compensation system.**

[1] This section forms part of the audited Management Report.

relationship between the personal performance and areas of work and responsibility of the individual members of the Executive Board on the one hand and the Company's business situation on the other.

In addition, the compensation structure within ProSiebenSat.1 Media SE is taken into account, whereby the Supervisory Board above all considers the relationship of Executive Board compensation to the compensation of senior management and the workforce as a whole and looks at the amount and structure of Executive Board compensation in comparable companies. The Supervisory Board currently considers comparable companies to be companies listed in the DAX, MDAX and STOXX Europe 600 Media, a sub-index of the STOXX Europe 600 index comprising companies from the European media industry, and direct competitors. The comparable companies therefore include, for example, ITV plc and Vivendi SA. If the Supervisory Board deems it necessary or expedient, it consults experts to determine and review the Executive Board compensation. To date, the Supervisory Board has also had the Executive Board compensation reviewed at regular intervals by independent external consultants with regard to common market practice. One such review was performed by an international and independent compensation consulting firm when the compensation system for financial years from 2018 was adjusted.

Principles of the Compensation System

The ProSiebenSat.1 Media SE compensation system has clear and transparent structures and is in line with our Group strategy. In order to continuously improve, we review our compensation system regularly. For this reason, we also sought dialog with relevant capital market participants when establishing the current compensation system and we regularly monitor current developments on compensation issues with regard to necessary adjustments. The aim of the compensation system for the Executive Board is to create an incentive for successful and sustainable performance of the Company. The system is therefore geared toward compensation that is transparent, performance-based and closely linked to the Company's success. This depends in particular on long-term and challenging individual targets and the performance of the ProSiebenSat.1 share. The compensation system is intended to motivate the members of the Executive Board to achieve the targets enshrined in ProSiebenSat.1 Media SE's business strategy and to avoid disproportionate risks.

Structure and Components of Executive Board Compensation

The Executive Board compensation system comprises three components: a fixed base salary, an annual and a multi-year variable compensation component. For the Executive Board members including the Chairman of the Executive Board, the weighting of the individual compensation components is 40 : 20 : 40 (fixed base salary to annual variable compensation to multi-year variable compensation). The weighting for a Chief Executive Officer would be 35 : 30 : 35, but this position is no longer provided for in the structure of ProSiebenSat.1 Media SE.

There is also a Company pension for Executive Board members. The Company's annual contribution to the Company pension amounts to 20% of the fixed base salary. In addition, Executive Board members receive fringe benefits.

The following overview gives a summary of the elements of the Executive Board compensation system followed by a description of the individual items:

OVERVIEW EXECUTIVE BOARD COMPENSATION SYSTEM

BASE SALARY

	Fixed base salary
Scope	Based on the respective area of competence and responsibility of the Executive Board member
Payment date	In monthly installments

PERFORMANCE-BASED COMPENSATION

Annual variable compensation	**Short-Term Incentive (Performance Bonus)**
Target compensation	Target amount contractually fixed.
Cap	Cap: 200% of the target amount.
Missing targets	Complete forfeiture possible if targets not met.
Target parameters	Financial target parameters (equally weighted): – Group EBITDA – Group free cash flow
	Modifier (+/-20%) serving as a bonus/malus, based on: – individual targets – team targets
Payment date	Within one month after the audited and approved Consolidated Financial Statements for the relevant financial year are available.

Multi-year variable compensation	**Long-Term Incentive (Performance Share Plan)** (share-based compensation component)
Term	Term of each tranche: 4 years (performance period).
Grant value	Contractually agreed annual grant value.
Cap	Cap: 200% of the target value.
Missing targets	Complete forfeiture possible if targets not met.
Target parameters	– Annual adjusted Group net income targets during the term of the respective tranche (50% weighting). – Relative positioning of Total Shareholder Return (TSR) compared with STOXX Europe 600 Media companies during the term of the respective tranche (50% weighting).
Grant	Grant of so-called performance share units (PSUs) in annual tranches
	Determination of the number of PSUs according to the grant value, based on the volume-weighted average XETRA closing price of ProSiebenSat.1's shares over the 30 trading days before the beginning of the term (January 1) of the respective tranche.

Determination of payout amount	Determination of the final number of performance share units at the end of the term of a tranche by multiplying PSUs by a performance-based conversion factor.
	The conversion factor depends – 50% on the achievement of annual adjusted net income targets during the term of the respective tranche and – 50% on the relative Total Shareholder Return (TSR) positioning against the STOXX Europe 600 Media companies during the term of the respective tranche.
	No option to retroactively adjust the conversion factor or undertake discretionary adjustments to target achievement.
	The payout amount per performance share unit corresponds to the volume-weighted average XETRA closing price of ProSiebenSat.1's shares over the 30 trading days preceding the end of the term of the respective tranche, plus cumulative dividend payments per share during the term of the tranche.
	In the event of settlement in shares, the payout amount will be converted into treasury shares using the share price cited above.
Dividend payments	All dividend payments during the term of the tranche are accounted for through inclusion of cumulative dividend payments per share in the payout amount.
Vesting	1/12 of the PSUs granted vest at the end of each month of the first year of the term of a respective tranche. If the employment contract starts as Executive Board member of ProSiebenSat.1 Media SE commences during the first financial year of the plan term the grant value will be on a pro rata temporis basis, but with full vesting of such pro rata temporis portion until the end of the first financial year of the plan term.
Payout	Payment is generally made in cash or, at the Company's discretion, by issuing a corresponding number of treasury shares.
Payment date	The respective Long-Term Incentive tranche is paid out or settled, as the case may be, after the audited and approved Consolidated Financial Statements for the final financial year of the four-year performance period are available.

PURCHASE AND HOLDING OBLIGATIONS

	Until the prescribed levels are reached, there is an obligation to invest 25% of the annual gross payouts from annual and new multi-year variable compensation in ProSiebenSat.1 shares.
	Shares must be held at least until the end of an Executive Board member's appointment.
	Volume: – Chief Executive Officer: 200% of fixed gross base salary – Other members of the Executive Board including the Chairman of the Executive Board: 100% of fixed gross base salary

FIXED BASE SALARY

The base salary is paid in twelve equal installments at the end of each month. If the employment contract begins or ends during a financial year, the base salary for this financial year is granted pro rata temporis.

VARIABLE COMPENSATION

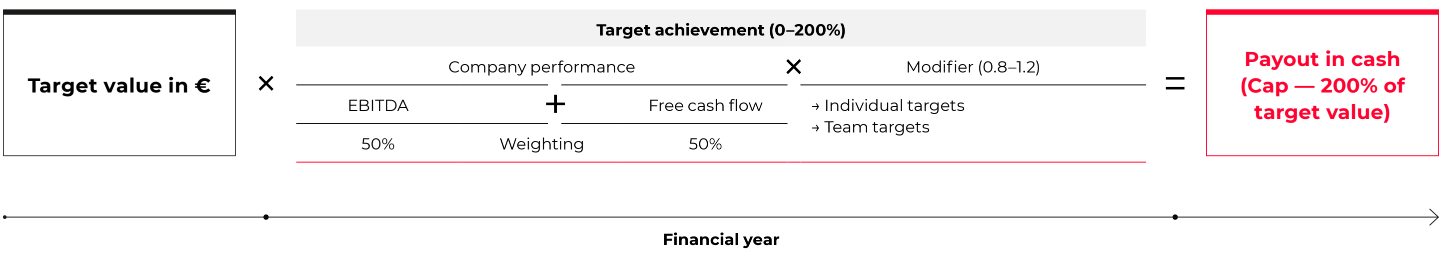
Variable compensation comprises two elements: annual variable compensation (Short-Term Incentive) in the form of an annual bonus payment (performance bonus) and multi-year variable compensation (Long-Term Incentive) in the form of virtual shares in ProSiebenSat.1 Media SE (Performance Share Plan).

SHORT-TERM INCENTIVE (PERFORMANCE BONUS)

The Short-Term Incentive depends on ProSiebenSat.1 Group's business performance in the past financial year. It is calculated on the basis of the target achievement (0% – 200%) identified for the financial year for EBITDA (earnings before interest, taxes, depreciation and amortization) and free cash flow before M&A (referred to hereinafter as FCF or free cash flow), both at Group level, and a modifier (0.8 to 1.2) for the assessment of the individual and collective performance of the Executive Board members. The final payment is capped at a maximum of 200% of the individual target amount agreed in each employment contract.

The Supervisory Board has identified the two key financial figures EBITDA and FCF as relevant target parameters, as they reflect the successful implementation of operational and strategic measures and are thus geared toward ProSiebenSat.1 Group's profitability. They are derived from the Group strategy and are also reflected in the internal management system, which is used to help achieve the Group's strategic goals. EBITDA is an industry-standard and frequently used measure of operating earnings, which allows a high degree of comparability with other businesses in the media industry and is also regularly used on the capital market for enterprise valuations on a multiplier basis. For shareholders, FCF is also an important measure of the cash and cash equivalents generated with operating business and after the deduction of investments, which are available for debt service or distributions to shareholders. Equally, FCF is an important indicator for measuring the cash return on investments and a common basis for the calculation of cash-flow-based enterprise valuations. ProSiebenSat.1 Media SE reports both key financial figures, EBITDA and FCF, in the regular financial reporting for ProSiebenSat.1 Group.

HOW THE SHORT-TERM INCENTIVE WORKS



EBITDA AT GROUP LEVEL

EBITDA at Group level is included in the Short-Term Incentive with a weighting of 50% for the purposes of determining target achievement.

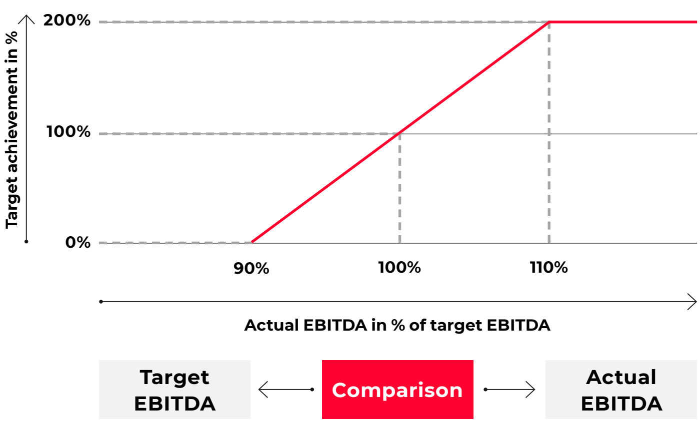
The EBITDA target value is set annually by the Supervisory Board in EUR and is derived from budget planning for ProSiebenSat.1 Group. The financial effects of operational and strategic measures are reflected in the budget planning.

Where necessary, to determine the target achievement, the actual Group EBITDA reported by ProSiebenSat.1 Media SE will be adjusted for effects arising from significant changes in IFRS accounting standards, from unplanned effects from M&A transactions conducted within the reporting period, and from measurements of Group-wide, multi-year variable compensation plans. This allows the Supervisory Board to correct potential distortions in target achievement. No further adjustment is provided for.

To measure the target achievement, the actual EBITDA as reported in the relevant audited and approved Consolidated Financial Statements of ProSiebenSat.1 Media SE, subject to the above adjustments, is compared with the target value for the respective financial year.

If the actual EBITDA corresponds to the target value, the target achievement is equal to 100%. The target achievement is equal to 0% if there is a negative deviation from the target EBITDA of 10% or more. To reach the maximum target achievement of 200%, the actual EBITDA must exceed target EBITDA by 10% or more. Intermediate values are interpolated in a straight line. The EBITDA target achievement curve is symmetrically designed, meaning that an over- or underachievement of the target will be reflected evenly.

REPORTED EBITDA TARGET ACHIEVEMENT CURVE



FREE CASH FLOW AT GROUP LEVEL

FCF at Group level is likewise included in the Short-Term Incentive with a weighting of 50% for the purposes of determining target achievement.

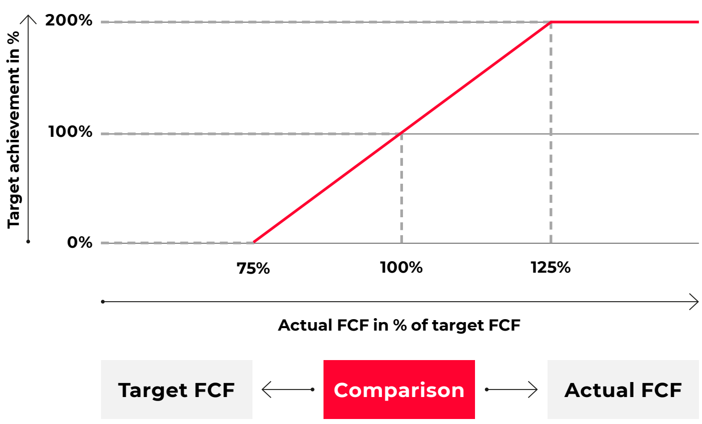
The FCF target value is set annually by the Supervisory Board in EUR and is derived from budget planning for ProSiebenSat.1 Group. The financial effects of operational and strategic measures are reflected in the budget planning.

Where necessary, to determine the target achievement, the actual Group FCF reported by ProSiebenSat.1 Media SE will be adjusted for effects arising from (i) acquisitions and disposals (i.e. (x) effects of investments on the free cash flow from investing activities due to acquisitions and disposals in previous financial years and (y) effects on the free cash flow from operating activities and from investing activities due to new acquisitions and disposals in the financial year in question, including associated financing effects), and from (ii) significant changes in IFRS accounting standards. This allows the Supervisory Board to correct potential distortions in target achievement. No further adjustment is provided for.

To measure the target achievement, the actual FCF as reported in the relevant audited and approved Consolidated Financial Statements of ProSiebenSat.1 Media SE, subject to the above adjustments, is compared with the target FCF for the respective financial year.

If the actual FCF corresponds to the target value, the target achievement is equal to 100%. The target achievement is equal to 0% if there is a negative deviation from the target FCF of 25% or more. To reach the maximum target achievement of 200%, the actual FCF must exceed target FCF by 25% or more. Intermediate values are interpolated in a straight line. The FCF target achievement curve is symmetrically designed, meaning that an over- or underachievement of the target will be reflected evenly.

REPORTED FREE CASH FLOW (FCF) TARGET ACHIEVEMENT CURVE



MODIFIER

To determine the individual and collective performance of the Executive Board members, the Supervisory Board assessed both the achievement of individual targets and the Executive Board members' contribution to the fulfillment of collective targets on the basis of criteria defined in advanced. Examples of relevant criteria include customer satisfaction, corporate social responsibility, corporate governance and strategic projects, but also other key financial figures of the Group or segments. If targets relate to key financial figures of ProSiebenSat.1 Group, target achievement is determined on the basis of the audited and approved Consolidated Financial Statements of ProSiebenSat.1 Media SE for the financial year in question. The resulting modifier for adjusting the size of the Short-Term Incentive can range between 0.8 and 1.2. The modifier therefore has a bonus/malus effect. The individual and collective targets are agreed annually in advance in a target agreement between the Supervisory Board and Executive Board, with a maximum of five targets being defined each year.

PAYMENT DATE

The Short-Term Incentive is payable in the following year within a month of the audited and approved Consolidated Financial Statements for the financial year in question becoming available and is paid out with the next monthly salary.

LONG-TERM INCENTIVE (PERFORMANCE SHARE PLAN)

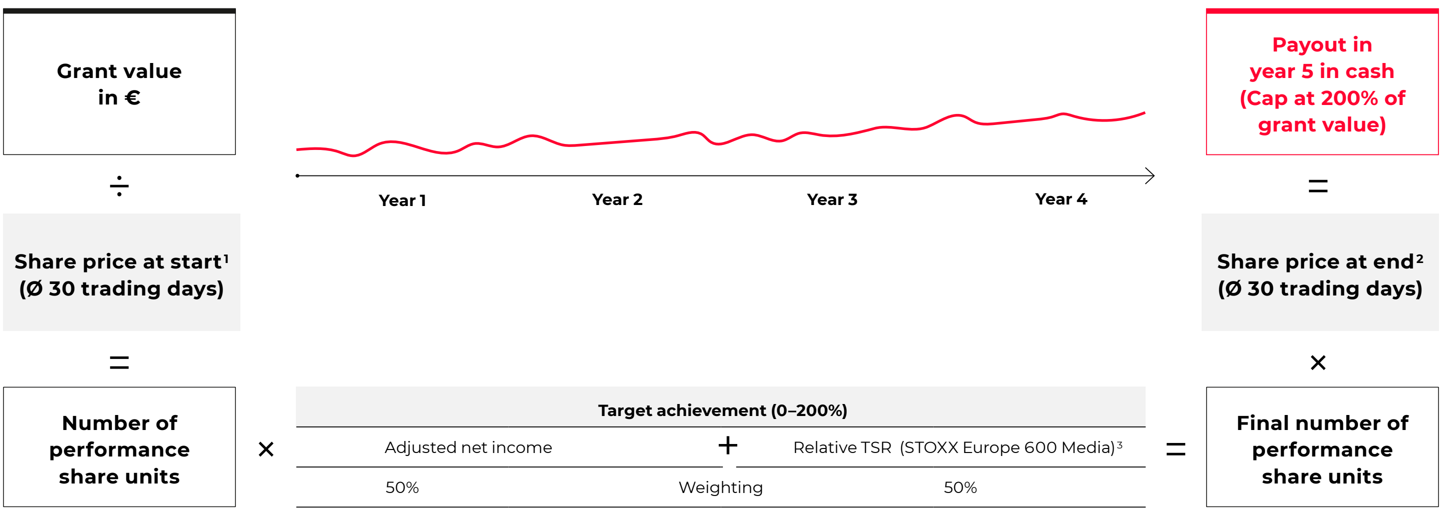
The Long-Term Incentive is designed as multi-year variable compensation in the form of virtual shares (performance share units). Tranches are granted annually, each with a four-year performance period. Payment is made in cash in year five, the year after the end of the performance period. The Company has the right to choose equity settlement rather than cash settlement and to deliver a corresponding number of own shares for this purpose.

The payout depends on the development of ProSiebenSat.1 Media SE's share price as well as on the Company's internal and external performance. The Company's performance is measured based on adjusted net income at Group level as well as the relative total shareholder return (TSR – shareholder return for ProSiebenSat.1 shares compared to shareholder return for companies in the selected comparison index), each with a weighting of 50%. The Performance Share Plan is issued in annual tranches with a performance period of four years each.

The calculation of corporate performance is on the one hand based on the parameter adjusted net income. This is an important operational and strategic performance indicator for the Group and serves, among other functions, as the metric that underlies the dividend policy and the resulting amounts that are distributed to shareholders.ProSiebenSat.1 Media SE publishes the adjusted net income as part of the regular financial reporting for the ProSiebenSat.1 Group. On the other hand, the Company's performance is determined using the relative TSR, which shows the return on ProSiebenSat.1 shares in relation to the return on shares of a relevant group of peer companies. The relative TSR takes into account share price performance and dividends to shareholders over the four-year performance period.

An individual grant value is specified in the service contract for each member of the Executive Board. With effect from the start of a financial year, a number of performance share units

FUNCTION PERFORMANCE SHARE PLAN



[1] Volume-weighted average XETRA closing price of ProSiebenSat.1's shares over the 30 trading days preceding the start of the performance period, rounded down to two decimal places.
[2] Volume-weighted average XETRA closing price of ProSiebenSat.1's shares over the 30 trading days preceding the end of the performance period, rounded down to two decimal places, plus cumulative dividend payments on each share in ProSiebenSat.1.
[3] Relative TSR of ProSiebenSat.1 Media SE's shares over the four-year performance period in comparison with STOXX Europe 600 Media companies.

(PSUs) corresponding to the grant value will be granted on the basis of the volume-weighted average XETRA closing price of the ProSiebenSat.1 share over the 30 trading days preceding the start of the financial year. Following the end of the four-year performance period, the granted performance share units are converted into a final number of performance share units according to a conversion factor, which is determined according to the weighted target achievement for adjusted net income and the relative TSR. The payout amount for each performance share unit is equal to the volume-weighted average XETRA closing price of ProSiebenSat.1's shares over the 30 trading days preceding the end of the performance period, plus cumulative dividend payments over the performance period on the ProSiebenSat.1 share. The payout is limited to a maximum of 200% of the individual grant value per tranche (cap). In the case of a settlement in own shares, the amount paid out is converted into a corresponding number of own shares of the Company issued to the beneficiary on the basis of the above average price.

ADJUSTED NET INCOME AT GROUP LEVEL

The adjusted net income at Group level is taken into account with a weighting of 50% for the purpose of determining target achievement in the Performance Share Plan. That is, 50% of the final number of performance share units are dependent on the average target achievement for the Group adjusted net income over the four-year performance period.

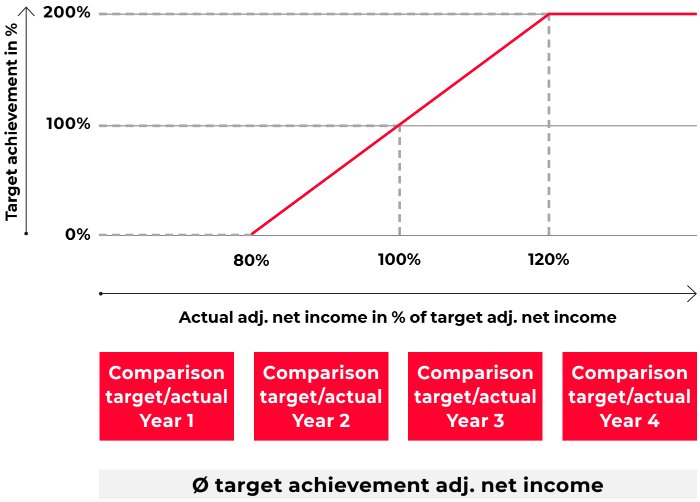
The average annual target achievement of the adjusted net income of the four-year performance period is used to determine the target achievement for the Group's adjusted net income at the end of the term of a tranche. The adjusted net income target value for each of the financial years within the performance period is set annually by the Supervisory Board in EUR and is derived from budget planning for ProSiebenSat.1 Group. The financial effects of operational and strategic measures are reflected in the budget planning.

If required, the Group's actual adjusted net income reported by ProSiebenSat.1 Media SE is adjusted to determine the target achievement, adjustments being made e.g. for effects from significant changes in IFRS accounting and from the effects of M&A transactions (including related financing effects) carried out during the reporting period that are not included in the planning.

To measure the target achievement, the actual adjusted net income as reported in the relevant audited and approved Consolidated Financial Statements of ProSiebenSat.1 Media SE, subject to the above adjustments, is compared with the target adjusted net income for the respective financial year.

If the actual adjusted net income corresponds to the target value, the target achievement is 100%. In the case of a negative deviation of 20% or more from the target adjusted net income, the target achievement is 0%. For the maximum target achievement of 200%, the actual adjusted net income must exceed the target adjusted net income by 20% or more. Intermediate values are interpolated in a straight line. The adjusted net income target achievement curve is symmetrical, which means that any underachievement or overachievement of the target is equally taken into account.

ADJUSTED NET INCOME TARGET ACHIEVEMENT CURVE

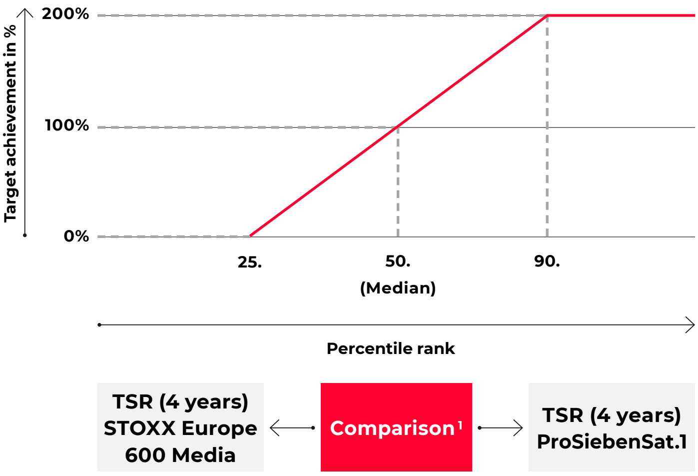


RELATIVE TOTAL SHAREHOLDER RETURN (TSR)

In addition, 50% of the final number of performance share units are dependent on the relative TSR of ProSiebenSat.1 Media SE's shares over the four-year performance period, compared with STOXX Europe 600 Media companies. The companies in this index represent the relevant comparative values for the purpose of classifying the stock return of ProSiebenSat.1 share relative to the stock return of these companies in the selected comparative index. The TSR of the ProSiebenSat.1 share and the shares of the peer companies are ranked and the relative positioning of ProSiebenSat.1 Media SE is expressed on the basis of the percentile rank achieved.

If the relative TSR achieved by ProSiebenSat.1 Media SE corresponds to the median (50th percentile) of the peer group, the target achievement is 100%. When positioned at or below the 25th percentile, the target achievement is 0%. Maximum target achievement of 200% requires that at least the 90th percentile is reached. Intermediate values are interpolated in a straight line for both positive and negative deviations.

RELATIVE TSR TARGET ACHIEVEMENT CURVE



[1] Relative TSR of ProSiebenSat.1 Media SE's shares over the four-year performance period in comparison with STOXX Europe 600 Media companies.

PAYMENT DATE

Each respective tranche of the Long-Term Incentive is paid out or settled, as the case may be, in the following year, after the audited and approved Consolidated Financial Statements for the final financial year of the four-year performance period become available.

Further information on the Performance Share Plan can be found in the → Notes, note 35 "Share- and performance-based payment".

OBLIGATIONS TO ACQUIRE AND HOLD SHARES IN THE COMPANY (SHARE OWNERSHIP GUIDELINES)

In order to strengthen the equity culture and bring the interests of the Executive Board and shareholders into even greater alignment, obligations to acquire and hold shares in the Company were introduced for the members of the Executive Board. Each Executive Board member is obliged to acquire shares in ProSiebenSat.1 Media SE with a value totaling 100% (200% for a Chief Executive Officer, but this position is no longer provided for in the structure of ProSiebenSat.1 Media SE) of the annual fixed gross basic salary and to hold these shares at least until the end of their appointment as a member of the Executive Board. Until the required levels are reached, the Executive Board members are obliged to invest at least 25% of the annual gross payout from the Short-Term Incentive (performance bonus) and the Long-Term Incentive (Performance Share Plan) in ProSiebenSat.1 shares; payments from the variable compensation elements of the compensation system that was in place until financial year 2017 (former performance bonus, Mid-Term Incentive and Group Share Plan) are not subject to the investment obligation.

An overview of the amounts invested as of December 31, 2020 is given below:

SHARE OWNERSHIP

Member of the Executive Board	Number of shares	Investment at time of acquisition[1] in EUR	Investment obligation in EUR
Rainer Beaujean	131,102	1,501,567	1,400,000
Wolfgang Link	—	—	800,000
Christine Scheffler	—	—	640,000

[1] Until the prescribed level of 100% of an annual fixed gross basic salary is reached, the Executive Board member is obliged to invest in each financial year an amount corresponding to at least 25% of the annual gross payout from the performance bonus and Performance Share Plan. Rainer Beaujean has already voluntarily fulfilled his investment obligation directly upon joining the Company. For Wolfgang Link and Christine Scheffler, this will apply for the first time when the performance bonus for 2020 is paid out in financial year 2021.

COMPANY PENSION

Pension agreements were signed for all members of the Executive Board: For the period of the employment relationship, the Company pays an annual total contribution into the personal pension account managed by the Company. The total annual contribution to be paid by the Company is equivalent to 20% of the respective fixed annual gross salary. Each member of the Executive Board has the right to pay any additional amount into the pension account in the context of deferred compensation. There are no further payments after the end of the employment relationship. The Company guarantees the paid-in capital and an annual interest of 2%. The amounts paid-in are invested on the money and capital markets. A monthly retirement pension or alternatively a one-off retirement payment is paid if the Executive Board member reaches the age of 62, or 60 in the case of former Executive Board member Conrad Albert, and has been a member of the Executive Board for at least three full years. This entitlement also arises in the case of permanent disability. The monthly retirement pension is derived from the actuarially calculated life-long pension as of the time of the entitlement to benefits. If no monthly retirement pension is paid, then a retirement payment is made in the amount of the guaranteed capital as a one-off payment (or in up to ten equal annual installments).

CLAW-BACK REGULATIONS; DEFERMENT OF VARIABLE COMPENSATION COMPONENTS/DAMAGE COMPENSATION

In the context of the new recommendation G.11 of the GCGC in the version dated December 16, 2019, the Executive Board contracts for the members in office contain claw-back regulations under which the Company can reclaim performance bonuses that have already been paid if the relevant consolidated financial statements subsequently prove to be inaccurate in a way that impacts the determination of the amount of the performance bonus for the respective financial year.

Moreover, all variable compensation components for Executive Board members in the compensation system are forward-looking and are not paid out until after the end of the plan term. Until then, they also reflect negative value risks at the expense of the variable compensation.

Finally, the respective employment contracts clearly state that potential claims on the part of the Company against Executive Board members from Section 93 (2) of the Stock Corporation Act are unaffected. According to this provision, Executive Board members who neglect their duties are obliged to compensate the resulting damage as joint and several debtors.

NON-PERFORMANCE-BASED FRINGE BENEFITS

In addition, Executive Board members receive other non-performance-based fringe benefits (particularly, the provision of company cars, group accident insurance, insurance policy contributions, and occasionally flights home).

COMMITMENTS IN THE EVENT OF TERMINATION OF EXECUTIVE BOARD EMPLOYMENT

Premature Termination without Good Cause

If the employment contracts of Executive Board members are terminated prematurely by the Company without good cause, these contracts provide for a severance payment amounting to two years' worth of total compensation as defined by section G.13 of the GCGC in the version dated December 16, 2019. However, this may not exceed the amount of compensation that would have been paid until the end of the contract period.

Premature Termination in the Vvent of a Change of Control

The contracts of Executive Board members contain change of control clauses in the event of a change of control at the Company. A change of control as defined in the agreements of the Executive Board members takes place (i) if control is acquired within the meaning of takeover law, i.e. at least 30% of the voting rights in the Company are acquired by the acquirer, (ii) if the merger of the Company is implemented with the Company as the transferring legal entity, or (iii) if a control agreement comes into force with the Company as the dependent entity. Under the currently applicable Executive Board contracts, which have terms until June 30, 2022 (Rainer Beaujean) and March 31, 2023 (Wolfgang Link and Christine Scheffler), up to and including September 30, 2021, Executive Board members have the right in the event of a change of control to terminate their employment contract with three months' notice at the end of the month and resign from the Executive Board if the change of control significantly affects the position of these Executive Board members. If this right of termination is exercised, the Executive Board members shall receive a payment in cash that is to be added in full to any waiting allowances. Compensation in cash corresponds to three – or in the case of Wolfgang Link and Christine Scheffler, two – years' compensation, but shall not exceed compensation for the remainder of the employment contract discounted to the termination date. When determining this cash settlement, fixed compensation for the last financial year that Executive Board members are contractually entitled to, the performance bonus, multi-annual compensation components and pension contributions are to be regarded as annual compensation.

ONGOING COMPENSATION ELEMENT FROM THE REPLACED COMPENSATION SYSTEM UP TO 2017 – GROUP SHARE PLAN

The compensation system for the Executive Board members of ProSiebenSat.1 Media SE in place until the end of 2017 contained the Group Share Plan as a multi-year variable compensation component, which has effects beyond the 2017 performance period.

The Group Share Plan was granted to the Executive Board members for the last time in financial year 2017, and the Executive Board member Conrad Albert who left in financial year 2020 still has claims under it. It was a multi-year variable compensation instrument similar to the Performance Share Plan issued since 2018, in which virtual shares were issued to the Executive Board members in annual tranches each with a four-year performance period. Please refer to the 2017 Compensation Report for more details.

As of the end of 2020, the Group Share Plan from 2017 (with the performance period 2017 to 2020) is still outstanding. The required minimum values for the Group's consolidated net income and EBITDA have so far been achieved for each year of the respective four-year performance period of the outstanding Group Share Plan. The respective annual conversion factors are 78% for financial year 2017, 56% for financial year 2018, and 97% for financial year 2019. For financial year 2020, the annual conversion factor is 86%. The PSU conversion factor (calculated as the average annual conversion factor from all four years) for the completed four-year performance period of the Group Share Plan 2017 thus comes to 79% now. In the previous year, the PSU conversion factor of the Group Share Plan 2016 for the completed four-year performance period was 84%.

Further information on the Group Share Plan can be found in the → Notes, note 35 "Share- and performance-based payment".

EXECUTIVE BOARD COMPENSATION FOR FINANCIAL YEAR 2020

Variable Compensation – Target Achievement

The Supervisory Board has taken the desire for transparency regarding compensation decisions on board and has decided to report an overview of target achievement.

In the context of the COVID-19 pandemic, no adjustments were made with regard to the target parameters for variable compensation in financial year 2020.

PERFORMANCE BONUS

The performance bonus is calculated on the basis of the target achievement (0%–200%) identified for the financial year for EBITDA and FCF, both at Group level, and a modifier (0.8 to 1.2) for the assessment of the individual and collective performance of the Executive Board members. The final payment is capped at a maximum of 200% of the individual target amount agreed in each employment contract.

The Supervisory Board has determined the following target achievement for financial year 2020 with regard to EBITDA and FCF, each with a weighting of 50%:

TARGET PARAMETERS in EUR m

	Weighting	100% target value	Actual value in FY 2020 (before adjustment)	Actual value in FY 2020 (adjusted)	Target achievement
EBITDA at Group level	50%	769.7	801.0	661.3	0%
Free cash flow (FCF) at Group level	50%	106.9	235.3	233.9	200%
Weighted target achievement	**100%**				**100%**

To calculate target achievement for financial year 2020 in the target parameters of EBITDA at Group level and FCF at Group level, the Supervisory Board primarily adjusted for material reconciling items from M&A activities.

For the modifier in financial year 2020, the Supervisory Board set successful crisis management of the COVID-19 pandemic as the only collective target for the Executive Board members.

Based on the overall assessment of the collective performance of the Executive Board members, the Supervisory Board assessed the modifier for adjusting the performance bonus as 1.2.

Taking the target achievement for EBITDA and FCF and the modifier into account results in overall target achievement for the performance bonus in financial year 2020 of 120% for the Executive Board members Rainer Beaujean, Wolfgang Link, and Christine Scheffler.

Conrad Albert, who left the Executive Board as of the end of April 30, 2020, receives a non-performance-based pro rata amount worth 4/12 of the target bonus as a performance bonus for financial year 2020. Max Conze, whose employment contract ended as of the end of May 31, 2020, receives a non-performance-based pro rata amount worth 5/12 of the target bonus as a performance bonus for financial year 2020. For both Executive Board members, the target bonus is based on the assumption that 100% of the target for the performance bonus has been achieved and a modifier of 1.

PERFORMANCE SHARE PLAN

The Performance Share Plan was granted to the Executive Board members for the first time in financial year 2018 and replaced the Group Share Plan, which acted as the Long-Term Incentive up to and including for financial year 2017. Target achievement is measured based on adjusted net income at Group level as well as the relative total shareholder return (TSR), each with a weighting of 50%.

The target achievement for adjusted net income equals the average annual target achievement for the four financial years of the respective plan term. As of the end of 2020, the Performance Share Plans from 2018 (with the performance period 2018 to 2021), from 2019 (with the performance period 2019 to 2022) and from 2020 (with the performance period 2020 to 2023) are outstanding. The respective target achievement is 88% for financial year 2018 (for Performance Share Plan 2018), 68% for financial year 2019 (for Performance Share Plans 2018 and 2019) and 0% for financial year 2020 (for Performance Share Plans 2018, 2019, and 2020). The relative TSR takes account of the share price development over the four-year performance period and cannot be measured until the end of the four-year performance period.

The final target achievement with regard to adjusted net income at Group level and relative TSR for the four-year performance period of the 2018, 2019, and 2020 Performance Share Plans cannot be calculated until after the end of the final financial year of the respective four-year performance period.

COMPENSATION OF EXECUTIVE BOARD MEMBERS FOR FINANCIAL YEAR 2020 UNDER GAS 17

The following total compensation for Executive Board members in office in financial year 2020 was determined under GAS 17:

COMPENSATION OF EXECUTIVE BOARD MEMBERS FOR THE FINANCIAL YEAR 2020 IN ACCORDANCE WITH GAS 17 in EUR thousand

	Rainer Beaujean Chairman of the Executive Board & CFO (member of the Executive Board since July 1, 2019)		**Wolfgang Link**[3] Member of the Executive Board & CEO Seven.One Entertainment Group (member of the Executive Board since March 26, 2020)		**Christine Scheffler**[3] Member of the Executive Board & CHRO (member of the Executive Board since March 26, 2020)		**Max Conze**[4] Chairman of the Executive Board (CEO) (member of the Executive Board until March 26, 2020)		**Conrad Albert**[5] Deputy Chairman of the Executive Board, Group General Counsel (member of the Executive Board until April 30, 2020)	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Fixed compensation	1,295.0	490.0	600.0	—	480.0	—	612.5	1,470.0	366.7	1,100.0
Fringe benefits[1]	26.5	16.2	6.2	—	1.5	—	5.7	39.3	3.2	10.3
Total fixed compensation	**1,321.5**	**506.2**	**606.2**	**—**	**481.5**	**—**	**618.2**	**1,509.3**	**369.9**	**1,110.3**
Annual variable compensation	777.0	269.5	360.0	—	288.0	—	525.0	1,386.0	183.3	605.0
Multi-year variable compensation						—				
Performance Share Plan (2019–2022)	—	490.0		—		—	—	1,470.0	—	1,100.0
Performance Share Plan (2020–2023)	1,295.0	—	600.0		480.0		—	—	366.7	—
Total variable compensation	**2,072.0**	**759.5**	**960.0**	**—**	**768.0**	**—**	**525.0**	**2,856.0**	**550.0**	**1,705.0**
Total compensation	**3,393.5**	**1,265.7**	**1,566.2**	**—**	**1,249.5**	**—**	**1,143.2**	**4,365.3**	**919.9**	**2,815.3**
Increase of pension obligation (DBO)	423.2	95.6	127.2	—	114.2	—	—	312.2	717.8	555.0
thereof entitlements from deferred compensation	—	—	—	—	11.1	—	—	—	576.8	221.2
Amount of pension obligation (DBO)[2]	518.8	95.6	127.2	—	114.2	—	—	455.1	3,660.0	2,942.2
thereof entitlements from deferred compensation	—	—	—	—	11.1	—	—	—	1,970.7	1,393.9

	Dr. Jan Kemper[6] CFO and Executive Board Member Commerce (member of the Executive Board until March 31, 2019)		**Sabine Eckhardt**[7] Executive Board Member Sales & Marketing (member of the Executive Board until April 30, 2019)		**Jan David Frouman**[8] Executive Board Member (member of the Executive Board until February 28, 2019)		**Total**	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Fixed compensation	—	245.0	—	270.0	—	142.5	3,354.2	3,717.5
Fringe benefits[1]	—	9.5	—	2.7	—	2.1	43.1	80.1
Total fixed compensation	**—**	**254.5**	**—**	**272.7**	**—**	**144.6**	**3,397.3**	**3,797.6**
Annual variable compensation	—	—	—	—	—	66.7	2,133.3	2,327.2
Multi-year variable compensation								
Performance Share Plan (2019–2022)	—	—	—	—	—	810.0	—	3,870.0
Performance Share Plan (2020–2023)	—	—	—	—	—	—	2,741.7	—
Total variable compensation	**—**	**0.0**	**—**	**0.0**	**—**	**876.7**	**4,875.0**	**6,197.2**
Total compensation	**—**	**254.5**	**—**	**272.7**	**—**	**1,021.3**	**8,272.3**	**9,994.8**
Increase of pension obligation (DBO)	—	—	—	—	—	113.8	1,382.4	1,076.5
thereof entitlements from deferred compensation	—	—	—	—	—	41.5	587.9	262.7
Amount of pension obligation (DBO)[2]	—	—	—	—	—	735.9	4,420.2	4,228.8
thereof entitlements from deferred compensation	—	—	—	—	—	276.8	1,981.8	1,670.6

1 Includes lease payments for use of company car and insurance premiums (excluding D&O). Rainer Beaujean's fringe benefits include additional benefits for flights home. The figures for financial year 2019 include additional benefits for flights home and relocation costs for Max Conze and for flights home and the maintenance of two households for Dr. Jan Kemper.
2 Defined benefit obligation (DBO) as of December 31 of the period under review.
3 Wolfgang Link and Christine Scheffler were appointed as members of the Executive Board effective March 26, 2020; their employment contracts came into force as of April 1, 2020.
4 Max Conze left the Executive Board effective March 26, 2020; his employment contract ended effective May 31, 2020. Max Conze received a pro rata, non-performance-based amount of EUR 0.5 million as annual variable compensation (performance bonus) for financial year 2020. There was no grant under the 2020 Performance Share Plan; instead, the associated entitlement was satisfied in full with the severance payment.
5 Conrad Albert left the Executive Board as of April 30, 2020. The termination of his employment contract also took effect on April 30, 2020. Conrad Albert received a pro rata, non-performance-based amount of EUR 0.2 million as annual variable compensation (performance bonus) for financial year 2020, although this is not due to be paid out until the end of April 2021. A grant under the 2020 Performance Share Plan was only made pro rata temporis for the period up to and including April 2020. The entitlement to a grant for the period from May to December 2020 was satisfied in full with the severance payment.
6 Dr. Jan Kemper left the Executive Board effective March 31, 2019; his employment contract also ended effective March 31, 2019. Dr. Jan Kemper's entitlement to the annual variable compensation (performance bonus) for financial year 2019 was satisfied in full with the severance payment.
7 Sabine Eckhardt left the Executive Board as of April 30, 2019. The termination of her employment contract also took effect on April 30, 2019. Sabine Eckhardt's entitlement to the annual variable compensation (performance bonus) for financial year 2019 was satisfied in full with the severance payment.
8 Jan David Frouman left the Executive Board effective February 28, 2019; his employment contract also ended effective February 28, 2019. Jan David Frouman received a pro rata, non-performance-based amount of EUR 66,667 as annual variable compensation (performance bonus) for financial year 2019. The grant from the Performance Share Plan 2019 was vested at 2/12 upon his departure.

NOTES ON THE COMPENSATION OF DEPARTED EXECUTIVE BOARD MEMBERS

Conrad Albert left the Executive Board as of April 30, 2020. His employment contract, which had a remaining term until April 30, 2021 was also terminated with effect from April 30, 2020. As agreed upon in the termination agreement, Conrad Albert's contractual compensation continued to be paid until the original termination date. The pro rata performance bonus for the period up to and including April 2020 was granted on a non-performance-related basis, assuming target achievement of 100% and a modifier of 1, although this is not due to be paid out until the end of April 2021. In addition, Conrad Albert was allocated performance share units (PSUs) under the 2020 Performance Share Plan pro rata temporis up to and including April 2020, and thus continued to participate in the Performance Share Plan in accordance with the terms and conditions of this plan.

As agreed upon in the termination agreement, Conrad Albert's compensation entitlements for the remainder of the employment contract were paid out in the full amount of EUR 3.1 million after the termination date, or were continued for the remaining term in the case of the contractual pension contributions or recognized as a provision in the case of the regulations on the Group Share Plan. The payout amount breaks down as follows: The pro rata fixed compensation for the remaining term of the employment contract (May 2020 to April 2021) totaling EUR 1.1 million was paid as part of the severance payment. To satisfy his entitlement to the pro rata performance bonus from May 2020 to April 2021, Conrad Albert received a payment of EUR 0.6 million on the basis of assumed target achievement of 110% and a modifier of 1.

In addition, the endowment of the pension agreement was continued for the remaining term of the contract in the amount of EUR 0.2 million, whereby for the purposes of the provisions of the pension agreement with regard to vesting Conrad Albert was treated as if the employment relationship had not ended until the regular end of the contract on April 30, 2021.

In respect to the multi-year compensation components of Conrad Albert, the following was agreed: Concerning the Group Share Plan, the termination agreement stipulated that Conrad Albert still participates in the Group Share Plan in accordance with the terms and conditions of this plan with the PSUs issued up to the termination date, but on the condition that they are treated as if they would not have vested until April 30, 2021. Accordingly, the PSUs allocated under GSP 2017 were 100% vested on his departure; a provision of EUR 0.05 million was recognized for this on his departure. The provision amount will change in the further course of the four-year performance period until payout. In accordance with his employment contract, Conrad Albert was owed an annual allocation of PSUs worth EUR 1.1 million, each with a four-year performance period, under the Performance Share Plan. The PSUs issued in 2018 and 2019 were 100% vested and will be settled after the end of the four-year performance period. Instead of the outstanding pro rata allocation for 2020 (May to December) and 2021 (January to April), the allocated amount was paid. With regard to the provisions on vesting, which provide for one-twelfth vesting at the end of each month of the first year of the four-year performance period, the measurement of the PSUs assumed the continuation of the employment contract for the remaining term until April 2021. Accordingly, a settlement was only paid if the corresponding PSUs were to become vested by then. This gave a settlement amount totaling EUR 1.1 million for the allocation entitlement from May 2020 to April 2021.

It was also agreed that the post-contractual non-competition clause continues to apply for one year starting from the termination date and that the waiting allowance is settled by the severance payment.

Max Conze left the Executive Board as of March 26, 2020. His employment contract, which had a remaining term until May 31, 2021 was terminated with effect from May 31, 2020. As agreed upon in the termination agreement, Max Conze's contractual compensation continued to be paid until the original termination date. The pro rata performance bonus for the period up to and including May 2020 was granted on a non-performance-related basis, assuming target achievement of 100% and a modifier of 1, and was due together with the severance payment.

As agreed upon in the termination agreement, Max Conze's compensation entitlements for the remainder of the employment contract were paid out in the amount of EUR 3.9 million after the termination date, or, in the case of the contractual pension contributions, continued for the remaining term. The payout amount breaks down as follows: 75% of the pro rata fixed compensation for the remaining term of the employment contract (June 2020 to May 2021) totaling EUR 1.1 million was paid as part of the severance payment. To satisfy his entitlement to 75% of the pro rata performance bonus from June 2020 to May 2021, Max Conze received a payment of EUR 0.9 million on the basis of assumed target achievement of 100% and a modifier of 1.

In addition, the endowment of the pension agreement was continued for the remaining term of the contract in the amount of EUR 0.3 million, whereby for the purposes of the provisions of the pension agreement with regard to vesting Max Conze was treated as if the employment relationship had not ended until the regular end of the contract on May 31, 2021. However, under the termination agreement Max Conze had the right to demand early liquidation and payment of his entitlements plus the outstanding endowment payments. Max Conze exercised this right and his pension entitlements totaling EUR 0.9 million were paid. All claims from the pension agreement have therefore been settled.

With respect to Max Conze's multi-year compensation components, the following was agreed: In accordance with his employment contract, Max Conze was owed an annual allocation of PSUs worth EUR 1.47 million, each with a four-year performance period, under the Performance Share Plan. The PSUs issued in 2018 and 2019 were 100% vested and will be settled after the end of the four-year performance period. Instead of the outstanding allocation for 2020 and 2021, 75% of the allocated amount was paid in each case. With regard to the provisions on vesting, which provide for one-twelfth vesting at the end of each month of the first year of the four-year performance period, the measurement of the PSUs assumed the continuation of the employment contract for the remaining term until May 2021. Accordingly, a settlement was only paid if the corresponding

PSUs were to become vested by then. This gave a settlement amount totaling EUR 1.6 million for the allocation entitlement from January 2020 to May 2021.

It was also agreed that the post-contractual non-competition clause applies from the termination date until March 31, 2021, and that the waiting allowance is settled by the severance payment.

ADDITIONAL DISCLOSURES ON SHARE-BASED PAYMENT INSTRUMENTS (GROUP SHARE PLAN AND PERFORMANCE SHARE PLAN)

The performance share units (PSUs) granted to active members of the Executive Board for their work as members of the Executive Board developed as follows in financial year 2020:

ADDITIONAL DISCLOSURES ON SHARE-BASED PAYMENTS INSTRUMENTS

		Group Share Plan/Performance Share Plan[4]						
		Outstanding performance share units at the start of the financial year	Performance share units granted in the financial year		Performance share units expired in the financial year	Performance share units paid out in the financial year	Outstanding performance share units at the end of the financial year	Total cost for share-based payment[5]
		Number	Number	Fair value of the grant in EUR	Number	Number	Number	in EUR
Rainer Beaujean	**2020**	**28,977**	**108,445**	**1,295,000**	**0**	**0**	**137,422**	**368,761**
	2019	0	28,977	490,000	0	0	28,977	41,256
Wolfgang Link[1]	**2020**	**0**	**69,205**	**600,000**	**0**	**0**	**69,205**	**153,232**
	2019	—	—	—	—	—	—	—
Christine Scheffler[1]	**2020**	**0**	**55,364**	**480,000**	**0**	**0**	**55,364**	**122,586**
	2019	—	—	—	—	—	—	—
Max Conze[2]	**2020**	**121,369**	**0**	**0**	**0**	**0**	**121,369**	**889,869**
	2019	34,438	86,931	1,470,000	0	0	121,369	283,551
Conrad Albert[2]	**2020**	**162,805**	**26,981**	**366,667**	**0**	**23,558**	**166,228**	**960,188**
	2019	114,158	65,051	1,100,000	0	16,404	162,805	164,000
Dr. Jan Kemper[3]	**2020**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	2019	69,377	0	0	7,504	0	61,873	138,536
Sabine Eckhardt[3]	**2020**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	2019	62,550	0	0	7,504	0	55,046	101,917
Jan David Frouman[3]	**2020**	—	—	—	—	—	—	—
	2019	86,108	47,901	810,000	60,814	0	73,195	–33,159
Total	**2020**	**313,151**	**259,995**	**2,741,667**	**0**	**23,558**	**549,588**	**2,494,636**
	2019	366,631	228,860	3,870,000	75,822	16,404	503,265	696,101

[1] Wolfgang Link and Christine Scheffler also have PSUs from work performed before they joined the Executive Board. These were not granted as compensation for their role on the Executive Board and are thus not included in the overview.
[2] Max Conze left the Executive Board as of March 26, 2020, and Conrad Albert as of April 30, 2020. For information on the effects on the Group Share Plan and Performance Share Plan, please refer to "Notes on the compensation of departed Executive Board members."
[3] Dr. Jan Kemper left the Executive Board as of March 31, 2019, Sabine Eckhardt as of April 30, 2019, and Jan David Frouman as of February 28, 2019.
[4] Nominal amounts of PSUs when granted. PSUs from the Group Share Plan were granted for the last time in financial year 2017; since financial year 2018, they have been granted under the new Performance Share Plan.
[5] The total cost in financial year 2020 includes an adjustment of the conversion factor for the performance share units granted (79%) for the Group Share Plan 2017 and was measured as of December 31, 2020. No adjustments were made due to anti-dilution protection or an individual increase by the Supervisory Board. The total cost in financial year 2019 includes an adjustment of the conversion factor for the performance share units granted (84%) for the Group Share Plan 2016 and was measured as of December 31, 2019. The total cost for Jan David Frouman is negative due to declines in the share price in financial year 2019.

In financial year 2020, a total of 23,558 performance share units were paid out from the Group Share Plan. No performance share units from the Group Share Plan or the Performance Share Plan expired. For more information on the performance share units granted for financial year 2020 from the Performance Share Plan, please refer to → Notes, note 35 "Share- and performance-based payment".

OTHER COMPENSATION COMPONENTS

The Company has granted neither loans nor provided guarantees or warranties to the members of the Executive Board.

COMPENSATION OF EXECUTIVE BOARD MEMBERS FOR FINANCIAL YEAR 2020 IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE (GCGC)

The GCGC in the version of February 7, 2017 (GCGC 2017) recommends the individual disclosure of specific compensation components for each Executive Board member according to certain criteria. It further recommends the use of the template tables included in the GCGC 2017 for their presentation, which in some cases deviates from GAS 17. The new GCGC in the version dated December 16, 2019, does not use the template tables. With a view to a standardized and thus more comprehensible presentation of compensation, the established template tables were retained.

BENEFITS GRANTED IN ACCORDANCE WITH THE GCGC 2017

The table below shows the benefits that have been granted for financial year 2020, including fringe benefits and the minimum and maximum compensation achievable in financial year 2020 that were granted to active members of the Executive Board for their work as Executive Board members. In deviation from the presentation of total compensation according to GAS 17, the annual variable compensation is disclosed as the target value, i.e. the value granted to the Executive Board member in the event of 100% target achievement, in accordance with the previous requirements of the GCGC 2017. The degree of respective target achievement for a financial year, i.e. the extent to which the amount payable in the event of 100% target achievement was exceeded or fallen short of, is obtained by comparing the variable compensation granted for a financial year with the corresponding disclosures on the variable compensation actually received for the financial year in question in the receipts table according to the GCGC 2017. Furthermore, the pension cost, i.e. the service cost in accordance with IAS 19, must be included in total compensation in accordance with the GCGC 2017.

BENEFITS GRANTED in EUR thousand

	Rainer Beaujean Chairman of the Executive Board & CFO (member of the Executive Board since July 1, 2019)			
	2020	2020 (min.)	2020 (max.)	2019
Fixed compensation	1,295.0	1,295.0	1,295.0	490.0
Fringe benefits[1]	26.5	26.5	26.5	16.2
Total fixed compensation	**1,321.5**	**1,321.5**	**1,321.5**	**506.2**
Annual variable compensation	647.5	0.0	1,295.0	245.0
Multi-year variable compensation				
Performance Share Plan (2019–2022)	—	—	—	490.0
Performance Share Plan (2020–2023)	1,295.0	0.0	2,590.0	—
Total variable compensation	**1,942.5**	**0.0**	**3,885.0**	**735.0**
Pension cost[2]	193.4	193.4	193.4	95.6
Total compensation (GCGC)	**3,457.4**	**1,514.9**	**5,399.9**	**1,336.8**

[1] Includes lease payments for use of company car and insurance premiums (excluding D&O). Rainer Beaujean's fringe benefits include additional benefits for flights home.
[2] Pension cost comprises service costs in accordance with IAS 19. In the case of Rainer Beaujean, this comprises past service costs for 2019 as a result of pension commitments granted during the year.

BENEFITS GRANTED in EUR thousand

	Wolfgang Link[1] Member of the Executive Board & CEO Seven.One Entertainment Group (member of the Executive Board since March 26, 2020)			
	2020	2020 (min.)	2020 (max.)	2019
Fixed compensation	600.0	600.0	600.0	—
Fringe benefits[2]	6.2	6.2	6.2	—
Total fixed compensation	**606.2**	**606.2**	**606.2**	**—**
Annual variable compensation	300.0	0.0	600.0	—
Multi-year variable compensation				
Performance Share Plan (2020–2023)	600.0	0.0	1,200.0	—
Total variable compensation	**900.0**	**0.0**	**1,800.0**	**—**
Pension cost[3]	127.2	127.2	127.2	—
Total compensation (GCGC)	**1,633.4**	**733.4**	**2,533.4**	**—**

[1] Wolfgang Link was appointed as a member of the Executive Board effective March 26, 2020; his employment contract came into force as of April 1, 2020.
[2] Includes lease payments for use of company car and insurance premiums (excluding D&O).
[3] Pension cost comprises service costs in accordance with IAS 19. In the case of Wolfgang Link, this comprises past service costs as a result of pension commitments granted during the year.

BENEFITS GRANTED in EUR thousand

	Christine Scheffler[1] Member of the Executive Board & CHRO (member of the Executive Board since March 26, 2020)			
	2020	2020 (min.)	2020 (max.)	2019
Fixed compensation	480.0	480.0	480.0	—
Fringe benefits[2]	1.5	1.5	1.5	—
Total fixed compensation	**481.5**	**481.5**	**481.5**	**—**
Annual variable compensation	240.0	0.0	480.0	—
Multi-year variable compensation				
Performance Share Plan (2020–2023)	480.0	0.0	960.0	—
Total variable compensation	**720.0**	**0.0**	**1,440.0**	**—**
Pension cost[3]	103.2	103.2	103.2	—
Total compensation (GCGC)	**1,304.7**	**584.7**	**2,024.7**	**—**

[1] Christine Scheffler was appointed as a member of the Executive Board effective March 26, 2020; her employment contract came into force as of April 1, 2020.
[2] Includes lease payments for use of company car and insurance premiums (excluding D&O).
[3] Pension cost comprises service costs in accordance with IAS 19. In the case of Christine Scheffler, this comprises past service costs as a result of pension commitments granted during the year.

BENEFITS GRANTED in EUR thousand

	Max Conze[1] Chairman of the Executive Board (CEO) (member of the Executive Board until March 26, 2020)			
	2020	2020 (min.)	2020 (max.)	2019
Fixed compensation	612.5	612.5	612.5	1,470.0
Fringe benefits[2]	5.7	5.7	5.7	39.3
Total fixed compensation	**618.2**	**618.2**	**618.2**	**1,509.3**
Annual variable compensation[3]	525.0	525.0	525.0	1,260.0
Multi-year variable compensation				
Performance Share Plan (2019–2022)	—	—	—	1,470.0
Performance Share Plan (2020–2023)[4]	—	—	—	—
Total variable compensation	**525.0**	**525.0**	**525.0**	**2,730.0**
Pension cost[5]	290.6	290.6	290.6	250.5
Total compensation (GCGC)	**1,433.8**	**1,433.8**	**1,433.8**	**4,489.8**

[1] Max Conze left the Executive Board effective March 26, 2020; his employment contract ended effective May 31, 2020.
[2] Includes lease payments for use of company car and insurance premiums (excluding D&O). Max Conze's fringe benefits in financial year 2019 include additional benefits for flights home and relocation costs.
[3] Max Conze received a pro rata, non-performance-based amount of EUR 0.5 million as annual variable compensation (performance bonus) for financial year 2020.
[4] There was no allocation under the 2020 Performance Share Plan; instead, the associated entitlement was satisfied in full with the severance payment.
[5] Pension cost comprises service costs in accordance with IAS 19. The pension cost relates to financial year 2020 as a whole.

BENEFITS GRANTED in EUR thousand

	Conrad Albert[1] Deputy Chairman of the Executive Board, Group General Counsel (member of the Executive Board until April 30, 2020)			
	2020	2020 (min.)	2020 (max.)	2019
Fixed compensation	366.7	366.7	366.7	1,100.0
Fringe benefits[2]	3.2	3.2	3.2	10.3
Total fixed compensation	**369.9**	**369.9**	**369.9**	**1,110.3**
Annual variable compensation[3]	183.3	183.3	183.3	550.0
Multi-year variable compensation				
Performance Share Plan (2019–2022)	—	—	—	1,100.0
Performance Share Plan (2020–2023)[4]	366.7	0.0	733.3	—
Total variable compensation	**550.0**	**183.3**	**916.7**	**1,650.0**
Pension cost[5]	189.5	189.5	189.5	171.2
Total compensation (GCGC)	**1,109.4**	**742.7**	**1,476.1**	**2,931.5**

[1] Conrad Albert left the Executive Board as of April 30, 2020. The termination of his employment contract also took effect on April 30, 2020.
[2] Includes lease payments for use of company car and insurance premiums (excluding D&O).
[3] Conrad Albert received a pro rata, non-performance-based amount of EUR 0.2 million as annual variable compensation (performance bonus) for financial year 2020, although this is not due to be paid out until the end of April 2021.
[4] An allocation under the 2020 Performance Share Plan was only made pro rata temporis for the period up to and including April 2020. The entitlement to an allocation for the period from May to December 2020 was satisfied in full with the severance payment.
[5] Pension cost comprises service costs in accordance with IAS 19. The pension cost relates to financial year 2020 as a whole.

BENEFITS GRANTED in EUR thousand

	Dr. Jan Kemper[1] CFO and Executive Board Member Commerce (member of the Executive Board until March 31, 2019)			
	2020	2020 (min.)	2020 (max.)	2019
Fixed compensation	—	—	—	245.0
Fringe benefits[2]	—	—	—	9.5
Total fixed compensation	**—**	**—**	**—**	**254.5**
Annual variable compensation	—	—	—	—
Multi-year variable compensation				
Performance Share Plan (2019–2022)	—	—	—	—
Total variable compensation	**—**	**—**	**—**	**0.0**
Pension cost[3]	—	—	—	149.6
Total compensation (GCGC)	**—**	**—**	**—**	**404.1**

[1] Dr. Jan Kemper left the Executive Board effective March 31, 2019; his employment contract also ended effective March 31, 2019. Dr. Jan Kemper's entitlement to the annual variable compensation (performance bonus) for financial year 2019 was satisfied in full with the severance payment. The fixed compensation and the fringe benefits shown relate to January to March 2019; the pension cost relates to financial year 2019 as a whole.
[2] Includes lease payments for use of company car and insurance premiums (excluding D&O). Dr. Jan Kemper's fringe benefits include additional benefits for flights home and the maintenance of two households.
[3] Pension cost comprises service costs in accordance with IAS 19.

BENEFITS GRANTED in EUR thousand

	Sabine Eckhardt[1] Executive Board Member Sales & Marketing (member of the Executive Board until April 30, 2019)			
	2020	2020 (min.)	2020 (max.)	2019
Fixed compensation	—	—	—	270.0
Fringe benefits[2]	—	—	—	2.7
Total fixed compensation	**—**	**—**	**—**	**272.7**
Annual variable compensation	—	—	—	—
Multi-year variable compensation				
Performance Share Plan (2019–2022)	—	—	—	—
Total variable compensation	**—**	**—**	**—**	**0.0**
Pension cost[3]	—	—	—	133.1
Total compensation (GCGC)	**—**	**—**	**—**	**405.8**

[1] Sabine Eckhardt left the Executive Board as of April 30, 2019. The termination of her employment contract also took effect on April 30, 2019. Sabine Eckhardt's entitlement to the annual variable compensation (performance bonus) for financial year 2019 was satisfied in full with the severance payment. The fixed compensation and the fringe benefits shown relate to January to April 2019; the pension cost relates to financial year 2019 as a whole.
[2] Includes lease payments for use of company car and insurance premiums (excluding D&O).
[3] Pension cost comprises service costs in accordance with IAS 19.

BENEFITS GRANTED in EUR thousand

	Jan David Frouman[1] Executive Board Member (member of the Executive Board until February 28, 2019)			
	2020	2020 (min.)	2020 (max.)	2019
Fixed compensation	—	—	—	142.5
Fringe benefits[2]	—	—	—	2.1
Total fixed compensation	**—**	**—**	**—**	**144.6**
Annual variable compensation	—	—	—	66.7
Multi-year variable compensation				
Performance Share Plan (2019–2022)	—	—	—	810.0
Total variable compensation	**—**	**—**	**—**	**876.7**
Pension cost[3]	—	—	—	139.1
Total compensation (GCGC)	**—**	**—**	**—**	**1,160.4**

[1] Jan David Frouman left the Executive Board effective February 28, 2019; his employment contract also ended effective February 28, 2019. Jan David Frouman received a pro rata, non-performance-based amount of EUR 66,667 as annual variable compensation (performance bonus) for financial year 2019. The allocation from the Performance Share Plan 2019 was vested at 2/12 upon his departure.
[2] Includes lease payments for use of company car and insurance premiums (excluding D&O).
[3] Pension cost comprises service costs in accordance with IAS 19.

For information on the termination agreements with Conrad Albert and Max Conze, please refer to → "Notes on the compensation of departed Executive Board members".

RECEIPTS IN ACCORDANCE WITH THE GCGC 2017

As the compensation granted to members of the Executive Board for the financial year is not always accompanied by a payment in the respective financial year, a separate table – in accordance with the previous recommendation of the GCGC 2017 – shows the amount received by members of the Executive Board for work performed in the financial year.

In line with the previous recommendations of the GCGC 2017, the fixed compensation and annual variable compensation must be recognized as receipts for the respective financial year. According to the GCGC 2017, share-based payment is considered to be received at the date and value relevant under German tax law.

Following the previous recommendations of the GCGC 2017, when disclosing receipts the pension cost in the sense of service cost according to IAS 19 equates to the contributions made, even though strictly speaking it is not an actual receipt.

POST-CONTRACTUAL NON-COMPETITION CLAUSE

A post-contractual non-competition clause was agreed for all Executive Board members covering one year following the termination of the employment contract. For information relating to agreements for departed Executive Board members, please refer to → "Notes on the compensation of departed Executive Board members".

If the post-contractual non-competition clause applies, Executive Board members receive a monthly waiting allowance for the duration of the post-contractual non-competition agreement, which in each case amounts to 1/12 of 75% of the annual compensation amount most recently received. In order to determine the waiting allowance, the sum of fixed compensation, the performance bonus and, if applicable, additional multi-annual compensation components that have been granted are to be regarded as annual compensation. This calculation assumes a target achievement of 100% and a modifier of 1 for the performance bonus and the allocated amount of multi-year compensation components or, if no annual allocation has been made, the pro rata allocated value attributable to one year of the plan term. Any income generated from work performed while the non-competition clause is in force is to be offset against in the waiting allowance – based on a one-year period – if it exceeds 50% of the annual compensation most recently obtained. The Company may waive the non-competition clause before the end of the agreement.In this case, the Executive Board member is entitled to a waiting allowance only for the period between the end of the agreement and the end of a six-month period after the waiver has been received. Sections 74 ff. of the German Commercial Code also apply accordingly.

RECEIPTS in EUR thousand

	Rainer Beaujean Chairman of the Executive Board & CFO (member of the Executive Board since July 1, 2019)		Wolfgang Link[6] Member of the Executive Board & CEO Seven.One Entertainment Group (member of the Executive Board since March 26, 2020)		Christine Scheffler[6] Member of the Executive Board & CHRO (member of the Executive Board since March 26, 2020)		Max Conze[7] Chairman of the Executive Board (CEO) (member of the Executive Board until March 26, 2020)	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Fixed compensation	1,295.0	490.0	600.0	—	480.0	—	612.5	1,470.0
Fringe benefits[1]	26.5	16.2	6.2	—	1.5	—	5.7	39.3
Total fixed compensation	**1,321.5**	**506.2**	**606.2**	**—**	**481.5**	**—**	**618.2**	**1,509.3**
Annual variable compensation	777.0	269.5	360.0	—	288.0	—	525.0	1,386.0
Multi-year variable compensation[2]								
Group Share Plan (2015–2018)[3]	—	—	—	—	—	—	—	—
Group Share Plan (2016–2019)[4]	—	—	—	—	—	—	—	—
Total variable compensation	**777.0**	**269.5**	**360.0**	**—**	**288.0**	**—**	**525.0**	**1,386.0**
Pension cost[5]	193.4	95.6	127.2	—	103.2	—	290.6	250.5
Total compensation (GCGC)	**2,291.9**	**871.3**	**1,093.4**	**—**	**872.7**	**—**	**1,433.8**	**3,145.8**

	Conrad Albert[8] Deputy Chairman of the Executive Board, Group General Counsel (member of the Executive Board until April 30, 2020)		Dr. Jan Kemper[9] CFO and Executive Board Member Commerce (member of the Executive Board until March 31, 2019)		Sabine Eckhardt[10] Executive Board Member Sales & Marketing (member of the Executive Board until April 30, 2019)		Jan David Frouman[11] Executive Board Member (member of the Executive Board until February 28, 2019)	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Fixed compensation	366.7	1,100.0	—	245.0	—	270.0	—	142.5
Fringe benefits[1]	3.2	10.3	—	9.5	—	2.7	—	2.1
Total fixed compensation	**369.9**	**1,110.3**	**—**	**254.5**	**—**	**272.7**	**—**	**144.6**
Annual variable compensation	183.3	605.0	—	—	—	—	—	66.7
Multi-year variable compensation[2]								
Group Share Plan (2015–2018)[3]	—	221.2	—	—	—	—	—	—
Group Share Plan (2016–2019)[4]	233.1	—	—	—	—	—	—	—
Total variable compensation	**416.4**	**826.2**	**—**	**0.0**	**—**	**0.0**	**—**	**66.7**
Pension cost[5]	189.5	171.2	—	149.6	—	133.1	—	139.1
Total compensation (GCGC)	**975.8**	**2,107.7**	**—**	**404.1**	**—**	**405.8**	**—**	**350.4**

[1] Includes lease payments for use of company car and insurance premiums (excluding D&O). Rainer Beaujean's fringe benefits include additional benefits for flights home. The figures for financial year 2019 include additional benefits for flights home and relocation costs for Max Conze and for flights home and the maintenance of two households for Dr. Jan Kemper.
[2] In addition to compensation as a member of the Executive Board, Sabine Eckhardt was paid amounts from multi-year variable compensation in financial year 2019 due to rights from the period before commencing her work as an Executive Board member.
[3] The payment for the Group Share Plan 2015 includes an adjustment of the conversion factor for the performance share units granted (86%) measured in accordance with the terms and conditions of the plan with a share price as of the date the conversion factor was determined. No adjustments were made due to anti-dilution protection or an individual increase by the Supervisory Board.
[4] The payment for the Group Share Plan 2016 includes an adjustment of the conversion factor for the performance share units granted (84%) measured in accordance with the terms and conditions of the plan with a share price as of the date the conversion factor was determined. No adjustments were made due to anti-dilution protection or an individual increase by the Supervisory Board.
[5] Pension cost comprises service costs in accordance with IAS 19. In the case of Rainer Beaujean this comprises past service costs for 2019 and in the case of Wolfgang Link and Christine Scheffler for 2020 as a result of pension commitments granted during the year.
[6] Wolfgang Link and Christine Scheffler were appointed as members of the Executive Board effective March 26, 2020; their employment contracts came into force as of April 1, 2020.
[7] Max Conze left the Executive Board effective March 26, 2020; his employment contract ended effective May 31, 2020. Max Conze received a pro rata, non-performance-based amount of EUR 0.5 million as annual variable compensation (performance bonus) for financial year 2020. The pension cost relates to 2020 as a whole.
[8] Conrad Albert left the Executive Board as of April 30, 2020. The termination of his employment contract also took effect on April 30, 2020. Conrad Albert received a pro rata, non-performance-based amount of EUR 0.2 million as annual variable compensation (performance bonus) for financial year 2020, although this is not due to be paid out until the end of April 2021. The pension cost relates to 2020 as a whole.
[9] Dr. Jan Kemper left the Executive Board effective March 31, 2019; his employment contract also ended effective March 31, 2019. Dr. Jan Kemper's entitlement to the annual variable compensation (performance bonus) for financial year 2019 was satisfied in full with the severance payment. The pension cost relates to financial year 2019 as a whole.
[10] Sabine Eckhardt left the Executive Board as of April 30, 2019. The termination of her employment contract also took effect on April 30, 2019. Sabine Eckhardt's entitlement to the annual variable compensation (performance bonus) for financial year 2019 was satisfied in full with the severance payment. The pension cost relates to financial year 2019 as a whole.
[11] Jan David Frouman left the Executive Board effective February 28, 2019; his employment contract also ended effective February 28, 2019. Jan David Frouman received a pro rata, non-performance-based amount of EUR 66,667 as annual variable compensation (performance bonus) for financial year 2019.

The following table shows the net present value of compensation to be paid in connection with the post-contractual non-competition clause. This consists of the present value of the amounts that would be paid assuming that Executive Board members were to leave the Company at the end of the term of their respective current contracts and that the contractual benefits received immediately before the termination of their contracts equal their most recent annual compensation. It can be assumed that actual compensation resulting from the post-contractual non-competition clause will differ from the amounts presented in this table. This depends on the exact date on which the employment contract is terminated and the level of compensation received on this date.

WAITING ALLOWANCE in EUR thousand

	Duration of the contract	Net present value of the waiting allowance[1]
Rainer Beaujean	30/06/2022	2,629.9
Wolfgang Link	31/03/2023	1,501.7
Christine Scheffler	31/03/2023	1,201.3
Total Group		**5,332.9**

[1] The following discount rates according to IAS 19 were used for this calculation: Rainer Beaujean –0.12%, Wolfgang Link –0.05% and Christine Scheffler –0.05%.

TOTAL COMPENSATION OF FORMER EXECUTIVE BOARD MEMBERS

Total compensation of EUR 9.5 million was paid to former members of the Executive Board in financial year 2020 (previous year: EUR 9.1 million). This included the payment of 76,900 performance share units from the 2016 Group Share Plan in the amount of EUR 0.8 million (previous year: EUR 0.3 million) as well as the payments for Conrad Albert in connection with his departure in the amount of EUR 3.1 million and the corresponding payments for Max Conze of EUR 3.9 million, which were payable on the termination dates of April 30, 2020, and May 31, 2020, or were continued for the remaining term in the case of the contractual pension contributions or recognized as a provision in the case of the regulations on the Group Share Plan. In connection with his departure, it was agreed with Max Conze that his pension entitlements of EUR 0.9 million in total would be paid and therefore that all claims from the pension agreement would be settled. Both Conrad Albert and Max Conze agreed in their termination agreements that they could continue to use their company cars under the same conditions at the Company's expense until the end of December 31, 2020. The costs for the provision of company cars amount to EUR 0.01 million. In addition, pension benefits of EUR 0.8 million (previous year: EUR 1.9 million) were paid to former Executive Board members. As of December 31, 2020, pension provisions for former members of the Executive Board in accordance with IFRS amounted to EUR 27.9 million (previous year: EUR 26.6 million). The provisions for Conrad Albert and Max Conze are shown in the table on total compensation of the Executive Board under GAS 17.

PROVISIONS FOR PENSIONS

In financial year 2020, pension provisions for active and former Executive Board members in accordance with IFRS increased by EUR 1.5 million in total (previous year: EUR 2.8 million). EUR 0.7 million of this amount is attributable to current service costs (previous year: EUR 0.8 million), EUR 0.3 million is attributable to interest expenses (previous year: EUR 0.4 million), minus EUR 0.8 million is attributable to pension payments (previous year: minus EUR 1.9 million), minus EUR 0.9 million is attributable to pension entitlement settlements (previous year: minus EUR 1.0 million), EUR 0.8 million is attributable to past service costs (previous year: EUR 0.2 million), EUR 0.2 million is attributable to settlement effects (previous year: EUR 0.3 million) and EUR 1.3 million is attributable to actuarial losses (previous year: actuarial losses of EUR 4.0 million). Past service costs include pension contributions of EUR 0.2 million for Executive Board members who were newly appointed in the period under review (previous year: EUR 0.1 million) and deferred compensation of EUR 0.5 million (previous year: EUR 0.1 million). As of December 31, 2020, pension provisions for active and former Executive Board members totaled EUR 32.4 million (previous year: EUR 30.8 million).

D&O INSURANCE

Executive Board members are covered by group liability insurance (D&O insurance). This D&O insurance covers the personal liability risk should Executive Board members be made liable for financial losses when exercising their professional functions for the Company. The insurance includes a deductible according to which an Executive Board member against whom a claim is made pays a total of at least 10% of the claim in each insured event, but not more than 150% of the respective fixed annual compensation for all insurance events in one insurance year, and thus meets the requirements of Section 93 (2) sentence 3 of the German Stock Corporation Act (AktG). The relevant figure for calculating the deductible is the fixed compensation in the calendar year in which the breach of duty occurred.

COMPENSATION PAID TO THE SUPERVISORY BOARD

Structure and Components of Supervisory Board Compensation

The Supervisory Board's compensation is determined in the articles of incorporation of the Company.

Members of the Supervisory Board receive fixed annual compensation for each full financial year of their membership of the Supervisory Board. The fixed compensation amounts to EUR 250,000 for the chairman of the Supervisory Board, EUR 150,000 for the vice chairman and EUR 100,000 for all other members of the Supervisory Board. The chairman of a Supervisory Board committee receives additional fixed annual compensation of EUR 30,000; the additional fixed annual compensation for the chairman of the Audit and Finance Committee amounts to EUR 50,000. Members of the Supervisory Board also receive fixed annual compensation of EUR 7,500 for membership in a Supervisory Board committee. In addition, members of the Supervisory Board receive a meeting honorarium of EUR 2,000 for each meeting attended in person. For the chairman of the Supervisory Board, the meeting honorarium amounts to EUR 3,000 for each meeting attended in person. If multiple meetings are held on one day, the meeting honorarium is paid only once. No performance-based variable compensation is granted.

The current members of the Supervisory Board have declared to the Supervisory Board that they voluntarily undertake to each use 20% of their fixed compensation granted on a yearly basis in accordance with article 14 (1) and (2) of the articles of incorporation (before deduction of taxes) in order to purchase shares in ProSiebenSat.1 Media SE every year, and to hold these for a period of four years which, however, shall not exceed the duration of their membership on the Supervisory Board of ProSiebenSat.1 Media SE; if they are re-elected, the obligation to hold these shares shall apply to their individual terms of office. With this self-commitment to invest in and hold ProSiebenSat.1 shares, the members of the Supervisory Board want to underline their interest in the long-term, sustainable success of the Company.

The Supervisory Board members received the following compensation for financial year 2020:

In addition to this fixed annual compensation and meeting honoraria, the members of the Supervisory Board were reimbursed for all out-of-pocket expenses and value-added tax levied on their compensation and out-of-pocket expenses.

D&O insurance covers the personal liability risk should Board members be made liable for financial losses when exercising their functions. No deductible has been agreed for members of the Supervisory Board.

Compensation or benefits for services rendered in person, in particular for advisory and agency services, were not granted to Supervisory Board members in financial year 2020. The Company has granted no loans to members of the Supervisory Board.

COMPENSATION PAID TO THE SUPERVISORY BOARD FOR THE FINANCIAL YEAR 2020 in EUR thousand

		Fixed basic compensation	Presiding Committee compensation	Audit and Finance Committee compensation	Compensation Committee compensation	Meeting honorarium for personal attendance	**Total**
Dr. Werner Brandt Chairman	**2020**	**250.0**	**30.0**	**0.0**	**30.0**	**69.0**	**379.0**
	2019	250.0	30.0	0.0	30.0	66.0	376.0
Dr. Marion Helmes Vice Chairwoman	**2020**	**150.0**	**30.0**	**7.5**	**7.5**	**46.0**	**241.0**
	2019	150.0	30.0	7.5	7.5	42.0	237.0
Lawrence A. Aidem	**2020**	**100.0**	**7.5**	**0.0**	**5.6**	**32.0**	**145.1**
	2019	100.0	7.5	0.0	0.0	28.0	135.5
Adam Cahan	**2020**	**100.0**	**0.0**	**0.0**	**0.0**	**24.0**	**124.0**
	2019	100.0	0.0	0.0	0.0	24.0	124.0
Angelika Gifford[1]	**2020**	**3.6**	**0.0**	**2.7**	**2.7**	**0.0**	**4.1**
	2019	100.0	0.0	7.5	7.5	38.0	153.0
Erik Adrianus Hubertus Huggers	**2020**	**100.0**	**0.0**	**0.0**	**0.0**	**26.0**	**126.0**
	2019	100.0	0.0	0.0	0.0	24.0	124.0
Marjorie Kaplan	**2020**	**100.0**	**7.5**	**0.0**	**0.0**	**26.0**	**133.5**
	2019	100.0	4.2	0.0	0.0	26.0	130.2
Dr. Antonella Mei-Pochtler[2]	**2020**	**71.6**	**4.2**	**4.2**	**0.0**	**20.0**	**100.0**
	2019	—	—	—	—	—	—
Ketan Mehta	**2020**	**100.0**	**7.5**	**0.0**	**0.0**	**28.0**	**135.5**
	2019	100.0	7.5	0.0	0.0	32.0	139.5
Prof. Dr. Rolf Nonnenmacher	**2020**	**100.0**	**0.0**	**50.0**	**7.5**	**46.0**	**203.5**
	2019	100.0	0.0	50.0	7.5	42.0	199.5
Total	**2020**	**1,075.2**	**86.7**	**61.9**	**50.9**	**317.0**	**1,591.7**
	2019	1,100.0	79.2	65.0	52.5	322.0	1,618.7

1 Member of the Supervisory Board until January 13, 2020.
2 Member of the Supervisory Board since April 13, 2020.

TAKEOVER-RELATED DISCLOSURES[1]

As a publicly traded company whose voting shares are listed in an organized market as defined by Section 2 (7) of the German Securities Acquisitions and Takeover Act (WpÜG), ProSiebenSat.1 Media SE is obliged to disclose the information stipulated in Section 315a (1) of the German Commercial Code (HGB) in the Group Management Report. The disclosures are intended to enable a third party interested in taking over a publicly traded company to inform itself about the company, its structure, and any obstacles to the takeover. In addition to these statutory disclosures, the following section also includes the related explanations in accordance with Section 176 (1) Sentence 1 of the German Stock Corporation Act (AktG) in conjunction with Article 9 (1) lit. c) ii) SE Regulation.

COMPOSITION OF THE SUBSCRIBED CAPITAL

As of December 31, 2020, the share capital of ProSiebenSat.1 Media SE amounted to EUR 233,000,000. It is divided into 233,000,000 no-par registered common shares with a pro rata share in the share capital of EUR 1.00 per share. All shares entail the same rights and obligations. Each share in ProSiebenSat.1 Media SE grants one vote at the Annual General Meeting and an identical share in profits. → Organization and Group Structure

As of December 31, 2020, the total number of treasury shares held by the Company was 6,771,747; this corresponds to 2.9% of the share capital. → Financial Performance of the Group

RESTRICTIONS AFFECTING VOTING RIGHTS OR THE TRANSFER OF SHARES, AND SHAREHOLDINGS THAT EXCEED 10% OF THE VOTING RIGHTS

The Executive Board has no information on any restrictions on the exercise of voting rights or the transferability of shares that go beyond the legal requirements of the law governing the capital market and the German Interstate Broadcasting Treaty (Rundfunkstaatsvertrag).

On the basis of the voting rights notifications according to Sections 33 and 34 of the German Securities Trading Act (WpHG) received by the Company by December 31, 2020, there are no investments in the Company that exceed 10% of the voting rights.

SHARES WITH SPECIAL RIGHTS THAT CONFER CONTROLLING POWERS AND VOTING CONTROL IF EMPLOYEES HOLD A CAPITAL SHARE

No shares with special rights that confer controlling powers have been issued.

There is no control over voting rights in the event that employees hold a capital share of ProSiebenSat.1 Media SE and do not exercise their controlling rights directly.

APPOINTMENT AND REMOVAL OF EXECUTIVE BOARD MEMBERS

In accordance with Section 7 (1) Sentence 1 of the Company's articles of incorporation, the Executive Board of ProSiebenSat.1 Media SE comprises one or several people. The exact number is determined by the Supervisory Board in accordance with Section 7 (1) Sentence 2 of the articles of incorporation. Members of the Executive Board are in principal appointed and removed by the Supervisory Board in accordance with Article 39 (2) SE Regulation. In accordance with Section 7 (2) Sentence 1 of the articles of incorporation in conjunction with Article 46 SE Regulation, Executive Board members are appointed for a maximum period of five years. Reappointments are permitted for a maximum of five years respectively. Executive Board members can be removed by the Supervisory Board prematurely for major cause. The appointment and removal of Executive Board members require a simple majority of the votes cast in the Supervisory Board. In the event of a tie, the vote of the Supervisory Board Chairman shall prevail (Article 12 (1) Sentence 3 of the Company's articles of incorporation). In urgent cases, the court shall appoint a member at the request of one of the parties involved if the Executive Board does not have the required number of members (Section 85 (1) Sentence 1 AktG in conjunction with Article 9 (1) lit. c) ii) SE Regulation).

AMENDMENTS OF THE ARTICLES OF INCORPORATION

The Annual General Meeting must decide on changes to the articles of incorporation (Article 59 (1) SE Regulation). In the case of ProSiebenSat.1 Media SE, a resolution by the Annual General Meeting to change the articles of incorporation requires the simple majority of the votes cast if at least half of the share capital entitled to vote is represented when the resolution is being passed (Article 59 (2) SE Regulation, Section 51 Sentence 1 of the German SE Implementation Act (SEAG)). Otherwise, this requires a majority of two thirds of the votes cast (Section 59 (1) SE Regulation) unless the articles of incorporation or the law require a greater majority. For example, this is the case for changing the purpose of the Company (Section 179

[1] This section is part of the audited Group Management Report.

(2) Sentence 1 AktG in conjunction with Article 59 (1) and (2) SE Regulation and Section 51 Sentence 2 of the German SE Implementation Act) and creating Contingent Capital (Section 193 (1) Sentences 1 and 2 AktG in conjunction with Article 57 SE Regulation, Section 51 Sentence 2 of the German SE Implementation Act) or Authorized Capital (Section 202 (2) Sentences 2 and 3 AktG in conjunction with Article 57 SE Regulation, Section 51 Sentence 2 of the German SE Implementation Act) for which a majority of at least three quarters of the valid votes cast is required respectively. The Supervisory Board is authorized to pass amendments that relate solely to the wording of the articles of incorporation (Section 179 (1) Sentence 2 AktG in conjunction with Article 9 (1) lit. c) ii) SE Regulation and Section 13 of the Company's articles of incorporation).

EXECUTIVE BOARD'S POWERS TO ISSUE OR REPURCHASE SHARES

In accordance with section 71 (1) no. 8 of the German Stock Corporation Act (AktG), the Annual General Meeting of June 12, 2019, authorized the Company, with the approval of the Supervisory Board, to acquire, in accordance with the more detailed conditions of the authorization, its treasury shares on or before June 11, 2024, in the total amount of up to 10.0% of the Company's share capital on the date the authorization was granted or – if this figure is lower – on the date the authorization is exercised, and to use these, also under exclusion of preemptive rights in the cases described in more detail in the authorization. Treasury shares may also be acquired using derivatives up to a total of 5.0% of the share capital on the date the authorization was granted or – if this figure is lower – on the date the authorization is exercised in accordance with the more detailed conditions of the authorization. No treasury shares were acquired in financial year 2020.

By resolution of the Annual General Meeting of June 30, 2016, the Executive Board was authorized, subject to the consent of the Supervisory Board, to increase the share capital of ProSiebenSat.1 Media SE on one or more occasions on or before June 30, 2021, by not more than EUR 87,518,880 in return for contributions in cash and/or in kind by issuing new registered no-par value shares (Authorized Capital 2016). Following the capital increase in November 2016 resulting from the partial utilization of Authorized Capital in the amount of EUR 14,202,800, Authorized Capital 2016 currently amounts to EUR 73,316,080. Subject to the consent of the Supervisory Board, the Executive Board is also authorized to determine the further content of the share rights and the conditions of the share issue. Shareholders generally have a legal preemptive right when new shares are issued.

By resolution of the Annual General Meeting of June 30, 2016, the Executive Board is also authorized, subject to the consent of the Supervisory Board, to issue bearer and/or registered convertible and/or warrant-linked bonds in the total nominal amount of up to EUR 1.5 billion with a limited or unlimited term, on one or more occasions on or before June 29, 2021, and to grant conversion or option rights to the holders or creditors of such bonds in order to acquire up to 21,879,720 new registered no-par value shares in the Company in the pro rata amount of up to EUR 21,879,720 of the Company's share capital as specified in more detail in the terms and conditions of the bonds and/or to stipulate the corresponding conversion rights of the Company.

By resolution of the Annual General Meeting on June 30, 2016, there was a contingent increase in share capital by up to EUR 21,879,720 due to the issuance of up to 21,879,720 new registered no-par value shares (Contingent Capital 2016). The Contingent Capital increase serves to grant shares to holders or creditors of convertible bonds in addition to holders of option rights attached to warrant-linked bonds to be issued before June 29, 2021, as a result of the authorization granted by resolution of the Annual General Meeting of June 30, 2016, by the Company or a German/foreign entity in which the Company either directly or indirectly holds the majority of votes and capital.

SIGNIFICANT AGREEMENTS OF THE COMPANY SUBJECT TO A CHANGE OF CONTROL

ProSiebenSat.1 Media SE concluded the following significant agreements that entail regulations for the event of a change of control, which could result from a takeover bid:

- ProSiebenSat.1 Media SE has an syndicated facilities agreement which, as of December 31, 2020, includes a term loan of EUR 2.1 billion and a revolving credit facility with an amount of EUR 750 million. In the event of a change of control over ProSiebenSat.1 Media SE due to the direct or indirect acquisition of more than 50% of the voting rights in ProSiebenSat.1 Media SE by a third party, the lenders are entitled to terminate their participation in the facility and to demand repayment of outstanding amounts allocable to them within a certain period after the change of control takes place. → Borrowings and Financing Structure

- As of December 31, 2020, ProSiebenSat.1 Media SE also had outstanding notes of EUR 600 million maturing in April 2021. On December 11, 2020, ProSiebenSat.1 Media SE exercised its termination right under the terms and conditions of the notes and repayed the bond at nominal value (plus interest accrued up to this repayment date) on January 15, 2021. In the event of a change of control over ProSiebenSat.1 Media SE due to the direct or indirect acquisition of more than 50% of the voting rights in ProSiebenSat.1 Media SE by a third party and a negative rating event occurs following such a change of control, the note creditors would have been entitled to call in their notes and demand repayment. → Notes, note 33 "Notes on financial risk management and financial instruments"

- In addition, ProSiebenSat.1 Media SE issued three syndicated promissory notes totaling EUR 500 million with maturity ranges of seven years (EUR 225 million at a fixed interest rate and EUR 50 million at a variable interest rate) and ten years (EUR 225 million at a fixed interest rate). In the event of a change of control over ProSiebenSat.1 Media SE due to the direct or indirect acquisition of more than 50% of the voting rights in ProSiebenSat.1 Media SE by a third party, the lenders are entitled to call in their loan participation and demand repayment. → Borrowings and Financing Structure

- In addition, some license agreements for films, TV series and other programs that are important for the Company include regulations that, in the event of a change of control, entitle the provider of the program content to terminate the corresponding license agreement prematurely. In the event of a change of control, individual format license agreements grant the contract partner the right to terminate the respective agreement. In addition, individual contracts with cable network operators also grant the contract partner the right to terminate the respective agreements in the event of a change of control.

COMPANY'S COMPENSATION AGREEMENTS WITH EXECUTIVE BOARD MEMBERS OR EMPLOYEES FOR THE EVENT OF A CHANGE OF CONTROL

The employment contracts of Executive Board members contain a change of control clause in the event that, among other things, control over the Company is acquired by one or multiple third parties as defined in Section 29 (2) and Section 30 of the German Securities Acquisitions and Takeover Act (WpÜG). More information can be found in the Compensation Report. In this case, under the current Executive Board employment contracts, which run until June 30, 2022 (Rainer Beaujean) and March 31, 2023 (Wolfgang Link and Christine Scheffler), the Executive Board member has the right to terminate his or her employment contract up to and including September 30, 2021 with three months' notice and resign if the change of control significantly impairs the position of the Executive Board. On effective exercise of the right to terminate, the Executive Board member shall receive a cash severance payment equating to up to three – two in the case of Wolfgang Link and Christine Scheffler – years' compensation, but no more than the compensation for the remaining term of the Executive Board employment agreement. → Compensation Report

Apart from that, the employment contracts of ProSiebenSat.1 Media SE employees only rarely include change of control clauses.

PROSIEBENSAT.1 MEDIA SE SHARE

PROSIEBENSAT.1 MEDIA SE ON THE CAPITAL MARKET

The COVID-19 pandemic is having a global impact on economic development, and there are also far-reaching consequences in Germany. Governments and central banks have provided billions in aid to mitigate the inestimable effects of the pandemic. Against this backdrop, the capital markets were also characterized by sharp ups and downs in 2020.

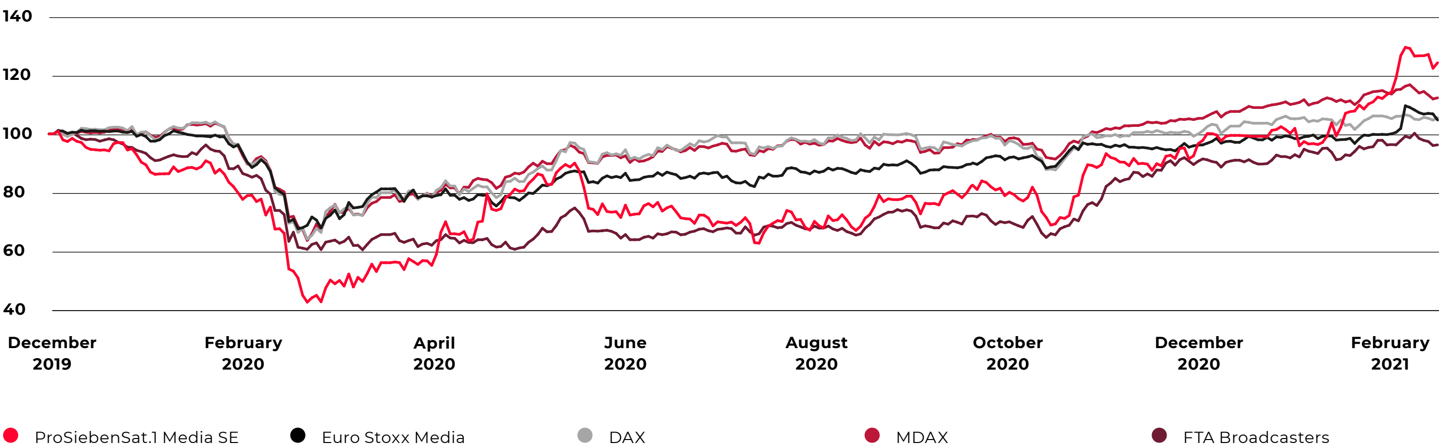
The rising infection rates and associated restrictions on public and economic life led to a sharp downturn in the German stock market in spring 2020. In March, the DAX alone lost more than a third of its value versus the end of 2019. As the year progressed, the stock markets recovered, and when an economic stimulus package for Germany was announced at the beginning of June, the DAX was only three percentage points below the 2019 closing price. After comparatively stable development in the summer months, share prices nevertheless declined again in the face of concern over rapidly rising COVID-19 infection rates; in particular, the announcement of a "partial lockdown" at the end of October led to a fall in prices on the German stock market. In November and December, stock values trended significantly upward again. The approval of a vaccine against the COVID-19 virus inspires hope for an improvement in macroeconomic development in the months to come.

The DAX closed 2020 up 3.5% compared to the end of the previous year, while the MDAX was up by as much as 8.8%. On the other hand, the relevant sector index for European media stocks, the EURO STOXX Media, which also includes other types of media apart from TV companies, was down at the end of the year (–2.3% compared to December 31, 2019). In Spain, Italy and France in particular, TV companies' share values fell considerably short of the previous year due to the pandemic's effects on advertising revenues.

As a broadly diversified media company, ProSiebenSat.1 Group navigated the crisis better than many of its competitors. Although the reduction in our advertising revenues in the first nine months was average among the competition, Group revenues declined less sharply than at most peer companies in light of the partly significantly positive development in other business areas. Our diversification strategy has paid off. At the same time, the change on ProSiebenSat.1 Group's Executive Board at the end of March has made us more focused and synergistic. Against this backdrop, the ProSiebenSat.1 share price also rose significantly during the second half of the year and closed the final trading day of 2020 close to the previous year's level at EUR 13.76 (previous year: EUR 13.91). Thus, the share ended the 2020 stock market year weaker overall than the DAX and MDAX benchmark indices, but significantly better than the international benchmark companies, whose share price was almost 13% below the closing price of the previous year.

Since the end of 2020, the share price of ProSiebenSat.1 Media SE has continued to develop positively up to the eve of the date of the audit opinion on February 24, 2021, and has recorded an

PROSIEBENSAT.1 MEDIA SE SHARE PRICE PERFORMANCE



Base: Xetra closing prices, Index 100 = Last trading day 2019; Source: Reuters.

KEY FIGURES FOR THE PROSIEBENSAT.1 MEDIA SE SHARE IN A MULTI-YEAR COMPARISON

		2020	2019	2018	2017	2016
Share capital at closing date	EUR	233,000,000	233,000,000	233,000,000	233,000,000	233,000,000
Number of shares as of closing date[1]	Shares	233,000,000	233,000,000	233,000,000	233,000,000	233,000,000
Free float market capitalization at end of financial year (according to Deutsche Börse)	EUR m	78.31	2,900	3,734	6,502	8,149
Close at end of financial year (XETRA)	EUR	13.76	13.91	15.55	28.71	36.61
High (XETRA)	EUR	14.04	16.58	32.78	41.51	48.66
Low (XETRA)	EUR	5.89	10.76	15.16	24.28	31.80
Dividend per entitled share	EUR	–/–[2]	0.0[3]	1.19	1.93	1.90
Total dividend	EUR m	–/–[2]	0[3]	269	442	435
Adjusted earnings per share	EUR	0.98	1.71	2.36	2.40[4]	2.47[4]
Adjusted net income[5]	EUR m	221	387	541	550	536
Weighted average number of shares issued	Shares	226,147,133	226,088,493	228,702,815	228,854,304	216,755,645
Dividend yield per share on basis of closing price	%	–/–[2]	0.0[3]	7.7	6.7	5.2
Total XETRA trading volume	Million shares	462.3	377.8	357.4	348.0	231.2

1 Including treasury shares.
2 Dividend proposal, please refer to Company Outlook.
3 At the Annual General Meeting on June 10, 2020, the shareholders of ProSiebenSat.1 Media SE agreed to the Executive Board’s and Supervisory Board’s proposal to carry forward the full amount of the balance sheet profits of financial year 2019 to the new accounting period. This measure was part of stringent financial management in an environment affected by COVID-19. The Group thus secured additional liquidity of EUR 192 million, which was originally earmarked for the dividend distribution.
4 For the financial year 2017, basic earnings per share were determined on the basis of adjusted net income from continuing operations. For reasons of comparison, the previous year’s figure 2016 has been adjusted accordingly (previously: EUR 2.37). Further information on reporting and accounting policies is contained in the Strategy and Management System section of the Annual Report.
5 Underlying net income renamed as adjusted net income since January 1, 2018.

increase of 25.5% up to EUR 17.27. Our share price performance thus significantly outperformed the German DAX and MDAX indices, which also developed positively, but more weakly, by 1.9% and 3.1% respectively compared to the end of 2020. The share price performance of the international peer companies was also lower than the increase in ProsiebenSat.1 shares, at 12.3%.

The ad-hoc disclosure of January 21, 2021 contributed to the good performance of the ProSiebenSat.1 share: After a strong fourth quarter of 2020, the Group informed the capital market that it had significantly exceeded its most recently published revenue and earnings expectations. In response to the positive business figures, most analysts raised their price target and strengthened their confidence in the share. Thus, the average target price (median) was EUR 16.25 on February 24, 2021, on the eve of the date of the audit opinion. In addition, the successful IPO of Bumble, a US dating platform, gave the share a positive impulse; the ProSiebenSat.1 Group is also planning to list its dating segment on the stock exchange.

At the end of the year, the value was still EUR 14.00. 63% of analysts recommended the share as a buy, while 26% were in favor of holding it and 11% issued a sell recommendation. At the end of the reporting period, a total of 19 brokerage houses and financial institutions actively valued ProSiebenSat.1 Media SE’s share and published research reports.

SHAREHOLDER STRUCTURE OF PROSIEBENSAT.1 MEDIA SE

ProSiebenSat.1 Media SE’s shares are mostly held by institutional investors in the US and Europe. The largest individual shareholder as of December 31, 2020 is Czech Media Invest, a.s., Prague, Czech Republic (“CMI”), which according to the voting rights notification dated June 9, 2020 holds 9.8% of the shares via its investment company RUBY Equity Investment S.à r.l., Luxembourg, Luxembourg (“RUBY”). Mediaset S.p.A., Milan, Italy, and Mediaset España Comunicación, S.A., Madrid, Spain, hold shares together, which, according to the voting rights notification dated June 15, 2020, consist of 8.9% of shares with voting rights and 15.2% of instruments within the meaning of Section 38 (1) No. 1 and No. 2 of the German Securities Trading Act (WpHG). According to the voting rights notification dated June 22, 2020, another major investor was Kohlberg Kravis Roberts & Co. L.P., New York City, USA (“KKR”), with a voting rights share of 6.6% on December 31, 2020.

In total, 78.3% of ProSiebenSat.1 shares were held in free float as of December 31, 2020 (December 31, 2019: 89.7%); this includes 24.7% that were held by private shareholders (December 31, 2019: 24.0%). 9.8% were held by CMI, and 8.9% were held by Mediaset. The remaining 2.9% were held by the ProSiebenSat.1 Group (December 31, 2019: 2.9%).

According to the voting rights notification of January 14, 2021, KKR still holds 0.3% of shares in ProSiebenSat.1 Media SE; the financial investor sold 11 million shares on January 12, 2021. Mediaset, on the other hand, has increased its holdings through the exercise of instruments. The group acquired an additional 3.4% and now holds a total of 12.4% of shares with voting rights and 11.2% of voting rights from instruments, according to a voting rights notification dated January 21, 2021. CMI reduced its shareholding by 5.0% according to voting rights notifications of January 29, 2021 and February 17, 2021 and now holds a share of 4.8%. As of February 24, 2021, the eve of the audit opinion, the free float therefore amounted to 79.9%.

ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2019

The Annual General Meeting of ProSiebenSat.1 Media SE for financial year 2019 was held as a virtual event on June 10, 2020. The event was held without the physical presence of the shareholders or their proxies in compliance with the COVID-19 Act passed by the German legislator[1].

The Group livestreamed the public part of the Annual General Meeting on the company's website. As in the past, the Executive Board and Supervisory Board faced the shareholders' questions. The discussion itself took place via the online shareholder portal for which shareholders could register. Prior to the Annual General Meeting, the shareholders had submitted a total of 115 questions, some of which comprised several separate questions.

All proposed resolutions requiring approval were accepted by a clear majority: The shareholders agreed to the Executive Board's and Supervisory Board's proposal to carry forward the full amount of the balance sheet profits to the new accounting period and thus to not pay out a dividend for financial year 2019. This measure secured the Group additional liquidity of EUR 192 million, which was originally intended for the dividend distribution, in the uncertain environment caused by COVID-19. At the same time, the Group confirmed its current dividend policy. The general aim is a payout ratio of 50% of the Group's adjusted net income. In another agenda item, the Annual General Meeting elected Dr. Antonella Mei-Pochtler as a new Supervisory Board member by a clear majority. Antonella Mei-Pochtler is an independent entrepreneur as well as senior advisor at the Boston Consulting Group and special advisor to the Austrian Chancellor. She was already appointed as a member of the Supervisory Board by court order with effect from April 13, 2020, taking over from Angelika Gifford, who had resigned with effect from January 13, 2020. In addition, the Annual General Meeting granted discharge to the Executive Board and Supervisory Board for financial year 2019 by a clear majority.

CAPITAL MARKET COMMUNICATION

In 2020, we again provided investors, analysts and private shareholders with extensive information about the Company's economic performance at numerous meetings, including roadshows and conferences. As a result of the COVID-19 pandemic, dialog mostly took place virtually after March 2020. Key points under discussion – besides the business performance of ProSiebenSat.1 and the impact of the pandemic – were the Group's portfolio changes. Investors also focused increasingly on ESG (environment, social, governance) issues.

All relevant company information is published on the website at www.ProSiebenSat1.com in German and English in due time and on an ad hoc basis if necessary. In addition, the Group provides capital market participants with audio recordings on the quarterly reporting; these can be found at → https://www.prosiebensat1.com/en/investor-relations/publications/results.

ESG RATINGS

We are aware of our corporate and social responsibility and see it as a holistic challenge. For ProSiebenSat.1 Group, success does not only mean increasing the economic results of the Group in the long term. For us, success also means consistently developing the Group's sustainability performance and non-financial performance indicators. In doing so, we have a special responsibility as a media group: We want to portray a cosmopolitan and democratic society and promote it above all through our programs.

Since March 2020, the ProSiebenSat.1 share has been part of the DAX® 50 ESG. This index tracks the performance of the 50 largest, most liquid German market stocks that are deemed to be particularly sustainable. The stocks are assessed according to standardized ESG criteria in accordance with the Global Standards Screening. ProSiebenSat.1's non-financial performance in the environmental, social and governance fields is analyzed by various rating agencies. In 2020, we were assessed as part of the ESG ratings by ISS, MSCI and Sustainalytics, among others.

We are continuously working to further develop the Group's sustainability strategy, improve the non-financial key figures and increase transparency towards our stakeholders. Against this background, the Supervisory Board has commissioned Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft to audit the content of the Combined Separate Non-Financial Report in order to obtain reasonable assurance regarding the legally required disclosures pursuant to §§315b, 315c in conjunction with 289b to 289e of the German Commercial Code (HGB). → Sustainability

[1] German Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19 Pandemic of March 27, 2020.

GROUP MANAGEMENT REPORT

[1] This section is part of the audited Group Management Report. It is included in the "To Our Shareholders" section of this Annual Report.

OVERALL ASSESSMENT FROM THE MANAGEMENT'S VIEW: OUR GROUP

2020 was an exceptionally difficult year for the world. Despite the COVID-19 pandemic, however, we at ProSiebenSat.1 laid important foundations for our future. We focused on pursuing our strategy in all segments and making ProSiebenSat.1 even more synergetic and cost-efficient. At the same time, we are concentrating on profitable growth as well as the mid-term improvement of our P7S1 ROCE (return on capital employed) to over 15%. We are also advancing the restructuring of our Group with the launch of the umbrella brand Seven.One Entertainment Group and the formation of our ParshipMeet Group. While the dating business is clearly helping us to diversify, we are focusing on our core expertise in the entertainment industry. We bundle our investment areas in the Commerce & Ventures segment, while using our media reach to build up digital companies into leading consumer brands. Active, Group-wide portfolio management is part of this, including value-creating acquisitions as well as the option of parting with companies that no longer fit into our Group strategy.

ORGANIZATION AND GROUP STRUCTURE

BUSINESS ACTIVITIES AND SEGMENTS

Corporate Profile and Business Activities

ProSiebenSat.1 Group is one of the most diversified media groups in Europe. With our 15 free and pay TV stations in Germany, Austria, and Switzerland, we address various target groups and reach over 60 million people a month in our core market of Germany. We also have a wide-reaching and complementary digital portfolio. Via the advertising-financed station websites among others, we reach around 33 million unique users a month in the German market.

Meanwhile, it is a long time since ProSiebenSat.1 was merely a media company. We use our millions-strong reach and expertise in the entertainment business, to establish leading brands in other industries and to tap into digital revenue markets.

At the end of 2020, our business was based on four segments: Seven.One Entertainment Group, our international program production and sales subsidiary Red Arrow Studios, and a large commerce portfolio under the umbrella of NuCom Group. NuCom Group is active in the fields of consumer advice, experiences, as well as beauty & lifestyle and is thus focused on brands that especially benefit from video advertising. With ParshipMeet Group we established another segment in 2020. ParshipMeet Group is a leading global player in the dating market and underscores our position as a growth partner for digital businesses.

ProSiebenSat.1 has around 7,100 employees, who are driving the diversification and digital transformation of the entire Group with great commitment. ProSiebenSat.1 Media SE, headquartered in Munich-Unterföhring, is a listed stock corporation.

Segments and Brand Portfolio

Seven.One Entertainment Group builds the base of our company. At the same time, in financial year 2020 ProSiebenSat.1 Group intensified the mutual exchange with ParshipMeet Group, NuCom Group and Red Arrow Studios segments. → Strategy and Management System → Significant Events and Changes in the Scope of Consolidation

Seven.One Entertainment Group. Seven.One Entertainment Group includes our free TV stations and digital platforms as well as their sales and distribution in Germany, Austria and Switzerland. In Germany, the station family comprising SAT.1, ProSieben, Kabel Eins, sixx, SAT.1 Gold, ProSieben MAXX, and Kabel Eins Doku leads both the audience and the TV advertising market. At the same time, the Group is boosting the reach of its digital portfolio and is continuing to expand its range of usage options – such as via the station websites or the streaming platform Joyn GmbH ("Joyn"). The aim is to reach various audience groups and to supply people with suitable video content regardless of time, location or device. → Strategy and Management System

The Group is also driving sales innovation. In this context, ProSiebenSat.1 is investing in fields such as AdTech and data in order to reach target groups more and more precisely. The Group is continuously developing new forms of advertising and designing campaigns that incorporate various platforms and communication channels based on the leading medium, TV. One example from 2020 is the hit show "The Masked Singer". Here, we implemented extensive 360-degree campaigns, from the TV format to our digital offerings such as the ProSieben app and to retail merchandising. → Research & Development → Opportunity Report

ProSiebenSat.1 benefits from this media mix in both the advertising market and the audience market: Through a multimedia approach, we offer our advertising customers a cross-media marketing portfolio, ensure the relevance of TV content even among young target groups, and boost viewer retention. With its subsidiaries Seven.One Media GmbH ("Seven.One Media") and Seven.One AdFactory GmbH ("Seven.One AdFactory"), the Group supports advertising customers and agencies from finding ideas to conception and implementation.

ParshipMeet Group: In recent years, ProSiebenSat.1 has established Parship Group as a profitably growing platform operator in the online matchmaking sector, which alongside Parship in the German-speaking countries and Benelux also operates ElitePartner and is present in the US with eharmony. The Meet Group has complemented this portfolio since September 2020, providing synergy in terms of both content and geography. The Meet Group owns US brands such as MeetMe and Tagged and Lovoo in the German-speaking region. → Significant Events and Changes in the Scope of Consolidation

The merger led to the creation of the ParshipMeet Group, a leading international player that covers the whole spectrum of dating, including social dating via video, social entertainment, and online matchmaking on the basis of scientific processes. This broad positioning distinguishes ParshipMeet Group from its competitors. At the same time, the revenue model is very diversified and comprises both long- and short-term subscription models as well as additional monetization options such as in-app purchases and advertising.

NuCom Group: In partnership with General Atlantic PD GmbH ("General Atlantic"), ProSiebenSat.1 Group bundles its commerce business in NCG – NUCOM GROUP SE ("NuCom Group"). NuCom Group's portfolio predominantly comprises digital commerce platforms that benefit from TV advertising and is divided into three parts: Consumer advice (e.g. Verivox), experiences (Jochen Schweizer mydays Group) and beauty & lifestyle (e.g. Flaconi). NuCom Group makes an important contribution to the expansion of digital revenue sources, benefits from the synergies with the entertainment business and simultaneously increases the Group's independence from the TV advertising market. The Group thus acts as a growth investor for young digital companies.

Red Arrow Studios: ProSiebenSat.1's international program production and distribution business is pooled under the umbrella brand Red Arrow Studios GmbH ("Red Arrow Studios"). This consists of international production companies, including the German Redseven Entertainment GmbH ("Redseven Entertainment"), the global film and TV distribution companies Red Arrow Studios International and Gravitas Ventures, and the digital studio Studio71. With Redseven Entertainment and Studio71,

PROSIEBENSAT.1 GROUP SEGMENTS IN FINANCIAL YEAR 2020

SEVEN.ONE ENTERTAINMENT GROUP

Seven.One Entertainment Group comprises our free TV stations, the digital platforms and their sales and distribution.

RED ARROW STUDIOS

Red Arrow Studios combines the international program production and distribution business with the local production business and our digital studio.

NUCOM GROUP

Our commerce companies are bundled within NuCom Group. The portfolio concentrates on the three areas of consumer advice, experiences and beauty & lifestyle.

PARSHIPMEET GROUP

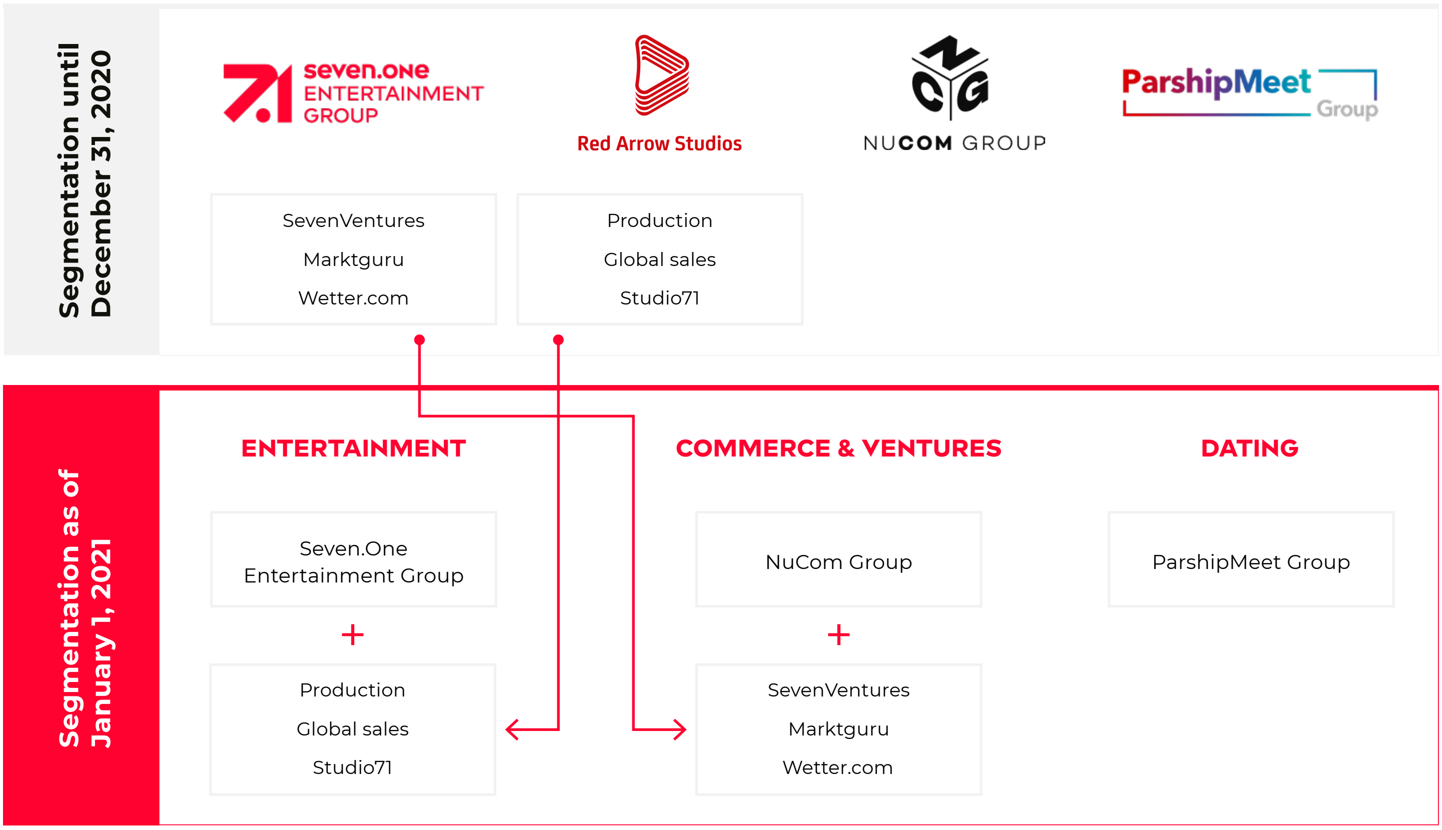
ParshipMeet Group unites all the brands of our dating segment. From online matchmaking to social entertainment, the pillar covers all areas of dating.

Red Arrow is also increasingly focussing on the German production business and is thus intensifying the mutual exchange with the entertainment business. → Strategy and Management System

Red Arrow Studios' programming ranges from entertainment, reality and factual formats to TV series, TV movies and digital content, thus covering all major genres. Formats such as "The Taste", "Married at First Sight" and "Germany's next Topmodel" are produced in Germany by Redseven Entertainment and make a key contribution to the ProSiebenSat.1 station family's brand profiling.

From January 1, 2021 onwards, ProSiebenSat.1 Group's three reporting segments are Entertainment, Dating and Commerce & Ventures, continuing the consistent structuring of the Group according to synergies and value creation. In this context, Red Arrow Studios' production and distribution business, as well as the digital studio Studio71, is integrated into the Entertainment segment (formerly: Seven.One Entertainment Group). ProSiebenSat.1 thus recognizes the strategic affinity of the two businesses, as Red Arrow Studios is focusing in particular on producing more content for the Group's entertainment platforms. Since the core competencies and the complete value chain of the entertainment business are therefore represented in the Entertainment segment, less entertainment-related business models such as the investment arm SevenVentures are now reported in the new Commerce & Ventures segment. The companies of NuCom Group are also contained in this newly formed segment. In this way, the Group's minority and majority investment areas, which ProSiebenSat.1 establishes with media services and support and which thus contribute to the Group's growth strategy, are bundled here. At the same time, synergies between the two segments and the resulting value creation can be highlighted. The Dating segment (formerly: ParshipMeet Group) is unchanged compared to the end of 2020.

RESEGMENTATION OF PROSIEBENSAT.1 GROUP AS OF JANUARY 1, 2021



CORPORATE STRUCTURE AND INVESTMENTS

The economic development of ProSiebenSat.1 Group is determined primarily by the subsidiaries, held both directly and indirectly. ProSiebenSat.1 Media SE is the ultimate parent company of the Group. In this function, its tasks include central financing, Group risk management and the ongoing development of the corporate strategy. These Consolidated Financial Statements include ProSiebenSat.1 Media SE and all significant subsidiaries – meaning entities in which ProSiebenSat.1 Media SE directly or indirectly holds a majority of voting rights, or whose relevant activities it is otherwise able to control. → Notes, note 4 "Scope of consolidation"

The Group has an integrated portfolio that is also reflected in the investment structure. For example, ProSiebenSat.1 Media SE holds 100.0 % of the shares in Seven.One Entertainment Group (formerly: ProSiebenSat.1 TV Deutschland GmbH). The free TV stations of ProSiebenSat.1 Group and the pay TV channels ("Seven.One Pay TV") and digital offerings (e.g. Joyn) work under its umbrella. ProSiebenSat.1 Media SE also indirectly holds a 100.0 % stake in the sales companies Seven.One Media and Seven.One AdFactory. This results in advantages with regard to the stations' programming and the sales of advertising time. The global film and TV distribution companies and the international television production companies both belong to Red Arrow Studios as a wholly owned subsidiary of ProSiebenSat.1 Media SE. → Business Activities and Segments → Strategy and Objectives → Significant Events and Changes in the Scope of Consolidation

A detailed overview of the shareholding structure in ProSiebenSat.1 Group can be found in → Notes, note 40 "List of subsidiaries and associated companies of ProSiebenSat.1 Group pursuant to section 313 (2) of the German Commercial Code (HGB)"**.**

The management declaration in accordance with sections 289f, 315d HGB is published in the Annual Report and on the Company's website.

STRATEGY AND MANAGEMENT SYSTEM

STRATEGY AND OBJECTIVES

Digitalization has as rapidly transformed the media sector: Television content can be accessed regardless of time, location or device, which means media use and media consumption are also becoming increasingly digital. At the same time, TV sales is benefiting from technologies such as "Hybrid Broadcast Broadband TV" (HbbTV), which make it possible to broadcast TV advertising to internet-connected devices in real time and address target groups precisely. Furthermore, the digital transformation is also accelerating in many consumer markets in which ProSiebenSat.1 Group operates and is pushing the use of online offerings forward. In 2020, this trend was amplified not least by the COVID-19 pandemic. This also applies to the use of online videos in non-entertainment sectors, such as online dating, which is growing in importance as a result of increasing digitalization and opening additional networking potential to us. → Organization and Group Structure

For ProSiebenSat.1 Group, various opportunities are arising from changing market environments. We use these consistently in all business areas in order to grow sustainably and to exploit our high potential for synergy. With the launch of the umbrella brand Seven.One Entertainment Group and the formation of our ParshipMeet Group, we are driving the restructuring of the Group forward. While the dating business clearly supports us in diversification, we are focusing on our core competencies in the entertainment business: We are driving local content and digital innovations, expanding our reach and monetize it more. In the Commerce & Ventures area, we combine our investment areas and at the same time build digital companies into leading consumer brands through our media reach. This Group-wide active portfolio management, which includes value-creating acquisitions as well as the option of the disposal of companies that no longer contribute to our Group strategy. Overall, we are focusing on achieving even greater synergies within the Group. In doing so, the Group aims to achieve profitable growth with a clear focus on earnings in all three segments and the mid-term aim is to improve our P7S1 ROCE (return on capital employed) target to over 15%. → Company Outlook

In order to accelerate our Company's profitability, diversification and synergies, ProSiebenSat.1 has been set up into the three segments Entertainment, Dating and Commerce & Ventures since January 2021.

With the Seven.One Entertainment Group, the **Entertainment** segment focuses on the core markets of Germany, Austria and Switzerland. The platform-independent Entertainment segment unites the Group's station brands with the content, distribution and sales business. This allows us to focus even more strongly on the production of local, relevant and live content as well as its digital distribution and monetization. For the production of our content, the production business of Red Arrow Studios and Studio71 is particularly important; both areas are now also integrated into this segment. At the same time, the digital expansion of our TV content plays a significant strategic role. Supported by the megatrend of advertising-financed video-on-demand, additional distribution channels offer greater total reach for our offerings and thus additional opportunities for monetization. By that, we create a profitable entertainment business and the foundation for growth in our other business areas. In this way, we are promoting our diversification with our own power, in particular. This means that we are using the strength of our entertainment business and our high advertising reach to establish and build on consumer-oriented digital platforms and to develop this portfolio in an active and value-creating manner with acquisitions and disposals. → Business Activities and Segments → Opportunity Report

This is also how ParshipMeet Group was created, which forms the **Dating** segment. The establishment of a predominantly German-speaking portfolio around the online matchmaking business and the increase in brand awareness through the use of TV advertising were followed by value-enhancing acquisitions with a focus on the US. By that, we created a leading global player in the dating segment, whose offerings range from online matchmaking and dating to social entertainment. ParshipMeet Group operates in an attractive market environment, has diversified revenues from subscription models and advertising and addresses a broad target group over a large geographical area. In addition, ProSiebenSat.1 not only expects potential synergy within ParshipMeet Group but is also working on mutual exchange with the entertainment business, particularly driven by the trend toward video offerings in the dating business. Accordingly, the segment will provide significant support for the Group's future growth. ProSiebenSat.1 will therefore continue to hold a majority stake in the company in the partial IPO of the ParshipMeet Group planned for 2022.

In our third segment, **Commerce & Ventures,** we bundle ProSiebenSat.1 Group's growing businesses, which we are building up and promoting with media services. In the beginning of our value chain stands our investment arm SevenVentures, to which ProSiebenSat.1 Accelerator also belongs. Through this, we use our TV reach to help young companies to increase their brand awareness in the shortest possible time through media-for-revenue or media-for-equity deals. In addition to the resulting minority investments, we also develop majority investments in NuCom Group into leading digital companies in consumer-oriented markets. Our maxim is as follows: as soon as a company has completed the first phases of growth and is facing the next stages of development, we examine whether ProSiebenSat.1 is still the best owner. If a business no longer has a strong affinity with TV advertising or growth prospects can be better implemented with a different owner, we can sell these well-developed commerce brands to a more suitable owner. In the interests of a focused Group structure, ProSiebenSat.1 concentrates on investments that synergize strongly with the entertainment business. In this strategy, it is crucial that every part of the Group contributes to increasing the value of the entire Group and that the businesses complement each other.

PLANNING AND MANAGEMENT

ProSiebenSat.1 Group's management system based on key figures forms the basis for all of the Company's economic and strategic decisions. Company-specific performance indicators are derived from the Group's strategy and cover both financial and non-financial aspects. They are planned and managed centrally by the Executive Board of ProSiebenSat.1 Media SE. The planning and management process is complemented by the monitoring of key figures on the basis of regularly updated data. This also includes the assessment of developments as part of opportunity and risk management. → Risk and Opportunity Report

Intragroup Management System

The performance indicators specific to ProSiebenSat.1 Group are aligned to the interests of the capital providers and cover financial planning as well as aspects of comprehensive revenue and earnings management.

OVERVIEW OF MOST IMPORTANT PERFORMANCE INDICATORS AS OF DECEMBER 31, 2020

MOST IMPORTANT NON-FINANCIAL PERFORMANCE INDICATORS
Seven.One Entertainment Group segment
- **audience shares**

MOST IMPORTANT FINANCIAL PERFORMANCE INDICATORS
Group
- **revenues**
- **adjusted EBITDA**
- **adjusted net income**
- **P7S1 ROCE**
- **leverage ratio**
- **free cash flow before M&A**

Segments
- **external revenues**
- **adjusted EBITDA**

Most important non-financial performance indicators: The development of audience shares is an important criterion in programming and media planning in the advertising-financed TV business. In addition, this data is used as a benchmark for the calculation of advertising time prices: They indicate the number of potential customers a broadcast is able to reach. In this context, audience market shares in access and prime time are increasingly coming into focus, as prime time from 8:15 p.m. to 11 p.m. in particular represents the main advertising period.
→ Development of ProSiebenSat.1 Group's Relevant Market Environments

In Germany, TV usage data is collected by GfK Fernsehforschung on behalf of AGF Videoforschung GmbH ("AGF"). ProSiebenSat.1 Group analyses viewer ratings that have been empirically collected by the institutions on a daily basis. In addition to this data on linear TV consumption, we also analyze digital reach figures and KPIs relating to our databased business models. One example of this is the measured data from HbbTV. → Opportunity Report

Most important financial performance indicators: Revenues, adjusted EBITDA, adjusted net income and P7S1 ROCE (return on capital employed) are the central key figures used to manage profitability. A primary objective is to increase the above earnings figures through continuous revenue growth in all segments. The business units operate mainly as profit centers. This means that they act with full responsibility for revenues and earnings. At the same time, flexibility is an important element for our success, as ProSiebenSat.1 Group operates in a very dynamic industry environment. The organizational entities – within a centrally adopted framework – therefore make their operating decisions independently and based on the competitive environment → Organization and Group Structure

The earnings figure adjusted EBITDA stands for adjusted earnings before interest, taxes, depreciation and amortization. Reconciling items, such as M&A-related expenses, reorganizations and legal claims, are not taken into account so that this figure provides the Executive Board as the chief operating decision maker with the appropriate performance measure to assess the operating profitability of the Group and the segments. Adjusted net income is the adjusted net income attributable to shareholders of ProSiebenSat.1 Media SE; it provides a suitable indicator for calculating the dividend. In addition to the adjustments from adjusted EBITDA, effects of purchase price allocations and other reconciling items in particular are adjusted in the calculation.

Reconciling items can influence or even overshadow operating performance and can make a multi-year comparison difficult. Therefore, adjusted earnings figures constitute suitable measures of performance for assessing the sustainable development of the profitability of the Group and its segments. However, the analysis of unadjusted key earnings' figures provides a holistic view of the expense and income structure. At Group level – in addition to revenues, adjusted EBITDA, adjusted net income and P7S1 ROCE as the most important financial performance indicators – EBITDA is also relevant in this context as a less significant financial performance indicator on Group level. As the effects of taxes and depreciation and amortization and the financing structure are not taken into account, EBITDA also enables an easier international comparison, especially with competitors.

Another of the most important financial performance indicators used to manage profitability is P7S1 ROCE: The mid-term aim is to generate a return on capital employed, i.e. P7S1 ROCE, of at least 15%. Expansion and new investments will therefore have to be amortized within three years and generate a return of at least 18%. Strategic projects are usually expected to be amortized within five years. From now on, the Group is therefore managing investments even more consistently and evaluating each project in the various segments according to the same target parameters.

ProSiebenSat.1 Group is investing in markets with long-term growth opportunities and examining options to expand its portfolio. Part of the investment strategy is the acquisition of companies that complement our value chain synergistically. A capital-efficient leverage ratio is a key performance indicator for the Group's financial planning. The leverage ratio indicates the level of net financial debt in relation to LTM adjusted EBITDA – i.e. the adjusted EBITDA that ProSiebenSat.1 Group has generated in the last twelve months (LTM = last twelve months). The target is a factor of between 1.5 and 2.5 at the end of the relevant year; the target range may be exceeded for a short period of time as a result of fluctuations during the year if, for example, important strategic investments are required. Free cash flow before M&A is also one of the most important financial performance indicators in this context. To calculate this key figure, free cash flow is adjusted for cash used and generated by M&A transactions related to majority acquisitions (excl. transaction costs) that are carried out and planned, the purchase and sale of investments accounted for using the equity method and other investments with the exception of media-for-equity investments. → Compensation Report → Analysis of Liquidity and Capital Expenditure → Financing Analysis

Financial and non-financial performance indicators are the foundation for corporate management. It is therefore logical to use them as a basis for determining target-oriented variable compensation. The performance bonus is relevant for employees at senior management levels as well as selected sales functions. It is based on the company's success and on the most important financial performance indicators revenues, adjusted EBITDA, free cash flow before M&A (holding company) and the financial indicator adjusted operating free cash flow (segments).

Adjusted net income, EBITDA, free cash flow before M&A and relative total shareholder return served as a variable basis for determining the Executive Board's compensation in financial year 2020. → Compensation Report

OVERVIEW OF MOST IMPORTANT PERFORMANCE INDICATORS AS OF JANUARY 1, 2021

MOST IMPORTANT NON-FINANCIAL PERFORMANCE INDICATORS

Entertainment segment

- **audience shares**

MOST IMPORTANT FINANCIAL PERFORMANCE INDICATORS

Group

- **revenues**
- **adjusted EBITDA**
- **adjusted net income**
- **P7S1 ROCE**
- **leverage ratio**
- **adjusted operating free cash flow**

To further focus on the segments' operating cash flow management, the Group will introduce "adjusted operating free cash flow" as a most important financial performance indicator from financial year 2021 instead of the previous segment management. This is defined as operating free cash flow before interest and taxes and is calculated as adjusted EBITDA less investments (programming and other investments) and changes in net working capital. Since 2021, adjusted operating free cash flow (adjusted OFCF) has replaced free cash flow before M&A as the Group's relevant cash flow performance indicator. For the reconciling items to be adjusted, we kindly refer to the → Definition of selected non-IFRS measures → Company Outlook

DEFINITION OF SELECTED NON-IFRS FIGURES

ADJUSTED EBITDA

Adjusted EBITDA stands for adjusted earnings before interest, taxes, depreciation and amortization. It describes the operating result (earnings before interest, taxes, depreciation and amortization), adjusted for certain influencing factors (reconciling items). These reconciling items include:

- **M&A-related expenses include consulting expenses and other expenses for ongoing, closed or canceled M&A transactions as well as integration costs incurred within a year of the acquisition.**
- **Reorganization expenses include material and personnel expenses for reorganizations and restructurings. They comprise expenses such as severance payments, leave compensation, consulting costs, legal consultancy fees and impairments.**

- Expenses for legal claims include charges, fines, penalties and consulting costs in connection with significant closed, ongoing or expected legal claims.
- Fair value adjustments of share based payments include the portion of the changes in the fair value of cash-settled share-based payment plans that affects profit or loss.
- Results from changes in scope of consolidation include income and expenses in the context of mergers, demergers, acquisitions or disposals of Group entities.
- Results from other material one-time items include transactions not connected to current operating performance. In this context, ProSiebenSat.1 Group considers transactions of at least EUR 0.5 million to be significant.
- Valuation effects relating to strategic realignments of business units comprise expenses incurred in the context of changes in the underlying business objective or strategy of the unit in question.

ADJUSTED NET INCOME
Adjusted net income is the net income attributable to shareholders of ProSiebenSat.1 Media SE, adjusted for reconciling items shown under adjusted EBITDA, as outlined above, and adjusted for additional reconciling items. These additional reconciling items include:

- Depreciation, amortization and impairments from purchase price allocations.
- Valuation effects included in other financial result, impairments and valuation effects of investments, entities accounted for using the equity method and other financial assets recognized in other financial result. The Group can also acquire control over investees previously accounted for using the equity method through multi-stage company acquisitions. Effects from the valuation of such original shares at fair value upon initial consolidation also fall under this category.
- Valuation effects of put-options and earn-out liabilities include valuation, currency and interest effects of put-options and earn-out liabilities.
- Valuation effects from hedging transactions include ineffectiveness and de-designation effects of cash flow hedges recognized in other comprehensive income and effects from hedging transactions for which there is no hedge accounting as defined by IAS 39.
- Results from other material one-time items include transactions not connected to current operating performance. In this context, ProSiebenSat.1 Group considers transactions of at least EUR 0.5 million to be significant.

Moreover, the tax effects resulting from such adjustments and effects on the net result attributable to non-controlling interests are also adjusted.

REPORTING AND USE OF NON-IFRS FIGURES
In addition to the financial information determined in accordance with IFRS, this Annual Report also includes non-IFRS figures. The reconciliation of these non-IFRS figures with the corresponding IFRS figures is shown in the → Group earnings.

For its financial, strategic and operating decisions, ProSiebenSat.1 Media SE uses primarily non-IFRS figures as the basis of decision-making. These also provide investors with additional information which also allow a multi-year performance comparison, as they are adjusted for specific factors. These figures are not determined on the basis of IFRS and may therefore differ from other entities' non-IFRS figures. Therefore, they do not replace the IFRS figures and are not more important than the IFRS figures, but they do provide supplementary information. We are convinced that the non-IFRS figures are of particular interest to our investors for the following reasons:

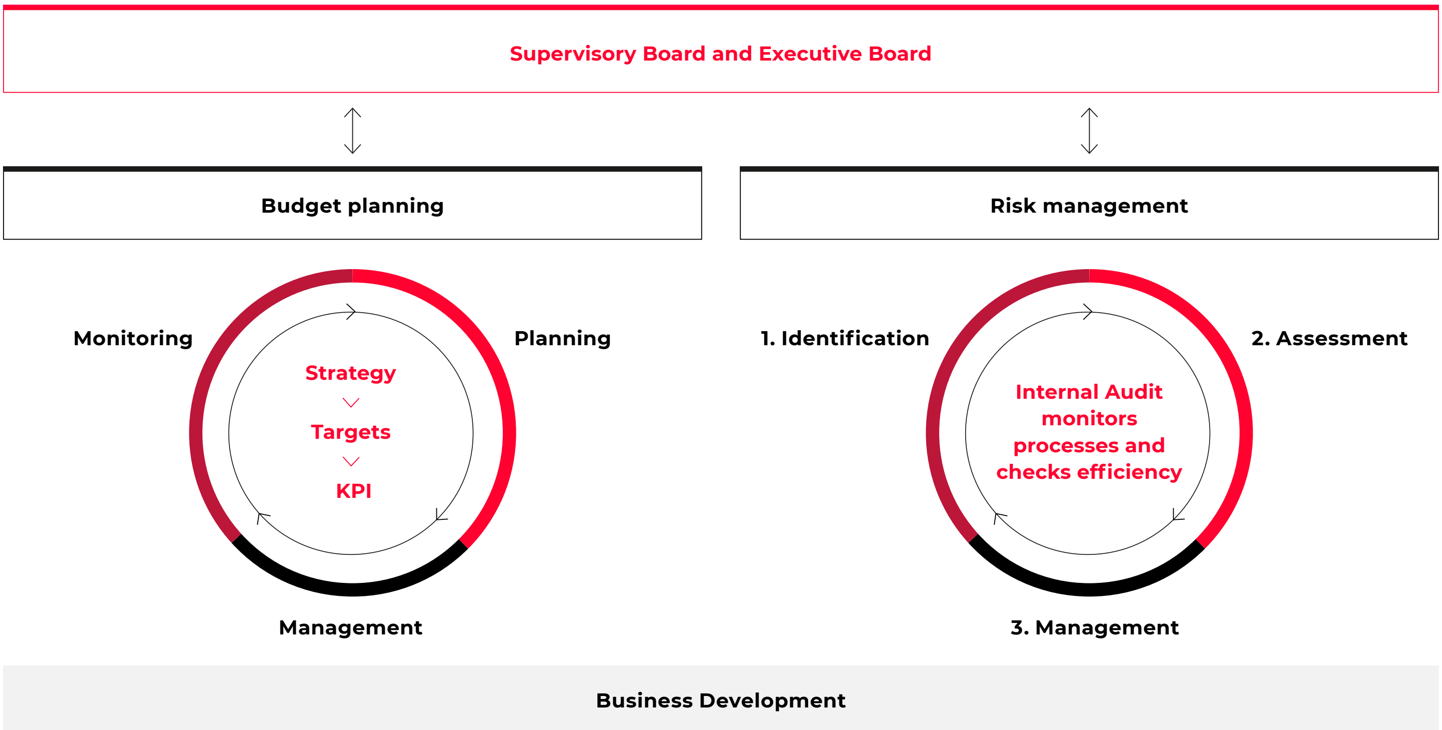
- Reconciling items can influence or even overshadow operating performance; figures adjusted for such items therefore offer supplementary information for the assessment of the Company's operating performance. Adjusted figures thus are more relevant for managing the Company.
- Moreover, adjusted net income is an important factor at ProSiebenSat.1 Media SE for the calculation of the dividend payment, as we want to give the shareholders a share in the Company's operating profitability.
- The Group has implemented a holistic management system. Non-IFRS figures are calculated consistently for the past and the future; they form an important foundation for internal controlling and the management's decision-making processes.

Operational and Strategic Planning

Management and planning are closely intertwined at ProSiebenSat.1 Group. Target figures are defined and determined for various periods within the context of planning, with a focus on the performance indicators outlined above. The different levels in the planning process build on each other and are closely linked to our risk management. The Supervisory Board is also regularly informed by the Executive Board about all issues relevant to the Company's strategy, planning, business performance, risk situation, risk management, and compliance, both at the Supervisory Board meetings and outside of meetings.

Corporate planning: Corporate planning comprises operating planning (budget) and long-term corporate planning (multi-year planning) and constitutes a detailed quantitative depiction of strategic planning. It is on a monthly basis for the first year and an annual basis for a further four years. The strategically

BUDGET PLANNING AND RISK MANAGEMENT AT PROSIEBENSAT.1 GROUP



derived targets for the first planning year are specified for the most important financial and non-financial performance indicators in a top-down/bottom-up process and carried forward to the multi-year planning. The financial figures from the income statement, statement of financial position and cash flow statement of individual subsidiaries are analyzed and aggregated at segment and Group level.

Monthly reporting and trend projections: Trend projections are an important tool in planning during the year. They allow the Company's expected performance for the year to be calculated on the basis of the targets achieved to date and to be compared with the target figures that were originally budgeted. The aim is to identify potential discrepancies between the target and actual figures immediately and to implement the necessary countermeasures promptly. In 2020, the Executive Board and the Supervisory Board also discussed short-term and long-term targets. In addition to monthly reporting, potential risks are reported to the Group Risk Officer on a quarterly basis. In particular, any changes to the early warning risk indicators during the year and over time are analyzed here. For example, the development of audience shares is an important early warning indicator. Additional opportunities and therefore potential positive deviations from projected targets are analyzed in parallel with risk management; they are taken into account in budget planning if their probability of occurrence is more than 50%.

OVERALL ASSESSMENT FROM THE MANAGEMENT'S VIEW: IMPACT OF GENERAL CONDITIONS ON BUSINESS PERFORMANCE

We are pleased that we were able to bring a conciliatory ending to 2020, which was a difficult year for everyone due to COVID-19 and we are very satisfied with our results in the important fourth quarter. All segments were performing positively again at the end of the year. As an early cycle company, we benefited from the economic recovery, especially following the difficult second quarter, and have also observed a clear upward trend in the advertising market. It has also shown that our program investments have paid off: In a competitive environment we convinced with highly attractive entertainment and infotainment formats and thus also strengthened our position in the TV advertising market. At the same time, our consistent cost and cash management is taking effect. Our adjusted EBITDA has been growing again since the third quarter, and our net financial debt decreased at the end of the year.

GROUP ENVIRONMENT

DEVELOPMENT OF ECONOMY AND ADVERTISING MARKET

The year 2020 was decisively shaped by the global outbreak of the coronavirus. The pandemic posed and continues to pose huge challenges not only for healthcare systems and societies but also the entire global economy. The latter, as estimated by the International Monetary Fund, will contract by 3.5% in real terms in 2020 as a result of the restrictions to public life and retail. A decline of as much as 7.2% is expected in the eurozone. The United States, one of the largest economies in the world, is also expected to see a decline of 3.4% in 2020.

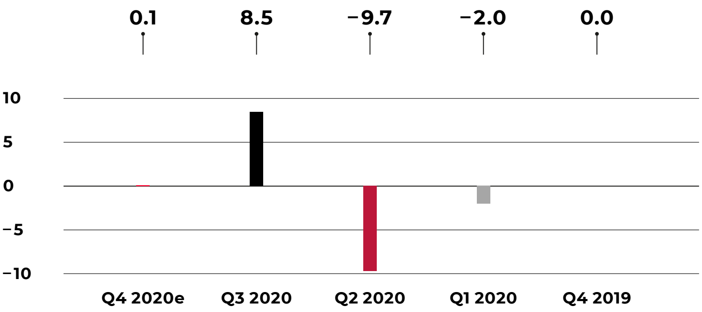
According to the latest forecasts by the Federal Statistical Office (Destatis), the decline in real gross domestic product in Germany was 5 percent. In Germany, the first cases of infection with the new coronavirus emerged at the end of January 2020. From mid-March to early May, the rapid rise in case numbers led to a phase of nationwide lockdown measures with considerable restrictions to public and private life. To cope with the impact of COVID-19, the German government adopted an extensive stimulus package, which included a temporary reduction of the value-added tax (VAT) rate and interim assistance for small and medium-sized enterprises. In addition, far-reaching short-time work arrangements were put in place.

Against the background of these political measures, the first phase of the COVID-19 pandemic was comparatively mild in Germany, as well as in Austria and Switzerland, and thus in ProSiebenSat.1 Group's core markets. Nevertheless, the impact was profound: Germany's gross domestic product fell by 2.0% year-on-year in the first quarter of 2020, and even by 9.7% in the second quarter. This is due firstly to the dependence on the performance of the global economy, which has likewise been heavily impacted by COVID-19. Secondly, the extensive restrictions hit private consumption, which has been a key pillar of the German economy in previous years (Q1: –2.3%, Q2: –11.1%, both vs. previous quarter).

With the end of the rigid lockdown regulations and stable or falling case numbers in Germany, the surrounding countries as well as in China, there was a rapid and unexpectedly significant recovery in economic activity in Germany in the third quarter of 2020. Compared to the second quarter, gross domestic product increased by 8.5% in real terms. Strong catch-up effects were particularly apparent in private consumption (+10.8%), companies' equipment investments (+16.0%) and exports (+18.1%).

At the beginning of autumn, the recovery of the German economy initially seemed to continue at a more moderate pace. In September and October, incoming orders, industrial production and exports continued to trend upward, while the ifo Business Climate Index stabilized above 90 points. Thanks to higher e-commerce revenues from January to November, German retail actually saw real growth of 4.2% compared to the same period of the previous year. As temperatures fell, however, a second wave of COVID-19 with a sharp rise in infection rates spread throughout Europe. From December 16, the -German government therefore imposed another strict lockdown. However, contrary to initial fears, the renewed COVID-19 protections measures in the fourth quarter had a much smaller impact than in spring. Exports of goods and less affected sectors of the economy, such as construction, continued to recover. Compared to the previous quarter, gross domestic product is likely to have stagnated in the final quarter. → Future Business and Industry Environment

DEVELOPMENT OF GROSS DOMESTIC PRODUCT IN GERMANY in %, change vs. previous quarter



Adjusted for price, seasonal and calendar effects.
Source: Destatis, ifo Economic Forecast Winter 2020, December 16, 2020 / e: estimate.

Economic uncertainty and restrictions in public and social life as a result of the COVID-19 pandemic also shaped advertising customers' investment behavior, especially in the second quarter of 2020. As restrictions were eased in line with a decline in infection rates, the economy picked up again in the summer, with investment prospensity also improving. This is also demonstrated by figures for the German TV and online advertising market.

According to Nielsen Media Research, investments in TV advertising investment declined by 1.8% to EUR 16.01 billion in 2020 (previous year: EUR 16.31 billion); the effects of the COVID-19 pandemic were particularly noticeable in the second quarter (–18.1%). In response to the unexpectedly strong economic recovery in the third quarter, gross TV advertising investment rose by 6.7% in the final quarter to EUR 5.87 billion (previous year: EUR 5.50 billion). ProSiebenSat.1 Group is the market leader in the German TV advertising market and generated, according to Nielsen Media Research, gross TV advertising revenues of EUR 6.09 billion in 2020 (previous year: EUR 6.36 billion). This resulted in a market share of 38.0% (previous year: 39.0%). The Group's TV advertising revenues in the key fourth quarter were again higher than in the previous year at EUR 2.32 billion (previous year: EUR 2.17 billion).

By selling in-stream video ads, which are shown online before, after or during a video stream, ProSiebenSat.1 Group generated gross revenues of EUR 262.6 million in the full-year (previous year: EUR 308.8 million). This corresponds to year-on-year decline of 14.9%. The market volume for advertising budgets for in-stream video ads in Germany fell by 4.1% to EUR 717.4 million gross (previous year: EUR 748.2 million).

On a net revenue basis, the German Advertising Federation ("Zentralverband der deutschen Werbewirtschaft – ZAW") reported declines in revenues of between 30% and 80% – depending on the advertising medium and segment – for March 2020. In April, advertising across all media declined by at least 40% net compared to the equivalent month in the previous year. Forecasts for 2020 as a whole published by media agencies Magna Global and ZenithOptimedia in June and July expected total net adverting spending to decline by 10.5% and 12.3%, respectively. Investments in TV advertising were expected to fall by 15.5% and 10.0%, respectively. These estimates were revised upwards significantly following the market upturn in the summer: In its December forecast, Magna Global anticipated a loss of 4.6% in the market overall and 11.0% in the TV market. ZenithOptimedia expected a downturn of 3.1% and 9.0% respectively.

ProSiebenSat.1 Group confirms this trend: On a net basis, the TV advertising market developed below the previous year's level in 2020. From ProSiebenSat.1 Group's perspective, however, the TV advertising market benefited in net terms from the economic recovery in the summer, and starting in the third quarter enjoyed an upwards trend in comparison to the previous quarter. The TV advertising market fared particularly badly in the period from April to June 2020. The picture for the online advertising market was similar. → Comparison of Actual and Projected Business Performance for the Group

TV ADVERTISING MARKETS IN GERMANY, AUSTRIA AND SWITZERLAND ON A GROSS BASIS in %

	Development of the TV advertising market in Q4 2020 (Change against previous year)	**Development of the TV advertising market in 2020** (Change against previous year)
Germany	+6.7	–1.8
Austria	+2.4	–4.3
Switzerland	–11.5	–13.3

	Market shares ProSiebenSat.1 Group Q4 2020	Market shares ProSiebenSat.1 Group Q4 2019	**Market shares ProSiebenSat.1 Group 2020**	Market shares ProSiebenSat.1 Group 2019
Germany	39.5	39.5	38.0	39.0
Austria	41.3	44.2	42.4	44.5
Switzerland	25.2	27.1	26.8	27.6

Germany: January–December, gross, Nielsen Media.
Austria: January–December, gross, Media Focus.
Switzerland: January–December, the advertising market shares relate to the German-speaking part of Switzerland, gross, Media Focus.

Video advertising on TV inspires a greater emotional attachment to a brand than any other medium. This is important for brand loyalty and ultimately for product sales. In addition, TV advertising is particularly effective thanks to its high reach. Supporting research also shows that cross-media advertising campaigns have more of an impact overall and that online advertising in combination with TV campaigns is particularly effective.

The effectiveness of TV advertising is quantified using the "ROI Analyzer" (Return on Investment). Using a modeling approach, data from the GfK Consumer Panel are merged with TV usage data from AGF in order to measure the short- and long-term sales impact of TV advertising. In the case of FMCGs (fast moving consumer goods), the figure shows that the sale of advertised brands increases significantly. The average short-term ROI after one year for the 71 analyzed campaigns was EUR 1.13 and was as high as EUR 2.57 after five years. This means that every euro invested in TV advertising returns an average of EUR 1.13 in the short term and EUR 2.57 over the long term. The ROI Analyzer was developed by Seven.One Media and has been managed under the aegis of the TV and video initiative Screenforce since the start of 2015.

DEVELOPMENT OF PROSIEBENSAT.1 GROUP'S RELEVANT MARKET ENVIRONMENTS

Entertainment

Media usage in Germany is shaped by two fundamental developments. Firstly, the variety of entertainment products, end devices and ways to consume media is growing as a result of digitalization, which also brings with it increasing fragmentation. Secondly, this diversity is driving up media consumption: people are spending more and more time with media. TV has the greatest reach and is consumed for the longest stretches of time. In 2020, the COVID-19 pandemic also had a major impact on media usage, resulting in a new record high. According to AGF, daily TV usage among 14- to 69-year-old viewers increased to 211 minutes in the reporting period 2020 (previous year: 202 minutes).

Daily TV usage time in Germany is measured and reported on behalf of AGF. In order to provide the market with general data about the usage of video content, corresponding measuring instruments are continuously developed to also record the detailed use of video content on PCs, laptops, tablets, and smartphones. The project is designed to model these video offerings regardless of whether they come from a TV station or a purely online provider. This therefore includes the use of media libraries, offerings from Internet TV stations, and video content on traditional websites.

ProSiebenSat.1 drives digital development in the entertainment sector with the goal of providing content across all platforms and – as well as traditional, linear television viewing – taking advantage of all opportunities to reach viewers digitally. This reach reflects total video view[1] time as the total number of minutes viewed across the Group's linear and non-linear platforms. In 2020, the Group counted total video view time of 1,083,629 million minutes for its linear and non-linear media services (previous year: 1,075,542 million minutes), a 0.8% increase.

[1] Excl. HbbTV.

The audience share of free TV stations in individual markets developed as follows: In Germany, the ProSiebenSat.1 station family achieved a combined market share of 27.2% among viewers aged between 14 and 49 years in 2020 (previous year: 28.2%). The stations marketed by IP Deutschland (RTL, VOX, n-tv, Super RTL, NITRO, RTLplus and VOXup) had a combined audience share of 25.3% (previous year: 25.7%). The development of audience shares reflects the impact of the Germany-wide lockdown in the spring and at the end of 2020 and the increased provision of information that this entailed, especially on the public stations.

AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS IN GERMANY in %

Target group 14–49 years	Q4 2020	Q4 2019	2020	2019
ProSiebenSat.1 Group	**26.4**	27.9	**27.2**	28.2
SAT.1	7.7	7.9	7.7	7.8
ProSieben	9.1	9.3	9.1	9.6
Kabel Eins	4.4	5.0	5.0	5.2
sixx	1.1	1.5	1.3	1.4
SAT.1 Gold	1.4	1.6	1.5	1.6
ProSieben MAXX	1.7	1.7	1.6	1.7
Kabel Eins Doku	1.0	0.9	1.0	0.9

Relevant target groups[1]	Q4 2020	Q4 2019	2020	2019
SAT.1	7.1	7.6	7.3	7.6
ProSieben	11.4	11.8	11.7	12.6
Kabel Eins	4.4	5.0	5.0	5.2
sixx	1.4	2.1	1.7	1.8
SAT.1 Gold	2.8	3.0	2.9	3.0
ProSieben MAXX	3.1	3.3	2.7	2.8
Kabel Eins Doku	1.0	1.0	1.0	0.9

[1] Relevant target groups: SAT.1: adults aged 14–59/ProSieben: adults aged 14–39/Kabel Eins: adults aged 14–49/sixx: women aged 14–39/SAT.1 GOLD: women aged 40–64/ProSieben MAXX: men aged 14–39/Kabel Eins Doku: men aged 40–64. Figures are based on 24 hours (Mon–Sun).
Source: AGF Videoforschung in cooperation with GfK; VIDEOSCOPE 1.4, January 1, 2019–December 31, 2020, market standard: TV.

As a systemically relevant media company, ProSiebenSat.1 has a great responsibility: the Group makes an important contribution to the diversity of information and focuses increasingly on local, relevant and live content in the programming strategy. In-house productions such as "Joko & Klaas Live: A Short Story of Moria" and the reportage series "ProSieben Spezial", which handles issues relevant to society in a manner appropriate for the target group, are an important component of this. In "ProSieben Spezial: Rechts. Deutsch. Radikal.", for example, the Group examined the right and the far-right scene in Germany. The program achieved a market share of 20.4% among young viewers aged 14 to 39 on TV, as well as a peak value of 667,342 video views on the Group's digital channels up to December 31, 2020.

We increased our share of in-house productions on the major stations aired during prime time alone by 11.6% in the reporting period, with the station family's prime-time market share as a whole growing by 0.6 percentage points compared to 2019 (viewers aged 14–49). ProSieben and SAT.1 were the only large private broadcasters in Germany that were able to expand their market share in comparison to the previous year. This underscores the success of our programming strategy of playing in-house productions primarily in prime time. Prime time from 8:15 p.m. until 11:00 p.m. is particularly relevant for the advertising industry due to its high reach and is therefore the key advertising period.

AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS IN PRIME TIME IN GERMANY in %

Target group 14–49 years	Q4 2020	Q4 2019	2020	2019
ProSiebenSat.1 Group	**27.3**	27.2	**27.4**	26.8
SAT.1	8.6	8.4	8.2	8.1
ProSieben	10.5	9.7	10.3	9.9
Kabel Eins	4.1	4.7	4.7	4.7
sixx	1.0	1.2	1.1	1.1
SAT.1 Gold	0.9	0.9	1.1	0.9
ProSieben MAXX	1.5	1.6	1.3	1.4
Kabel Eins Doku	0.7	0.7	0.7	0.6

Prime time refers to programs broadcast between 8:15 p.m. and 11:00 p.m.
Figures are based on 24 hours (Mon–Sun).
Source: AGF Videoforschung in cooperation with GfK; VIDEOSCOPE 1.4, January 1, 2019–December 31, 2020, market standard: TV.

The Austrian stations ATV, ATV2, PULS 4 and PULS 24 generated a combined market share of 11.9% among viewers aged between 12 and 49 years in 2020 (previous year: 11.2%). ProSiebenSat.1 PULS 4 GmbH ("ProSiebenSat.1 PULS 4") is thus the leading private TV provider in Austria by far. PULS 24, which is still comparatively young, boosted its market share to 0.8%. Puls 24 went on air in September 2019 and focuses on news, business, live events and Austrian content. Overall, the station family in Austria increased its market share in prime time, which is particularly important for advertising customers, by 1.0 percentage points compared to 2019 (viewers aged 12–49). In Switzerland, the ProSiebenSat.1 station's audience share among 15- to 49-year-olds in the full-year was lower than in the previous year at 15.9%.

AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS IN AUSTRIA in %

Target group 12–49 years	Q4 2020	Q4 2019	2020	2019
ProSiebenSat.1 PULS 4	**28.5**	29.3	**28.4**	28.5
SAT.1 Österreich	4.1	3.9	3.6	3.8
ProSieben Austria	6.2	6.6	6.3	6.6
Kabel Eins Austria	2.6	2.9	2.7	2.8
PULS 4	4.9	4.9	5.1	4.9
PULS 24	0.9	0.3	0.8	0.1
sixx Austria	1.0	1.3	1.1	1.2
SAT.1 Gold Österreich	1.1	1.0	1.0	0.9
ProSieben MAXX Austria	0.9	1.2	1.0	1.1
Kabel Eins Doku Austria	0.7	0.9	0.8	0.9
ATV	4.7	4.9	4.5	4.8
ATV2	1.4	1.5	1.5	1.4

E 12–49; SAT.1 Österreich, ProSieben Austria, Kabel Eins Austria, PULS 4, sixx Austria, ProSieben MAXX Austria, SAT.1 Gold Österreich, Kabel Eins Doku Österreich, ATV + ATV 2, PULS 24 (since September 1, 2019);
Source: AGTT/GfK TELETEST/Evogenius Reporting/January 1, 2019–December 31, 2020/weighted for number of people/including VOSDAL/time shift/standard.

AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS IN SWITZERLAND in %

Target group 15–49 years	Q4 2020	Q4 2019	2020	2019
ProSiebenSat.1 Group	**16.0**	17.2	**15.9**	17.7
SAT.1 Schweiz	5.2	5.3	4.6	5.2
ProSieben Schweiz	4.7	5.3	4.7	5.8
Kabel Eins Schweiz	2.2	2.1	2.4	2.5
sixx Schweiz	1.3	1.3	1.4	1.2
SAT.1 Gold Schweiz	1.0	1.2	0.9	0.9
ProSieben MAXX Schweiz	0.9	1.2	0.9	1.1
Puls 8	0.9	0.9	1.0	1.0

Figures are based on 24 hours (Mon- Sun), all platforms, overnight +7. SAT.1 Schweiz, ProSieben Schweiz, Kabel Eins Schweiz, sixx Schweiz, SAT.1 Gold Schweiz, ProSieben MAXX Schweiz, Puls 8; advertising-relevant target group: 15- to 49-year-olds; market shares relate to German-speaking Switzerland; D–CH/total signal;
Source: Mediapulse TV Data.

The Group runs a total of 15 free and pay TV stations in the German-speaking region (Germany, Austria and Switzerland). These address different target groups and are supplemented by digital services. The group is gradually expanding its portfolio so that it can offer programs via as many distribution channels as possible. In this strategic context, ProSiebenSat.1 Group founded the streaming platform Joyn as a joint venture with Discovery Communications Europe Ltd. ("Discovery") and launched it in June 2019. The streaming service offers viewers livestreams of over 60 channels and an extensive on-demand offering of local series, shows and previews, which are produced in-house. The paid Joyn PLUS+ service with exclusive content, originals, pay TV stations, and HD content was added to the offering in November 2019. According to measurements by AGOF (Arbeitsgemeinschaft Onlineforschung e. V.), the free streaming service Joyn reached 3.84 million unique users in Germany in December 2020 (previous year: 3.46 million).

Advances in digitalization create new opportunities to reach viewers. At the same time, they open up additional ways of generating revenues beyond advertising financing. Examples include the distribution of programs in HD quality via various transmission channels: Under this business model, ProSiebenSat.1 Group participates in the technical service fees that end customers pay to the respective providers for programs in HD quality. In Germany, ProSiebenSat.1 Group's HD stations had 10.6 million users in the reporting period, 6.2% more than in the previous year. In addition, more shows were broadcast in the new ultra-high definition (UHD) standard.

The proportion of local programming on the Group's own stations has become a particular strategic focus: locally produced shows set ProSiebenSat.1 apart from its competitors and sharpen the stations' brand profiles. For example, the German production subsidiary Redseven produced local prime time content for the stations SAT.1, ProSieben and Kabel Eins in 2020. Similarly, Studio71 developed and produced more new formats for the German market, such as the mini series "Join me @ home" for the streaming platform Joyn. The digital studio Studio71 pools ProSiebenSat.1 Group's digital only content offerings and distributes them via digital platforms. In 2020, for example, Studio71 was played on around 1,400 channels, generating 10.9 billion video views a month (previous year: 9.9 billion video views).

Dating

Dating and, in particular, interactive live videos have become global megatrends. The online dating and matchmaking markets in the US and Germany currently total of up to EUR 2.3 billion (figures for 2019), with around half of the market volume is attributable to social dating. Total market volume looks set to grow by between 7% and 8% each year (CAGR 2019–2022), with social dating even climbing by 11% to 13% (CAGR 2019–2022).

Social dating refers to casual chatting and meeting up with people nearby. Unlike matchmaking, where the aim is to form permanent relationships, it allows users to meet and get to know a range of different people in a relaxed environment without any clear intentions.

With a rising number of single people – including more and more digital natives – online dating is becoming an increasingly accepted and normal way to find a partner. The sector has also gained relevance during the COVID-19 pandemic and the restrictions on social contact that this entailed. With ParshipMeet Group, ProSiebenSat.1 has created a global player in the dating segment that is geographically diverse and covers the entire spectrum of dating.

ParshipMeet Group is enjoying highly dynamic growth and a positive yearly trend in platform and communication activity. The numbers of users meeting over video call has increased strongly on all platforms. To help members find partners in times of social distancing, online matchmaking portals Parship, ElitePartner and eharmony all added a video date feature to their range of services in mid-April. This makes it easy for singles to see and get to know their match virtually in a secure environment without exchanging any personal details. An average video date lasts 30 minutes, highlighting that customers respond well to and use this type of exchange aimed at getting to know potential partners better.

Commerce & Ventures

More and more purchasing decisions are now made online. Online shopping is now an integral part of our everyday lives and services such as consumer advice are increasingly offered on the internet. However, the various consumer markets on which ProSiebenSat.1 Group operates with NuCom Group are all developing at a different pace and have been affected by the impact of the COVD-19 pandemic to varying degrees.

- **Beauty & lifestyle:** Even before the outbreak of the COVID-19 pandemic, global digital retailing was one of the growth markets. According to a study by the Institute of Retail Research in Cologne, it likely grew by around 20% in 2020 in Germany alone to reach a current market volume of EUR 84.0 billion. As such, e-commerce is expected to account for 13.1% of the total retail business (previous year:11.1%).

  Total revenues from beauty and personal hygiene products came to EUR 18.9 billion in 2020 (previous year: EUR 19.0 billion), as a study by Euromonitor for Germany and Austria shows. The beauty market likely benefited considerably from the shift in purchasing habits from offline to online and gained momentum during lockdowns. In this context, the share of the online market is likely to have risen to around 9 percent from ProSiebenSat.1's perspective.

- **Experiences:** A study conducted by mydays and Statista in 2020 found that shared experiences were a favored gift under the Christmas tree. 26% said it is important to them that a gift is a shared experience that allows time to be spent together. This therefore offers significant market potential, but the leisure industry has currently recorded a decline as a result of the COVID-19 pandemic and the resulting restrictions in public life. → Risk Report

- **Consumer advice:** The German Federal Network Agency expects the market volume of online comparison portals in the fields of energy, telecommunications, car insurance and consumer loans in Germany to come to approximately EUR 870 million in 2020 (previous year: EUR 760 million). Growth was likely driven chiefly by the energy sector. The consumer advice area also includes the rental car portal billiger-mietwagen.de, which has been particularly affected by the pandemic. The travel industry as a whole contracted by around 50% in 2020 on account of COVID-19 restrictions. → Risk Report

RESEARCH AND DEVELOPMENT

ProSiebenSat.1 Group does not carry out research and development (R&D) in the conventional sense of an industrial company. Nonetheless, both fields do hold a position of high importance at ProSiebenSat.1 Group.

ProSiebenSat.1 conducts intensive market research in every area relevant to its business activities and in every area in which the Company sees growth potential. In 2020, expenses for Group-wide market research activities amounted to around EUR 7 million (previous year: EUR 9 million). The various research units in the Group prepare investigations and analyses on advertising impact, on trends in the advertising market and digital industries as well as on media use and also assess economic and market projections. Those responsible in the Group use the results of the market analyses for operational and strategic planning. At the same time, market data and analyses are an important basis for successfully advising our advertising clients. With its studies, the Company provides advertisers with valuable knowledge for marketing and advertising planning, which constitutes an important basis for investment decisions.

In the program development phase, program research also plays a decisive role. An important task is the assessment of international TV trends with regard to their potential for the German television market. In addition, the corresponding research team regularly provides quantitative and qualitative studies and analyses of the ProSiebenSat.1 stations' programming. Among other things, new formats are tested with the aid of survey and audience screenings. Besides, this research team also carries out ad hoc tests on shows that have already been broadcast. Based on the results, we can adjust formats in the development phase and optimize TV programs that have already been broadcast, thus increasing success rates.

In the area of development, the Group is particularly working on making its advertising products smarter. This means developing offers to target TV and video advertising to specific target groups. This is for example based on anonymous user data regarding age, gender, household income or weather. In this context, ProSiebenSat.1 is also relying on new technologies, and in 2019 it launched the Addressable TV spot in the advertising market in addition to its existing offerings in the area of targeted advertising. This enables the Company's own commercials to be overlaid with addressable spots in all advertising blocks, thus addressing viewers based on their interests. The offer is based on an advertising technology that Seven.One Media developed and has applied for a European patent. The next step towards "smart reach" is the CrossDevice-Bridge – a product that makes it possible to specifically target different end devices in one household. In addition, we are continuously developing our own digital platforms, for example in the commerce business. → Opportunity Report

COMPARISON OF ACTUAL AND PROJECTED BUSINESS PERFORMANCE FOR THE GROUP

The Group achieved or even significantly exceeded key financial targets in 2020 – according to the outlook adjusted during the year in November. In the full-year 2020, ProSiebenSat.1 had been aimed for Group revenues of between EUR 3.85 billion and EUR 3.95 billion as well as for adjusted EBITDA of between EUR 600 million and EUR 650 million, after the Group's business was severely impacted by the restrictions due to COVID-19 in the second quarter in particular. As of the end of the year, Group revenues amounted to EUR 4,047 million with adjusted EBITDA of EUR 706 million.

The noticeably better than expected business development is due to a strong performance in the fourth quarter to which all segments of ProSiebenSat.1 Group contributed. Key driver was especially the growth in the Group's advertising business in the low-single-digit percentage range in the fourth quarter compared to the previous year. This also reflects the Group's continuous improvement in the advertising business over the course of the COVID-19 pandemic in 2020.

Against the backdrop of the global COVID-19 pandemic and the related economic uncertainty – also with regard to the possible extent of the negative business impact – on April 22, 2020, ProSiebenSat.1 Group withdrew its financial outlook regarding all the most important key financial performance indicators for financial year 2020, which had been published at the beginning of March 2020. Already at this time, it was apparent that the impacts of COVID-19 on ProSiebenSat.1 Group's business would make it impossible to achieve any of the targets for Group revenues, adjusted EBITDA, adjusted net income, free cash flow before M&A or the Group's leverage ratio stated in this financial outlook. This expectation was confirmed in the second quarter of 2020 for all targets relevant for the management of the Group. Publishing its figures for the third quarter on November 5, 2020, ProSiebenSat.1 Group published new guidance for 2020 and, on January 21, 2021, announced by way of ad-hoc disclosure based on provisional, unaudited figures that the Group had noticeably exceeded its outlook for revenues and adjusted EBITDA.

ProSiebenSat.1 is confirming its mid-term target for P7S1 ROCE (return on capital employed): The Group is increasingly concentrating on continually growing value, which is to be reflected in an improved P7S1 ROCE; for the Group as a whole, this key figure is expected to exceed 15% in the mid-term. In the short term, P7S1 ROCE could be below the target of 15% – as it was the case in 2020, for example – due to increased investment activity. Against the backdrop of the pandemic, this figure was 10% as of the end of the year. At the same time, ProSiebenSat.1 Group has highlighted to further aim for a leverage ratio (ratio of net financial debt to LTM adjusted EBITDA) of between 1.5x and 2.5x. In the financial year 2020, a year defined by the COVID-19 pandemic, the Group achieved a leverage ratio of 2.8x as of the end of the year.

The following table provides an overview of the adjusted outlook for 2020; the various performance indicators are also evaluated and analyzed in the following sections.

However, it was not only with a view to the key financial figures that the Group achieved important targets in 2020; ProSiebenSat.1 Group also emphasized its strong competitive position. For example, the Group maintained its leading position in audience shares in the advertising-relevant target group of 14- to 49-year-olds at a high level of 27.2% (previous year: 28.2%). The development of audience shares in Germany is the most important non-financial performance indicator, with an increased focus on access and prime time as a result of the high reach for the advertising industry. In prime time, ProSiebenSat.1 recorded an increase of 0.6 percentage points in market shares compared to 2019 (viewers aged 14-49, Germany).

COMPARISON OF ACTUAL AND PROJECTED BUSINESS PERFORMANCE FOR THE GROUP

	Actual figures 2019	FY 2020 March 4, 2020	April 22, 2020	Third quarter 2020 November 5, 2020	Ad-hoc disclosure January 21, 2021	**Actual figures 2020**
Revenues (in EUR m)	4.135	Overall, the Group aims at further growth in full-year 2020 – on the basis of constant exchange rates[1] and without portfolio changes – and at increasing Group revenues to EUR 4.2 billion to EUR 4.4 billion. In the base case scenario, the Group expects year-on-year revenue growth to around EUR 4.3 billion.	Forecast withdrawn	On the basis of constant exchange rates[2] and with no further portfolio changes, the Group is aiming for Group revenues of between EUR 3.85 billion and EUR 3.95 billion for the full-year 2020.	Around 4,040	4,047
Adjusted EBITDA (in EUR m)	872	On the basis of constant exchange rates[1] and with no further portfolio changes, the Group is aiming for adjusted EBITDA of between EUR 800 million and EUR 900 million for full-year 2020. In the base-case scenario, the Group is anticipating that its adjusted EBITDA will be roughly stable year-on-year at around EUR 870 million.	Forecast withdrawn	On the basis of constant exchange rates[2] and with no further portfolio changes, the Group is aiming for adjusted EBITDA of between EUR 600 million and EUR 650 million for the full-year 2020.	Around 700	706
Adjusted net income (in EUR m)	387	On the one hand, in the full-year, the Group's adjusted net income will reflect the development of adjusted EBITDA. On the other, as a result of higher depreciation effects and potentially slightly higher investments in Joyn, the joint streaming platform with Discovery, which are recognized at equity, the Group's adjusted net income may decline in the double-digit million-euro range.	Forecast withdrawn			221
Leverage ratio (net financial debt/ LTM adjusted EBITDA)	2,6x	As of the end of 2020, depending on business performance and not including any portfolio changes, the leverage ratio could be slightly higher than the upper end of the target corridor at between 1.5x and 2.5x.	Forecast withdrawn			2.8x
Free cash flow before M&A (in EUR m)	339	Decline in at least a double-digit million-euro range	Forecast withdrawn			235

[1] Other than the Euro, the main currency is the US Dollar (USD), which accounted for 13% of revenues and 16% of costs in the past year. These are essentially translation effects. The EUR/USD exchange rate was around USD 1.1196 to the Euro in 2019.
[2] The main currency besides the Euro remains the US Dollar. The average annual EUR/USD exchange rate is around USD 1.1349 to the Euro. This corresponds to a USD exchange rate of 1.1660 USD/EUR in the fourth quarter.

SIGNIFICANT EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

On March 5, 2020, ProSiebenSat.1 and General Atlantic, via NuCom Group, signed an agreement for the full acquisition of the US online dating and social entertainment enterprise The Meet Group, Inc., New Hope, Pennsylvania, USA ("The Meet Group"). The acquisition agreement stipulated a purchase price of USD 6.30 per share in The Meet Group, which equates to an enterprise value of around USD 500 million. The approval of all necessary authorities was obtained on September 4, 2020, so the acquisition of The Meet Group took effect economically at the above conditions.

After Parship Group was carved out of NuCom Group following the acquisition of The Meet Group, ProSiebenSat.1 Group restructured its segment reporting. From the third quarter of 2020, its reporting segments were Seven.One Entertainment Group, ParshipMeet Group, NuCom Group and Red Arrow Studios. The holding is reported in the reconciliation column (Holding & Other). Previous year figures have been adjusted accordingly. Since January 1, 2021, ProSiebenSat.1 Group's three reporting segments have been Entertainment, Dating and Commerce & Ventures, continuing the consistent structuring of the Group according to synergy and value creation.
→ Group earnings → Organization and Group Structure

The merging of Parship Group and The Meet Group forms ParshipMeet Group, a leading global player in the dating market. ParshipMeet Group offers a highly diversified suite of services, from social dating and entertainment to online matchmaking. ProSiebenSat.1 Group holds a stake of 53% (plus preferred equity of EUR 350 million) in the new group, and General Atlantic's share amounts to 43%; the remainder is held by the management. The shares held by the management are subject to a put option agreement and are accounted for using the anticipated acquisition method. This means that 55% of ParshipMeet Group's net result for the period and net assets is allocated to ProSiebenSat.1 Group – taking the preferred equity owed to ProSiebenSat.1 Group into account – and 45% to General Atlantic. → Notes, note 5 "Acquisitions and disposals affecting the scope of consolidation" → Notes, note 26 "Shareholders' equity"

NuCom Group, in which General Atlantic holds a 28.4% stake as minority investor, remains a synergistically important part of the Group and our portfolio strategy. The aim is to use the media services of our entertainment platforms to develop consumer brands to generate value and to establish market leaders in this area. As part of an active portfolio policy, we also sell individual investments if ProSiebenSat.1 is not or is no longer the right owner. An example of this is the disposal of the OTC provider WSM Holding GmbH ("WindStar"). The enterprise value of WindStar increased by a multiple of 2.4 within four years, demonstrating the added value that ProSiebenSat.1 generates particularly with media services. → Strategy and Objectives → Opportunity Report

On September 30, 2020, ProSiebenSat.1 Group sold its Virtual Minds AG ("Virtual Minds") subsidiary, myLoc managed IT AG ("myLoc"), to the Italian cloud provider WIIT S.p.A., Milan, Italy ("WIIT"). ProSiebenSat.1 is thus pursuing its strategy of focusing on areas that synergize with the entertainment business. As a result of the sale, the infrastructure provider myLoc was carved out of the Virtual Minds technology holding company, which will now focus even more strongly on its core AdTech expertise. Virtual Minds offers advertisers a comprehensive technology range for booking and playing advertising. The sales proceeds amounted to EUR 51 million.

On October 22, 2020, NuCom Group sold its entire 92% stake in WindStar to the financial investor Oakley Capital Limited, London, United Kingdom ("Oakley Capital"). Oakley Capital acquired the remaining 8% held by minority shareholders at the same time. The transaction was based on an enterprise value of EUR 280 million with expected 2020 revenues of EUR 127 million and an adjusted EBITDA of EUR 21 million. This corresponds to an adjusted EBITDA multiple of 13.6x. The approval of the relevant antitrust authorities was obtained on December 1, 2020, so the deconsolidation of WindStar also took effect economically in the fourth quarter.

At the beginning of the financial year, ProSiebenSat.1 Group examined various options for the further alignment of Red Arrow Studios' international production business. The Group concluded this strategic review in March 2020, deciding that the international production business would remain part of the Group. In the context of the COVID-19 crisis the options examined were no longer feasible.

Other significant events were personnel changes in the composition of the Supervisory Board and Executive Board: Dr. Antonella Mei-Pochtler was appointed as a member of the Supervisory Board of ProSiebenSat.1 Media SE by court order with effect from April 13, 2020. A clear majority of the shareholders then elected her as a new Supervisory Board member at the Annual General Meeting on June 10, 2020. She succeeds Angelika Gifford, who had resigned on January 13, 2020. Dr. Antonella Mei-Pochtler is an independent entrepreneur as well as senior advisor at the Boston Consulting Group and special advisor to the Austrian Chancellor. She has extensive expertise as well as a global network in the areas of strategy, media and digital transformation.

On March 13, 2020, the company announced that Conrad Albert, Deputy CEO of ProSiebenSat.1 Media SE, would resign his Executive Board post by mutual agreement at the end of April 30, 2020, and leave the company on this date. In addition, the Supervisory Board of ProSiebenSat.1 Media SE resolved on March 26, 2020, that CFO Rainer Beaujean would also take on the role of Chairman of the Executive Board and CEO Max Conze would leave the company with immediate effect. Additionally, Wolfgang Link and Christine Scheffler were newly appointed to the Executive Board. In the Executive Board team, Rainer Beaujean is responsible for Strategy & M&A, the Red Arrow Studios, NuCom Group and the newly created ParshipMeet Group as well as all financial functions and the holding divisions IT, Communications, Investor Relations, Legal, Media Policy and Group Security. Wolfgang Link is in charge of the entertainment business, which comprises all areas from content and digital to sales and the streaming business with the platform Joyn. Christine Scheffler heads the Human Resources, Compliance, Sustainability and Organizational Development & Operational Excellence departments.

As part of this, ProSiebenSat.1 Group is refocusing its entertainment business more strongly on the German-speaking region (Germany, Austria and Switzerland). At the same time, the content, digital and sales businesses are being brought even closer together in order to offer viewers content across all platforms and media. Since October 1, 2020, all of ProSiebenSat.1 Media SE's entertainment activities have therefore also been bundled under the umbrella brand of the Seven.One Entertainment Group GmbH ("Seven.One Entertainment Group"). → Organization and Group Structure → Strategy and Objectives

In this strategic context, ProSiebenSat.1 Group acquired broadcasting rights for Bundesliga soccer starting with the 2021/22 season for its station SAT.1 in June 2020. The exclusive live free TV package comprises nine live matches per season, including the Supercup, the opening Bundesliga game, the matches before and after the winter break, the opening game of Bundesliga 2, and the Bundesliga and Bundesliga 2 play-offs. The rights package is valid for four seasons in total. The live matches will be broadcast on SAT.1 and in parallel on the platforms ran.de and sat1.de, on the ran and SAT.1 apps, and in the SAT.1 live stream on Joyn. ProSiebenSat.1 is thus expanding the Group's sports offering, which also includes broadcasts of the European U21 Championship and the National Football League (NFL).

Because ProSiebenSat.1 Group is increasingly focusing on local, relevant and live content in its programming strategy, the Group has also announced that it will further expand its own production activities: From the start of 2023, the company will produce cross-platform news for ProSieben, SAT.1 and Kabel Eins itself. A central news team of around 60 people is therefore being assembled and an ultra-modern, cross-media newsroom with a state-of-the-art studio is being built. A capital city office is also planned in Berlin.

The health and safety of employees are ProSiebenSat.1 Group's top priority. Against the background of the COVID-19 pandemic, most of the employees at the Unterföhring site have been working remotely from home since mid-March, also in order to protect the employees who are absolutely necessary in order to continue broadcasting at the campus in Unterföhring.

GROUP EARNINGS

REVENUES

The Group generated **revenues** of EUR 4,047 million in 2020 (previous year: EUR 4,135 million) and was therefore only 2% below the previous year despite the substantial impact of the COVID-19 pandemic. After the Group's business was impacted by the pandemic-related restrictions, particulalry in the second quarter, ProSiebenSat.1 ended the year with a strong fourth quarter: Over this period, the Group's revenues increased by 11% to EUR 1,492 million (previous year: EUR 1,349 million) as all segments again posted growth.

Adjusted for currency effects and changes in the portfolio, the Group's revenues declined by 4% to EUR 3,930 million (previous year: EUR 4,115 million).[1] → Significant Events and Changes in the Scope of Consolidation

The development in revenues in financial year 2020 reflects the impact of the COVID-19 pandemic, which affected advertising business and international production business especially. Also, the revenues of our online comparison platform for rental cars and the offerings in the field of experiences were below the previous year due to the restrictions on public and economic life. In the second half of the year, both the advertising business and the international production business showed an upward trend, given positive economic signals, with the result that the Group's revenues were higher year-on-year in the fourth quarter. However, the negative effects resulting in particular from the second quarter, could not be fully compensated for the full-year. Against this background, and as a result of the growing revenues of our commerce and dating business, the share of non-advertising business to the Group revenues increased to 52% over the year (previous year: 47%).

EXTERNAL REVENUES BY SEGMENT[1] in EUR m

	2020	2019	Absolute change	Change in %
Seven.One Entertainment Group	2,286	2,518	–231	–9.2
ParshipMeet Group	333	209	124	59.3
NuCom Group	807	756	51	6.8
Red Arrow Studios	620	652	–32	–4.9
Revenues	**4,047**	**4,135**	**–88**	**–2.1**

[1] The prior-year figures have been adjusted to the segment structure in place since the third quarter of 2020.

External revenues in the **Seven.One Entertainment Group** segment amounted to EUR 2,286 million (previous year: EUR 2,518 million), and were thus 9% below the previous year's figure. Adjusted for currency effects and portfolio changes, the decline in segment revenues also amounted to 9%; the hosting and infrastructure provider myLoc was sold in 2020.

After the first impacts of the pandemic on the advertising market were already visible in mid-March, this development intensified significantly in the second quarter. Following a recovery supported by the economy in the third quarter, external revenues rose by 2% compared to the previous year in the fourth quarter, thanks in particular to the growth of 3% in advertising business. However, the development described caused advertising revenues to decline by 10% over the full-year. The AdTech sector's advertising revenues with the programmatic trading of advertising time developed positively in all quarters. Other revenues recorded a slight decrease by 3% year-on-year, and were also defined by the weak second quarter. Sports were particularly affected, as no events could take place due to the pandemic. By contrast, distribution revenues grew dynamically in all quarters thanks to the further increase in the number of HD users. → Group Environment

External revenues in the **ParshipMeet Group** segment rose by 59% to EUR 333 million (previous year: EUR 209 million) in financial year 2020 and were influenced in particular by the acquisition of The Meet Group in September 2020. Adjusted for currency effects and portfolio changes, revenues also rose significantly by 11%. In particular, the performance of the companies of the former Parship Group (Parship, Elite Partner and eHarmony) was very positive. On the one hand, this highlights the growing importance of the dating business even in a COVID-19 affected environment. On the other, eHarmony experienced strong organic growth following its full integration. Parship Group was carved out of the NuCom Group segment following the acquisition of The Meet Group and has been reported in the new segment ParshipMeet Group since the third quarter.

In the **NuCom Group** segment, **external revenues** rose by 7% to EUR 807 million in the reporting period 2020 (previous year: EUR 756 million). Growth was influenced by the acquisition of be Around in March 2019 and, countering this, the sale of WindStar at the beginning of December. Adjusted for currency effects and portfolio changes, the growth amounted to 6%. Despite the COVID-19 restrictions, the online-beauty provider Flaconi GmbH

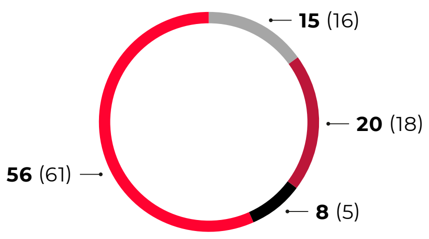
[1] The revenues of the US online dating and social entertainment company The Meet Group, which was acquired in September 2020, were not taken into account in the current financial year. Similarly, be Around Holding GmbH ("be around"), the online broker for products and services that was acquired in March 2019, was also not taken into account for January and February 2020. The contributions of myLoc, the hosting and infrastructure provider sold as of the end of September 2020, were not included for the months from October to December 2019, and the contributions of the OTC provider WindStar, which was sold as of the start of December 2020, were not included for the month of December 2019. Currency effects are determined by translating the previous year's revenues using the average rates applied in currency translation in the current financial year.

("Flaconi") in particular continued its revenue growth with considerable gains. By contrast, the restrictions on public life since March 2020 had a negative impact on the travel and transport business as well as on the leisure industry. The declines there slowed NuCom Group's growth accordingly.

External revenues in the **Red Arrow Studios** segment decreased by 5% to EUR 620 million in financial year 2020 (previous year: EUR 652 million). Adjusted for currency effects, revenues were down 3% on the previous year. The effects of the COVID-19 pandemic also had a high impact here in the second quarter in particular, with the international program production business being particularly hard hit. After program productions in the US in particular had to be largely stopped or postponed in mid-March, there were still restrictions there in the further course of the year. As the restrictions on public life were eased, production business recovered slightly in the third quarter and was above the level of the previous year in the fourth quarter due to catch-up effects. The performance in program distribution, our global sales business, was also clearly positive over the full-year. However, this was unable to compensate the decline in production business over the first nine months of 2020. → Group Environment

REVENUE SHARE BY SEGMENT[1]

in %, 2019 figures in parentheses



[1] The prior-year figures have been adjusted to the segment structure in place since the third quarter of 2020.

REVENUES BY REGION in EUR m

	2020	2019
DACH[1]	3,349	3,516
USA	620	540
Other	77	78
Revenues	**4,047**	**4,135**

[1] DACH = German-speaking region (Germany, Austria, Switzerland).

At 82.8%, ProSiebenSat.1 Group generates the majority of its revenues in the DACH[1] region (previous year: 85.0%).

ADJUSTED EBITDA

Adjusted EBITDA declined by 19% or EUR 166 million to EUR 706 million in financial year 2020. The **adjusted EBITDA margin** was 17.4% (previous year: 21.1%). The decline in high-margin advertising business in particular had a negative impact on the ProSiebenSat.1 Group's profitability. While the effects of the pandemic were particularly evident in the second quarter, earnings power improved significantly in line with revenues from the third quarter. The Group's adjusted EBITDA grew by 12% to EUR 377 million in the fourth quarter (previous year: EUR 338 million). With the beginning of the COVID-19 pandemic various cost-cutting measures were implemented throughout the entire Group. For example, the Group adopted short-time work in areas affected by work shortages, IT expenses were scaled back and other costs such as travel or consulting expenses were reduced.

The implications of the COVID-19 pandemic are significantly influencing the earnings and margin development of the **Seven.One Entertainment Group** segment, in particular due to the decline in advertising revenues: Despite active cost management, **adjusted EBITDA** was down by 28% or EUR 217 million at EUR 571 million over the full-year, the **adjusted EBITDA margin** declined to 24.0% (previous year: 30.2%). However, adjusted EBITDA grew by 4% year-on-year in the fourth quarter; the adjusted EBITDA margin was also slightly higher than in the previous year at 34.9% in the fourth quarter of 2020 (34.2%).

ADJUSTED EBITDA BY SEGMENT in EUR m

	2020	2019	Absolute change	Change in %	Adjusted EBITDA margin 2020 (in %)[1]	Adjusted EBITDA margin 2019 (in %)[1]
Seven.One Entertainment Group	571	787	–217	–27.5	24.0	30.2
ParshipMeet Group	80	44	36	81.4	23.9	21.0
NuCom Group	32	54	–22	–40.9	3.9	7.0
Red Arrow Studios	42	48	–6	–12.6	6.2	6.6
Reconciliation (Holding & other)	–19	–62	42	–69.1	—	—
Total adjusted EBITDA	**706**	**872**	**–166**	**–19.1**	**17.4**	**21.1**

[1] Based on segment revenues.

The **ParshipMeet Group** segment recorded significant growth in **adjusted EBITDA** in 2020: the figure rose from EUR 44 million to EUR 80 million. In addition to strong operational growth, this is due to the acquisition of The Meet Group. The **adjusted EBITDA margin** improved to 23.9% (previous year: 21.0%). → Significant Events and Changes in the Scope of Consolidation

The **adjusted EBITDA** of the **NuCom Group** segment amounted to EUR 32 million, down 41% on the previous-year figure of EUR 54 million. The **adjusted EBITDA margin** declined to 3.9% (previous year: 7.0%). The change is due in particular to the decline in the high-margin revenues in our travel and leisure business in connection with COVID-19 related lower bookings. Strict cost management was a key positive factor, and the contributions to earnings at Flaconi and Verivox improved as well. Earnings were impacted by the different margin structures of the individual business models.

Adjusted EBITDA in the **Red Arrow Studios** segment decreased by 13% to EUR 42 million (previous year: EUR 48 million). By contrast, the **adjusted EBITDA margin** was virtually almost stable at 6.2% (previous year: 6.6%). The decline in revenues in production business was partially compensated by corresponding cost-cutting measures and dynamic program distribution.

The following table shows the reconciliation of adjusted EBITDA to net income:

RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME
in EUR m

	2020	2019	Absolute change	Change in %
Adjusted EBITDA	**706**	**872**	**–166**	**–19.1**
Reconciling items	95	–34	129	~
EBITDA	**801**	**838**	**–37**	**–4.4**
Depreciation, amortization and impairment	–248	–260	11	–4.3
thereof from purchase price allocations	–52	–69	16	–23.7
Operating result (EBIT)	**553**	**578**	**–26**	**–4.5**
Financial result	–183	–6	–176	~
Income taxes	–118	–161	43	–26.6
Net income	**252**	**412**	**–159**	**–38.7**

The **reconciling items** amounted to EUR 95 million in financial year 2020 compared to minus EUR 34 million in the previous year, and mostly arose in the fourth quarter of 2020 in the financial year. The largest single item was income from changes in the scope of consolidation at EUR 140 million (previous year: EUR 0 million). This includes income from the disposals of WindStar (EUR 106 million) and myLoc (EUR 35 million). M&A projects resulted in expenses of EUR 24 million (previous year: EUR 12 million) in 2020, which essentially relate to the acquisition of The Meet Group and the disposal of WindStar. The expenses from other one-time items of EUR 7 million mainly include expenses in connection with changes in the Executive Board (previous year: EUR 5 million). → Significant Events and Changes in the Scope of Consolidation

PRESENTATION OF RECONCILING ITEMS WITHIN ADJUSTED EBITDA in EUR m

	2020	2019
Adjusted EBITDA	**706**	**872**
Income from changes in scope of consolidation	140	0
Income from other one-time items	1	0
Income adjustments	**141**	**1**
M&A related expenses	–24	–12
Reorganization expenses	–6	–45
Expenses for legal claims	–3	0
Fair value adjustments of share-based payments	–5	5
Expenses from other one-time items	–7	–5
Valuation effects relating to strategic realignments of business units	–1	23
Expense adjustments	**–46**	**–35**
Reconciling items	**95**	**–34**
EBITDA	**801**	**838**

In total, **depreciation, amortization and impairments** amounted to EUR 248 million in 2020 after EUR 260 million in the previous year. Impairment losses decreased significantly compared to the previous year and amounted to EUR 8 million (previous year: EUR 31 million). The main reason for the high figure in the previous year was an impairment of EUR 19 million on customer relationships in the Red Arrow Studios segment. The amortization on intangible assets rose by EUR 11 million to EUR 160 million (previous year: EUR 149 million). In particular, this was due to higher internally generated intangible assets and purchased other intangible assets in conjunction with the acquisition of The Meet Group. Depreciation of property, plant and equipment remained unchanged at EUR 80 million.

FINANCIAL RESULT

The **financial result** amounted to minus EUR 183 million in financial year 2020 (previous year: EUR –6 million) and is due to various, at times contradictory developments and previous-year comparative effects:

The **interest result** amounted to minus EUR 73 million (previous year: EUR –56 million) and, among other things, reflects higher borrowing costs. This was largely on account of higher expenses than in the previous year in connection with the term loan of EUR 6 million and the interest expenses of EUR 2 million resulting from the utilization of the revolving credit facility (RCF) between April 2020 and November 2020. The previous-year figure is relatively low and was influenced in part by a positive tax interest effect of EUR 4 million (2020: negative tax interest effect of EUR 5 million) that essentially relates to the tax deduction of one-time fees for the syndicated loan from 2007.

The result from **investments accounted for using the equity method**, also recognized in the financial result, declined to minus EUR 77 million (previous year: EUR –50 million) and essentially includes the Group's 50% share of Joyn's result. In particular, Joyn's result for financial year 2020 was reduced by impairments on other intangible assets of EUR 26 million (previous year: EUR 0 million).

The **other financial result** amounted to minus EUR 32 million in 2020 (previous year: EUR 100 million). On the one hand, this includes effects from the valuation of put-options and earn-out liabilities of minus EUR 30 million (previous year: EUR 76 million), which primarily related to the ParshipMeet Group segment. The largest single items in 2019 were valuation effects relating to Studio71 and the social advertising provider esome advertising technologies GmbH ("esome"). On the other hand, the other financial result includes the gains on the revaluation and disposal of other financial instruments of EUR 5 million (previous year: EUR 41 million). The figure for 2019 reflects impacts in connection with various transactions: These include the disposal of the shares in the global video service Pluto Inc. ("Pluto") in the amount of EUR 22 million, the revaluation of the shares accounted for using the equity method in Marketplace GmbH ("Marketplace") in conjunction with the higher shareholding and the consolidation of the newly founded be Around in the amount of EUR 26 million.

This was partly offset by currency translation results of minus EUR 6 million (previous year: EUR –9 million). In addition, financing costs declined and amounted to minus EUR 7 million (previous year: EUR –10 million).

INCOME TAXES

Income taxes amounted to EUR 118 million in financial year 2020 (previous year: EUR 161 million). This development was essentially due to the decline in the result before income taxes.

The tax rate rose from 28% to 32%. This increase was mainly due to the valuation effects described in the other financial result and the result of investments accounted for using the equity method. Offsetting this, the tax rate was reduced by the largely tax-free income from the disposals of WindStar and myLoc.

NET INCOME AND ADJUSTED NET INCOME

Net income declined by EUR 159 million to EUR 252 million in financial year 2020; in addition to the impact of the COVID-19 pandemic, this is also essentially due to the negative development described in the financial result, in particular due to non-recurring valuation effects of put-options and earn-out liabilities. Against this background, net income attributable to shareholders of ProSiebenSat.1 Media SE declined by EUR 146 million to EUR 267 million.

Adjusted net income amounted to EUR 221 million in the past financial year (previous year: EUR 387 million). The reconciling items relevant in calculating adjusted net income are presented in the statement of reconciliation below. In addition to the valuation effects reorganized in other financial result, these also include effects from foreign currency effects relating to the acquisition of The Meet Group. These are reported in the reconciliation statement under other material one-time items. Basic adjusted earnings per share amounted to EUR 0.98 in the reporting period (previous year: EUR 1.71).

RECONCILIATION OF ADJUSTED NET INCOME in EUR m

	2020	2019	Absolute change	Change in %
Net income	**252**	**412**	**–159**	**–38.7**
Reconciling items within EBITDA	–95	34	–129	~
Depreciation, amortization and impairments from purchase price allocations	52	70[1]	–18	–25.1
Valuation effects in other financial result	–7	–41	34	–82.9
Valuation effects of put-options and earn-out liabilities[2]	33	–70	103	~
Valuation effects from interest rate hedging transactions	–1	–3	3	–81.2
Other material one-time items	12	10	2	20.6
Tax effects on adjustments	–19	–24	6	–22.9
Subtotal	**228**	**386**	**–159**	**–41.1**
Net income attributable to non-controlling interests	15	1	13	~
Adjustments attributable to non-controlling interests	–21	–1	–20	~
Net income attributable to adjusted non-controlling interests	–6	0	–7	~
Adjusted net income	**221**	**387**	**–165**	**–42.8**
Adjusted earnings per share (in EUR)	**0.98**	**1.71**		

[1] Including impacts on associates consolidated using the equity method in the amount of EUR 1 million.
[2] Including compounding and foreign currency effects of EUR 3 million (previous year: EUR 6 million).

KEY INCOME STATEMENT ITEMS

INCOME STATEMENT in EUR m

	2020	2019
Revenues	4,047	4,135
Cost of sales	–2,468	–2,377
Selling expenses	–646	–627
Administrative expenses	–538	–576
Other operating income/expenses	157	24
Operating result (EBIT)	**553**	**578**
Financial result	–183	–6
Income taxes	–118	–161
Net income	**252**	**412**
Attributable to shareholders of ProSiebenSat.1 Media SE	267	413
Attributable to non-controlling interests	–15	–1

FUNCTIONAL COSTS

The **cost of sales** rose by 4% to EUR 2,468 million (previous year: EUR 2,377 million). EUR 74 million of the rise in costs relates to the acquisition of The Meet Group. Adjusted for this, the increase in the cost of sales amounts to EUR 16 million or 1%. While revenue-based costs at Flaconi increased by EUR 68 million, costs in the Red Arrow Studios segment declined by EUR 47 million on account of stopped productions due to the pandemic. The cost of sales was also reduced in travel and leisure business by the decline in revenues due to COVID-19. Total programming expenses amounted to EUR 1,023 million in financial year 2020 (previous year: EUR 1,007 million), and consisted in particular of the consumption of programming assets of EUR 966 million (previous year: EUR 958 million) taking into account the provisions for onerous contracts recognized and expenses for productions recognized immediately of EUR 57 million (previous year: EUR 49 million). This item had included the reversal of provisions for onerous contracts in the amount of EUR 23 million in the previous year. Without this non-recurring impact, programming expenses would have been slightly lower, by EUR 7 million, in financial year 2020 than in the previous year. → Strategy and Objectives

The Group's **selling expenses** rose by 3% year-on-year to EUR 646 million (previous year: EUR 627 million). This development is attributable on the one hand to a growth-driven increase in marketing activities at eHarmony and Flaconi and on the other to the acquisition of The Meet Group. Furthermore, selling expenses were kept virtually stable thanks to systematic cost management during the COVID-19 pandemic, in particular at a number of companies of the Seven.One Entertainment Group and NuCom Group segments.

The strict cost management in all segments had a particularly clear effect on **administrative expenses**. These declined to EUR 538 million in financial year 2020 (previous year: EUR 576 million). This shows the impact of the cost-cutting measures due to COVID-19, such as savings in travel and consulting expenses. Also, the figure for the previous year contains expenses in connection with the repositioning and closer bundling of business areas in the Seven.One Entertainment Group segment.

The Group's personnel expenses reported in the cost of sales, selling expenses and administrative expenses amounted to EUR 717 million in the past financial year. This corresponds to a slight increase of 1% or EUR 10 million compared to the previous year. In particular, the higher personnel expenses result from the acquisition of The Meet Group at EUR 17 million. In the period under review, personnel expenses also include severance payments for former members of the Executive Board of EUR 7 million (previous year: EUR 5 million). Not including these impacts, ProSiebenSat.1 Group was able to reduce personnel expenses in particular on account of the reorganization in the Seven.One Entertainment Group segment and the use of short-time work especially in the NuCom Group segment.

Other operating income and expenses increased significantly from EUR 24 million in the previous year to EUR 157 million in financial year 2020. This increase mainly relates to income recognized in the current period under review from the disposal of WindStar (EUR 106 million) and myLoc (EUR 35 million).

ALLOCATION OF PROFITS

Since financial year 2018, ProSiebenSat.1 Media SE has pursued a general dividend policy of distributing around 50% of adjusted net income to the shareholders as a dividend. The Group uses cash inflows exceeding the dividend distribution primarily for investments in organic and inorganic growth and to reduce its debt. In financial year 2020, in view of the COVID-19 situation, the Executive Board and the Supervisory Board resolved to suspend the dividend originally planned for financial year 2019 and to be paid in 2020. However, the Executive Board confirmed the overall dividend policy. Accordingly, the Executive Board and the Supervisory Board will propose a dividend of 50% of adjusted net income or EUR 0.49 per share to the Annual General Meeting for financial year 2020. This corresponds to a dividend yield of around 3.6% based on the closing price of the ProSiebenSat.1 share at the end of 2020.

RETURN ON CAPITAL EMPLOYED (ROCE)

The ProSiebenSat.1 Group's **return on capital employed (ROCE)** was 10% in financial year 2020 after 16% in financial year 2019. The decline is mainly due to the decrease in revenues from high-margin advertising business in conjunction with the COVID-19 pandemic. The increase in capital employed was caused in particular by the acquisition of The Meet Group. → Planning and Management

CALCULATION OF P7S1 ROCE in EUR m

	2020	2019
Adjusted EBIT[1]	514	684
Plus pension expenses	2	2
Plus result from investments accounted for using the equity method	–77	–49
Return (ROCE)	**439**	**637**
Capital employed (average)[2]	**4,189**	**3,945**
P7S1 ROCE (in %)	**10**	**16**

[1] Adjusted EBIT: Stands for adjusted earnings before interest and taxes. It describes the operating result (earnings before interest and taxes) adjusted for certain influencing factors (reconciling items). These factors include the reconciling items that flow into adjusted EBITDA as well as depreciation, amortization and impairments from purchase price allocations.
[2] Capital employed is the difference between intangible assets (incl. goodwill and purchase price allocation), property, plant and equipment, investments accounted for using the equity method, media-for-equity investments, program assets, inventories, account receivables and other current assets less other provisions, account receivables and current other financial assets (excluding derivatives) and other receivables and assets less other provisions, accouns, receivables, liabilities to at equity investments and other liablities. The figure relates to the average of the reporting dates of the last five quarters.

FINANCIAL PERFORMANCE OF THE GROUP

Total assets amounted to EUR 7,081 million as of December 31, 2020 (December 31, 2019: EUR 6,618 million), this is an increase of 7%. The most important items in the statement of financial position are described in more detail below:

FINANCIAL PERFORMANCE in EUR m

	12/31/2020	12/31/2019	Absolute change	Absolute in %
Assets				
Goodwill	2,177	2,109	68	3
Programming assets	1,072	1,057	15	1
Other intangible assets	943	835	108	13
Property, plant and equipment	443	351	92	26
Other	341	413	–72	–18
Non-current assets	**4,975**	**4,764**	**211**	**4**
Programming assets	141	148	–6	–4
Trade receivables	569	530	40	7
Other	172	226	–54	–24
Cash and cash equivalents	1,224	950	274	29
Current assets	**2,106**	**1,853**	**253**	**14**
Total assets	**7,081**	**6,618**	**464**	**7**
Liabilities				
Equity	**1,687**	**1,288**	**399**	**31**
Current financial debt	2,591	3,190	–598	–19
Other	826	744	81	11
Non-current liabilities	**3,417**	**3,934**	**–517**	**–13**
Current financial debt	601	5	596	~
Other	1,376	1,390	–14	–1
Current liabilities	**1,977**	**1,395**	**582**	**42**
Total equity and liabilities	**7,081**	**6,618**	**464**	**7**

Current and non-current assets: As of December 31, 2020, goodwill increased by EUR 68 million to EUR 2,177 million (December 31, 2019: EUR 2,109 million); its share in total assets was 31% (December 31, 2019: 32%). The increase in goodwill mainly results from the acquisition of The Meet Group at the start of September 2020 (EUR 239 million). This was countered by the disposals of myLoc and WindStar (EUR 128 million) and foreign currency effects.

Programming assets were almost stable year-on-year at EUR 1,213 million (December 31, 2019: EUR 1,204 million). They therefore accounted for 17% of total assets (December 31, 2019: 18%). Details of the development in programming assets are shown below: → Notes, note 18 “Programming assets“.

STATEMENT OF CHANGES IN PROGRAMMING ASSETS

in EUR m

	2020	2019
Carrying amount 01/01	**1,204**	**1,113**
Additions[1]	1,027	1,170
Disposals	–17	–17
Consumption	–999	–1,061
Other change	–1	–2
Carrying amount 12/31	**1,213**	**1,204**

[1] EUR 35 million of the additions in financial year 2020 have already been recognized in profit or loss through provisions for onerous contracts recognized in financial year 2018 (previous year: EUR 51 million).

Taking into account the provision for onerous contracts recognized, the consumption of programming assets increased slightly in financial year 2020 to EUR 966 million (previous year: EUR 958 million). However, this development reflects in particular the reversal of the provision for onerous contracts in the amount of EUR 23 million in 2019. Without this non-recurring effect, the consumption of programming assets would have been slightly lower, by EUR 15 million, in financial year 2020 than the figure for the previous year (EUR 981 million).

EARNINGS EFFECTS OF PROGRAMMING ASSETS in EUR m

	2020	2019
Consumption	999	1.061
Change in provision for onerous contracts	–33	–103[1]
Consumption incl. change in provision for onerous contracts	**966**	**958**

[1] Including EUR 23 million reversed from the provision for onerous contracts.

Other intangible assets increased by EUR 108 million or 13% to EUR 943 million (December 31, 2019: EUR 835 million). This increase is mainly due to the acquisition of The Meet Group (EUR 193 million) and investments in other intangible assets of EUR 136 million. This was countered by amortization and impairments of EUR 168 million, the disposals of WindStar (EUR 38 million) and currency effects of EUR 14 million. Property, plant, and equipment increased by 26% to EUR 443 million (December 31, 2019: EUR 351 million). This is mainly attributable to rented office space in Germany and the US.

Other non-current assets decreased by 18% to EUR 341 million (December 31, 2019: EUR 413 million). Their decline is essentially due to the value performance of long-term foreign currency hedges in US dollars. For this reason, other current assets also recorded a decline, falling by a total of 24% to EUR 172 million (December 31, 2019: EUR 226 million). By contrast, current trade receivables rose by 7% to EUR 569 million as of the end of the reporting period (December 31, 2019: EUR 530 million).

Cash and cash equivalents increased to EUR 1,224 million. This equates to an increase of 29% or EUR 274 million compared to December 31, 2019, and reflects the positive development of cash flows. Compared to the previous year, cash and cash equivalents were positively influenced by the suspension of the originally announced dividend payment of EUR 192 million. A dividend of EUR 269 million was paid in 2019. → Analysis of Liquidity and Capital Expenditure

Equity: Equity increased by 31% or EUR 399 million to EUR 1,687 million. The equity ratio was 23.8% (December 31, 2019: 19.5%). On the one hand, this development is due to the acquisition of The Meet Group together with General Atlantic and the increased shareholding in the newly formed ParshipMeet Group as a result. On the other, equity received a significant boost from the positive net income especially.

Current and non-current financial debt: Total current and non-current financial debt amounted to EUR 3,192 million (December 31, 2019: EUR 3,195 million). The notes that were due to mature in April 2021 and repaid early on January 15, 2021 was reported under current financial debt at a carrying amount of EUR 600 million as of December 31, 2020.

NET WORKING CAPITAL

NET WORKING CAPITAL in EUR m

	12/31/2020	12/31/2019
Inventories	44	48
Receivables	588	541
Trade payables	692	746
Net working capital	**–60**	**–156**

The **net working capital** of ProSiebenSat.1 Group increased to minus EUR 60 million as of December 31, 2020 (December 31, 2019: EUR –156 million). The ratio of average net working capital to revenues of the past twelve months was minus 1.5% as of December 31, 2020 (December 31, 2019: –3.8%).

GROUP FINANCIAL POSITION AND LIQUIDITY

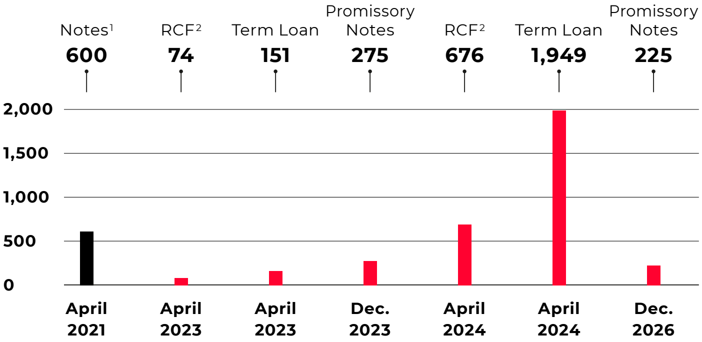
BORROWINGS AND FINANCIAL STRUCTURE

ProSiebenSat.1 Group uses various financing instruments and practices active financial management. The Group's financing instruments are not subject to financial covenants. As of December 31, 2020, debt accounted for 76% of total equity and liabilities (December 31, 2019: 81%). Current and non-current financial debt accounted for a majority (59%) of this at EUR 3,192 million (December 31, 2019: EUR 3,195 million or 60%). → Financial Performance of the Group

Most of the syndicated term loan of EUR 2.1 billion in total and the syndicated revolving credit facility (RCF) of up to EUR 750 million mature in April 2024. In addition, ProSiebenSat.1 Group had issued notes with a maturity of seven years in April 2014 with a volume of EUR 600 million in the period under review. Until the time of its early repayment on January 15, 2021, the bond, which was originally to mature in April 2021, was listed on the regulated market of the Luxembourg stock exchange (ISIN DE000A11QFA7); the coupon was 2.625% p.a. In December 2020, ProSiebenSat.1 Group exercised its three-month early termination right under the terms and conditions of the notes and repaid the notes at nominal value in January 2021. Since 2016, the Group's portfolio has also included three syndicated promissory notes totaling EUR 500 million with durations of seven years (EUR 225 million at a fixed interest rate and EUR 50 million at a variable interest rate) and ten years (EUR 225 million at a fixed interest rate).

The Group continuously monitors and assesses developments on the money and capital markets. Accordingly, at the beginning of April 2020, the Group drew down a portion of EUR 350 million of its revolving credit facility of EUR 750 million to ensure access to the company's liquidity reserves at any time in an environment characterized by COVID-19. In the course of the positive developments in the fourth quarter, this was repaid in November 2020.

DEBT FINANCING INSTRUMENTS AND DURATIONS AS OF DECEMBER 31, 2020 in EUR m



[1] In December 2020, ProSiebenSat.1 Group exercised its three-month early termination right under the terms and conditions of the notes and repaid the notes at nominal value in January 2021.
[2] Not drawn.

Interest payable on the syndicated term loan and the syndicated revolving credit facility (RCF) is variable and based on Euribor money market rates plus an additional credit margin, whereby the contract provides for a floor of 0% for the base rate. The Group uses derivative financial instruments in the form of interest rate swaps and interest rate options to hedge against market-related interest rate changes caused by the market. As of December 31, 2020, the proportion of fixed interest was approximately 95% of the entire long-term financing portfolio (December 31, 2019: approx. 98%). As of December 31, 2020, the average interest cap was 0% per annum for the period up to 2024. → Financial Performance of the Group

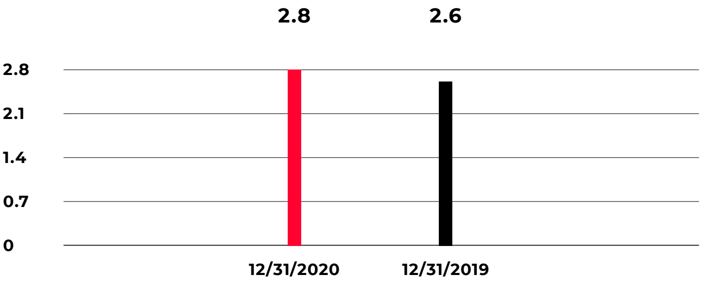
FINANCING ANALYSIS

The leverage ratio describes the ratio of net financial debt to adjusted EBITDA over the past twelve months (LTM adjusted EBITDA) and rose to a factor of 2.8x as of December 31, 2020 (December 31, 2019: 2.6x). This is due to the development in adjusted EBITDA over the past twelve months, which declined on account of the COVID-19 pandemic. By contrast, net financial debt improved but was only able to partially offset this impact. The improvement in net financial debt to EUR 1,968 million (December 31, 2019: EUR 2,245 million) reflects the Group's cash flow management. → Analysis of Liquidity and Capital Expenditure

NET FINANCIAL DEBT in EUR m

	12/31/2020	12/31/2019
Financial debt		
Term loan	2,092	2,090
Notes	600	599
Promissory notes	499	499
Other loans	1	8
Financial debt	**3,192**	**3,195**
Cash and cash equivalents	1,224	950
Net financial debt	**1,968**	**2,245**

LEVERAGE RATIO[1]



[1] The leverage ratio is derived by calculating the ratio of net financial debt to LTM adjusted EBITDA.

As of December 31, 2020, the definition of ProSiebenSat.1 Group's net financial debt does not include lease liabilities according to IFRS 16 of EUR 228 million (December 31, 2019: EUR 171 million) and real estate liabilities of EUR 71 million (December 31, 2019: EUR 48 million).

ANALYSIS OF LIQUIDITY AND CAPITAL EXPENDITURE

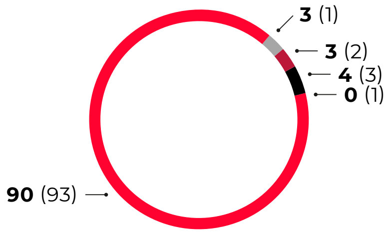
CASH FLOW STATEMENT in EUR m

	2020	2019
Net income	**252**	**412**
Cash flow from operating activities	**1,511**	**1,603**
Cash flow from investing activities	**–1,391**	**–1,396**
thereof acquisition of The Meet Group	–368	—
thereof disposal of myLoc	48	—
thereof disposal of WindStar	257	—
Free cash flow	**120**	**207**
Cash flow from financing activities	**205**	**–294**
Effect of foreign exchange rate changes on cash and cash equivalents	–50	6
Change in cash and cash equivalents	274	–81
Cash and cash equivalents at beginning of reporting period	950	1,031
Cash and cash equivalents at end of reporting period	**1,224**	**950**

In financial year 2020, ProSiebenSat.1 Group generated a cash flow from operating activities of EUR 1,511 million (previous year: EUR 1,603 million). The decline results from lower operating net income. This was offset by lower tax payments in particular.

INVESTMENTS BY SEGMENT BEFORE M&A ACTIVITIES

in %, 2019 figures in parentheses



The ProSiebenSat.1 Group is reporting **a cash flow from investing activities** of minus EUR 1,391 million for the 2020 period under review; this is virtually the same as the previous year's level of minus EUR 1,396 million and is defined by cash flows in both directions. Among other things, a higher cash outflow for additions to the scope of consolidation, in particular for the acquisition of The Meet Group, virtually offset higher proceeds from the disposals of WindStar and myLoc. Specifically, there were the following cash flows:

- The cash outflow for the acquisition of programming assets amounted to EUR 1,063 million in the past financial year (previous year: EUR 1,072 million). The programming investments were made in the Seven.One Entertainment Group segment.

Programming investments are a top priority in investing activities. In addition to the purchasing of licensed formats and commissioned productions, in-house formats secure the Group's programming stream. They are based on the development and implementation of own ideas and, unlike commissioned productions, are produced primarily for broadcasting in the near future. For this reason, they are recognized immediately as an expense in cost of sales and are not considered as an investment.

- The cash outflow for additions to the scope of consolidation amounted to EUR 397 million in financial year 2020 (previous year: EUR 100 million). This primarily includes the acquisition of The Meet Group in the amount of EUR 418 million less the cash thus acquired of EUR 49 million. The cash outflow also includes deferred purchase price payments for US production companies.

Assets resulting from initial consolidations are not reported as segment-specific investments.

- After deducting the cash transferred, the proceeds from the disposal of consolidated entities amounted to EUR 305 million (previous year: EUR 5 million). The cash inflow results from the disposal of all shares in WindStar and myLoc.

– There were cash outflows of EUR 155 million for other intangible assets in the period under review (previous year: EUR 159 million). These primarily comprise development costs, licenses for sales of digital offerings, software, and industrial property rights. Investments in tangible assets amounted to EUR 79 million (previous year: EUR 54 million). Besides technical facilities and leasehold improvements, they included the new campus building at the Unterföhring site.

The developments described resulted in a **free cash flow** of EUR 120 million for financial year 2020 (previous year: EUR 207 million).

The **cash flow from financing activities** amounted to EUR 205 million in 2020 (previous year: EUR –294 million). The development of the cash flow from financing activities was defined by payments received from the non-controlling shareholder General Atlantic relating to the acquisition of The Meet Group of EUR 259 million in financial year 2020. In contrast, the repayments of a bank loan from The Meet Group led to a cash outflow of EUR 27 million. The portion of the Group's revolving credit facility (RCF) utilized in April 2020 of EUR 350 million was also repaid in November 2020. In the previous year, there was cash outflow of EUR 269 million for the dividend payment for financial year 2018; the dividend payment for financial year 2019 was suspended in the 2020 period under review to secure the Group's liquidity. → Notes, note 26 "Shareholders' equity"

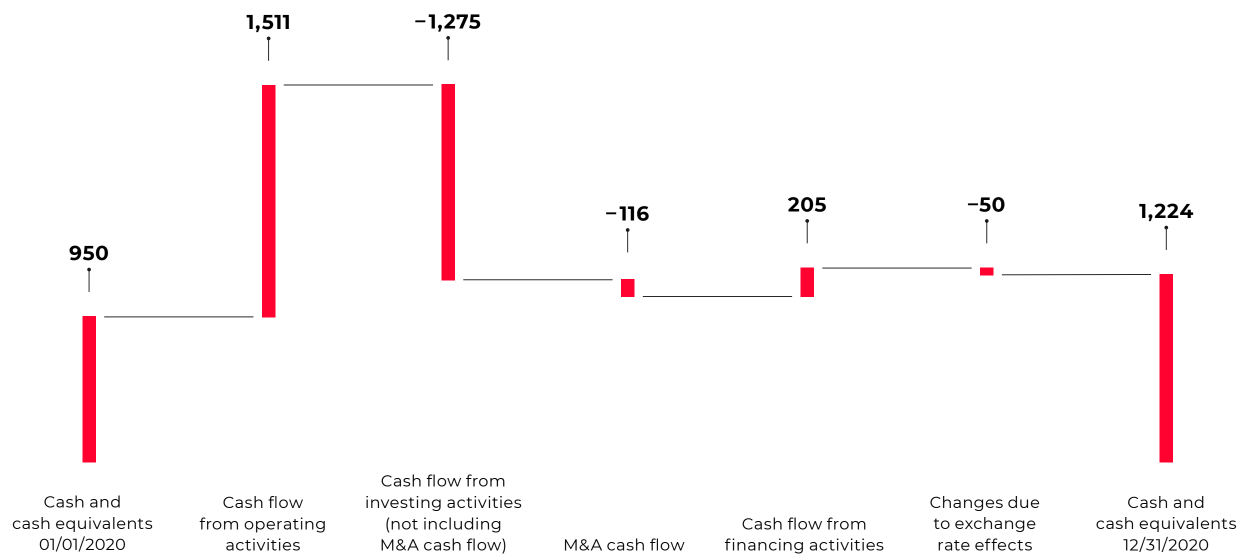
The cash flows described allowed **cash and cash equivalents** to increase to EUR 1,224 million (December 31, 2019: EUR 950 million). The Group thus has a comfortable level of liquidity. The bond of EUR 600 million was therefore repaid early in January 2021.

M&A cash flow amounted to minus EUR 116 million after minus EUR 133 million in the previous year. In addition to the essentially equalizing impacts of company acquisitions and disposals, this development is due to a year-on-year increase in proceeds from the disposal of financial assets.

The **free cash flow before M&A** amounted to EUR 235 million in financial year 2020 (previous year: EUR 339 million). The change reflects the decrease in operating earnings as a result of the impact of COVID-19 and, with the opposite effect, lower tax payments.

Free cash flow represents the total cash and cash equivalents generated in operating business less the balance of cash used and generated in the context of investing activities. Free cash flow before M&A is defined as free cash flow adjusted for cash used and generated by M&A transactions (excl. transaction costs) related to majority acquisitions that are carried out and planned, the purchase and sale of investments accounted for using the equity method and other material investments with the exception of media-for-equity investments.

CHANGE IN CASH AND CASH EQUIVALENTS in EUR m



RECONCILIATION OF FREE CASH FLOW BEFORE M&A MEASURES in EUR m

	Total cash flow	M&A cash flow	Cash flow before M&A
Cash flow from operating activities	**1,511**	**—**	**1,511**
Proceeds from disposal of non-current assets	58	58	1
Payments for the acquisition of other intangible assets and property, plant and equipment	–234	—	–234
Payments for investments including investments accounted for using the equity method and financial assets	–81	–81	0
Proceeds from disposal of programming assets	20	—	20
Payments for the acquisition of programming assets	–1,063	—	–1,063
Proceeds from the repayment of loan receivables	1	—	1
Payments for obtaining control of subsidiaries or other businesses (net of cash and cash equivalents acquired) – essentially The Meet Group	–397	–397	—
Proceeds from losing control of subsidiaries or other businesses (net of cash and cash equivalents disposed of) – WindStar and myLoc	305	305	—
Cash flow from investing activities	**–1,391**	**–116**	**–1,275**
Free cash flow	**120**	**–116**	**235**

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The Treasury department centrally controls financial management throughout the Group and pursues the following objectives:

- **to secure financial flexibility and stability, i.e. to maintain and optimize the Group's funding ability,**
- **to ensure that the entire Group remains solvent by managing its liquidity efficiently across the organization,**
- **to manage financial risks by using derivative financial instruments.**

The Group's financial management covers the capital structure management and Group-wide funding, cash and liquidity management, and the management of market price risks, counterparty risks and credit default risks. This includes the following tasks:

- **Capital structure management:** For capital structure management at ProSiebenSat.1 Group, managing the leverage ratio is given particular priority. The Group takes into account factors such as the level of market receptivity, funding terms and conditions, flexibility or restrictions, diversification of the investor base and maturity profiles in its choice of suitable financing instruments. The Group manages its funds on a centralized basis.
- **Cash and liquidity management:** As part of its cash and liquidity management, the Group optimizes and centralizes cash flows and secures liquidity across the Group. Cash pooling is an important tool here, which centralizes a large part of the Group's liquidity at ProSiebenSat.1 Media SE. Using a rolling, Group-wide liquidity planning, ProSiebenSat.1 Group captures and forecasts both operating cash flows and cash flows from non-operating activities, thus deriving liquidity surpluses or requirements. Liquidity requirements are covered either by existing cash positions or the revolving credit facility (RCF).
- **Management of market price risks:** The management of market price risks comprises centrally managed interest rate and currency management. In addition to cash instruments, derivatives in the form of conditional and unconditional forward transactions are deployed. These instruments are used for hedging purposes and serve to limit the effects of interest and currency volatility on net income and cash flow.
- **Management of counterparty and credit default risks:** The management of counterparty and credit default risks centers on trading relationships and creditor exposure to financial institutions. When entering into trading transactions, ProSiebenSat.1 Group pays attention to ensuring that business is widely diversified involving counterparties of sufficiently high credit quality. For this purpose, the Group draws on external ratings supplied by international agencies. The Group's risk with respect to financial institutions arises primarily from its investment of cash and cash equivalents and from its use of derivatives as part of its interest rate and currency management activities.

OVERALL ASSESSMENT FROM THE MANAGEMENT'S VIEW: RISK AND OPPORTUNITY SITUATION

The digital development opens up new growth markets for all of our segments. Media usage, for example, is becoming more and more diverse, while video is being consumed increasingly independently of time and place. In order to actively shape this transformation and translate it into growth potential, we have bundled our entire entertainment portfolio into one segment. We can thus work with even more synergy, offer programming across all platforms and develop cross-media advertising concepts. At the same time, we want to differentiate ourselves more clearly from the global streaming providers with a greater focus on local programs. The trend toward digitalization will continue in the years to come and has gained momentum in many areas in the wake of the COVID-19 pandemic. There are also risks here. Therefore, the identification and management of potential opportunities is just as important for our Group as the recognition and controlling of potential risks.

We have implemented a comprehensive risk management system that integrates all relevant business units. We estimate that there are no risks that, individually or in combination with other risks, could have a material or lasting adverse effect on the assets, liabilities, financial position and profit or loss. Although the overall risk has increased compared to the previous year as a result of the pandemic, the identified risks pose no threat to the Company as a going concern, even looking into the future. The opportunity situation has not changed compared to the previous year, while strategic decisions and especially the future development of general conditions could hold additional potential.

RISK REPORT

PROCESS MANAGEMENT

ProSiebenSat.1 Group has a comprehensive risk management system, which covers all activities, products, processes, departments, investments, and subsidiaries that could have an adverse impact on our Company's business performance. The traditional risk management process is structured into four phases:

1. Identification: The basis is to identify material risks by means of a target-/actual comparison. The decentralized risk managers are responsible for this. They use early warning indicators defined for relevant circumstances and key figures. For example, the development of audience shares is an important early warning indicator. → Intragroup Management System

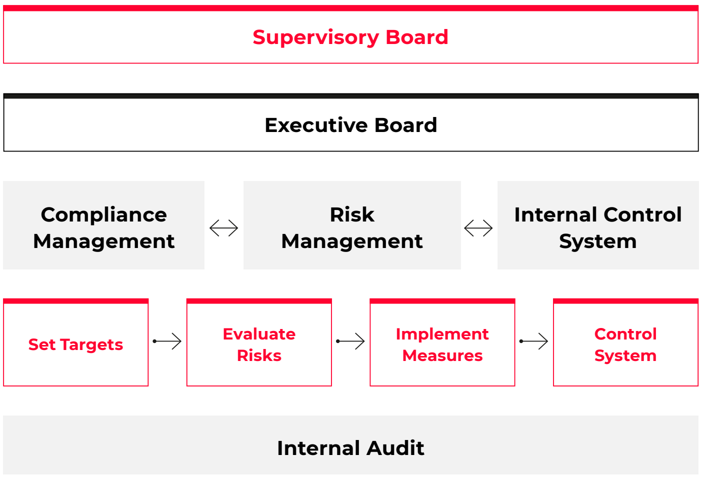
2. Assessment: The relevant consolidated risks are assessed on the basis of a matrix. On the one hand, the circumstances are categorized on a five-level percentage scale in terms of the likelihood of their occurrence. On the other hand, their level of potential financial impact is estimated; the financial equivalents are likewise broken down into five levels. Using the matrix presentation, potential risks are classified as "high", "medium" or "low" depending on their relative significance. As well as classification, risk assessment also includes analyzing causes and interactions. Measures to counteract or minimize risks are included in the assessment (net assessment). In order to obtain the most precise view of the risk situation possible, however, opportunities are not taken into account. → Opportunity Report

3. Management: Using appropriate measures, ProSiebenSat.1 Group can reduce the likelihood of occurrence of potential losses and limit or reduce possible damage. In order to handle risks safely, it is therefore very important to take adequate countermeasures as soon as an indicator exceeds a certain tolerance limit.

4. Monitoring: Risk monitoring and risk reporting round off the risk management process. The aim is to monitor changes and review the effectiveness of the management measures taken. Monitoring also includes documentation, which ensures that all hierarchy levels relevant to decision-making have adequate information on risks.

Risk is defined in this report as a potential future development or event that could significantly influence our business situation and result in a negative deviation from targets or forecasts. The risk indicators that we have already taken into account in our financial planning or in the Consolidated Financial Statements as of December 31, 2020, therefore do not come under this definition and are consequently not explained in this Risk Report.

RISK MANAGEMENT SYSTEM



In addition to a structured process, the fundamental requirements for handling risks safely throughout the Group include clear decision-making structures, standardized guidelines, and a methodical approach by the responsible bodies. At the same time, processes and organizational structures must be flexible enough to allow ProSiebenSat.1 Group to respond appropriately to new situations at all times. For this reason the regular classification of risks takes place on a decentralized basis and thus directly in the different corporate units, as described below:

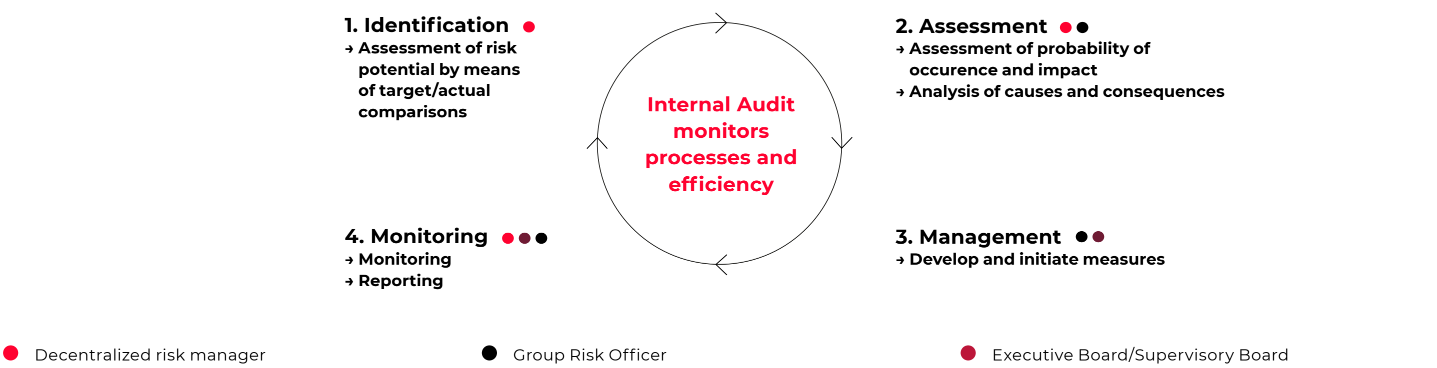
- **Decentralized risk managers:** The risk managers identify the risks from their respective area of responsibility according to the standard Group system described. They document their results in an IT database every quarter.
- **Group Risk Officer:** The Group Risk Officer reports the risks identified in the database to the Executive Board and Supervisory Board on a quarterly basis. In addition, relevant risks arising at short notice are reported immediately. In this way, the Executive Board and Supervisory Board receive all analyses and data relevant for decision making regularly and at an early stage so that they can respond appropriately.
- The **Risk Office** supports the various corporate units in identifying risk at an early stage. It ensures the efficacy and timeliness of the system by training the decentralized risk managers and continually monitoring the scope of risk consolidation. Moreover, the Internal Audit unit regularly reviews the quality and compliance of the risk management system. The results are reported directly to the Group CFO and then discussed in the Executive Board and presented to the Supervisory Board for its information.

The regular review of the risk management system by Internal Audit as well as by external experts has generated a positive result. The basis for the audit is the risk management handbook. This handbook summarizes company-specific principles and reflects the internationally recognized frameworks for enterprise risk management and internal control systems of COSO (Committee of Sponsoring Organizations of the Treadway Commission).

DEVELOPMENT OF RISKS

The overall risk situation has been heightened by the COVID-19 pandemic. However, we estimate that there are currently no risks that, individually or in combination with other risks, could have a material or lasting adverse effect on the earnings, financial position and performance. The identified risks pose no threat to the Company as a going concern, even looking into the future.

RISK MANAGEMENT PROCESS



To assess the overall risk situation, ProSiebenSat.1 Group initially classifies all individual risks as part of the quarterly assessment process, aggregates them and assigns them to general risks. When assessing the overall risk situation, ProSiebenSat.1 Group weights the risks according to their assessment for the Group. The assessment of the overall risk situation is thus the result of an aggregate analysis of the main risk categories of the Group and its three segments Entertainment, Dating and Commerce & Ventures.

In conjunction with the restructuring of its segments as of January 1, 2021, the Group also adapted its risk reporting and is thus reporting its risks in line with the Entertainment, Dating and Commerce & Ventures segment structure for the first time in this Risk Report. The companies of the former Red Arrow Studios segment have been included in the Entertainment segment. In addition, in the Entertainment segment, the risks relating to reach development have been reported with general sector risks. Given the close linkage of media usage behavior and reach development, the two risks cannot be clearly separated. We have therefore combined them in this report to present a comprehensive and more meaningful overall picture.

ProSiebenSat.1 Group divides the risks at segment and Group level into the categories of operating risks, finance risks, compliance risks, strategic risks and non-financial risks. We 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 impact our business activities, or we do not consider them relevant in the context of this report. Risks with an overall risk assessment of low are not reported here; contingent liabilities from possible compliance risks are presented under → Notes, note 31 "Contingent liabilities".

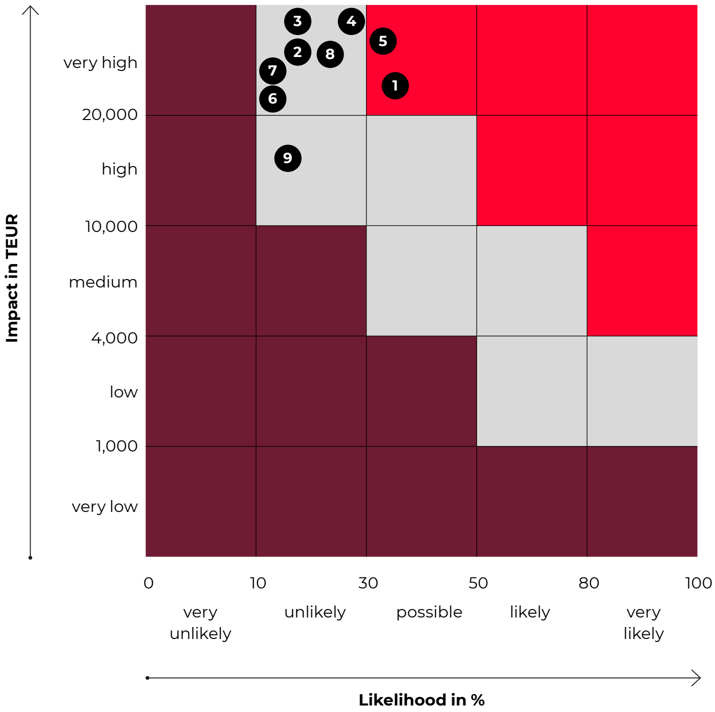
This Annual Report only presents relevant risks with a high or very high potential impact; we do not report on risks with a very low, low or medium potential impact here. However, if a risk that currently has a very low, low or medium potential impact changes into a risk with a high or very high potential impact, we will include this change in our future Risk Reports. Conversely, if risks which are currently rated as having a high or very high impact are downgraded to a very low, low or medium impact, such risks will not be described in detail in this report except for the change compared to the risk situation published in the Annual Report 2019 itself. The evaluation of likelihood of occurrence and risk impact and the general Group thresholds are unchanged compared to the previous period.

OVERVIEW OF THE RELEVANT RISKS

Category	Risk	Change compared to previous year	Possible Impact	Probability	Overall Risk
Group					
Operating risks	→ General economic risks	→ Unchanged	Very high	Possible	High
	→ Impairment risks	↑ Increased	Very high	Unlikely	Medium
Compliance risks	→ Compliance risks	→ Unchanged	Very high	Unlikely	Medium
Segment Entertainment					
Operating risks	→ General sector risks	↓ Decreased	Very high	Unlikely	Medium
	→ Sales risks	↓ Decreased	Very high	Possible	High
	→ Risks of programming production	↑ Increased	Very high	Unlikely	Medium
Segment Dating					
Operating risks	→ General sector risks	New	Very high	Unlikely	Medium
Segment Commerce & Ventures					
Operating risks	→ General sector risks	↑ Increased	Very high	Unlikely	Medium
	→ Sales risks	↑ Increased	High	Unlikely	Medium

→ Unchanged ↑ Increased ↓ Decreased

OVERVIEW OF THE TOP RISKS



Group	
1	General economic risks
2	Impairment risks
3	Compliance risks
Segment Entertainment	
4	General sector risks
5	Sales risks
6	Risks of programming production (national and international)
Segment Dating	
7	General sector risks
Segment Commerce & Ventures	
8	General sector risks
9	Sales risks

High Medium Low

Graphic is not to scale. This Annual Report only presents relevant risks with a high or very high potential impact; we do not report on risks with a very low, low or medium potential impact here.

GROUP LEVEL

Operating Risks

General economic risks: The COVID-19 pandemic has triggered severe economic crises in many regions of the world. According to the October forecast of the International Monetary Fund (IMF), global gross domestic product will decline by 3.5% in real terms in 2020. The German economy also suffered substantially as a result of the unfavorable external conditions and the many domestic restrictions. German GDP declined by 5% on a full-year basis. Contrary to initial fears, the impact of COVID-19 protection measures was much less in the fourth quarter compared to the beginning of the year. GDP growth in the last quarter is believed to have been virtually flat in comparison to the previous quarter. Areas of the economy affected less, such as construction and industries which are particularly crucial to the economy, continued to recover. The retail industry also performed well, thanks in part to strong e-commerce.

There are good prospects that the German economy will return to growth in 2021. This is backed up by the recently surprisingly robust domestic economy and the development of key confidence indicators. At the same time, the anticipated recovery of the global economy is expected to deliver a significant growth stimulus. Given the measures taken to curb the pandemic and the comprehensive range of vaccines on offer, the IMF is currently anticipating positive growth of 5.5% in real terms. However, the greatest risk lies in how the pandemic will progress: If the restrictions – both national and international – are pro-longed or stepped up, renewed and possibly substantial setbacks are to be expected.

In view of this, we consider the general economic risks to be unchanged and still rate their likelihood of occurrence as possible. If they occur, we therefore cannot completely rule out a very high financial impact. We therefore still rate this overall as a high risk. → Development of Economy and Advertising Market → Future Business and Industry Environment

Impairment risks: The risk of the potential impairment of intangible assets is rising as a result of the COVID-19 pandemic. ProSiebenSat.1 Group is responding to this by closely monitoring future developments. Impairment risks are now rated overall as a medium risk with a potentially very high impact and an unlikely likelihood of occurrence. → Notes, note 2 “Accounting Principles”

Finance Risks

The Group is exposed to various finance risks in its operating and financing activities. These include financing risk, counterparty risk, interest rate risk, currency risk and liquidity risk. The assessment of counterparty risks has fallen over the course of 2020. We now rate them as low overall. They are therefore not discussed in any further detail in this report. → Borrowings and Financing Structure

The assessment and management of finance risks is coordinated centrally. To this end, the Group Finance & Treasury department analyzes the development in the markets, derives potential opportunities and losses for ProSiebenSat.1 Group on this basis, and regularly assesses the risk situation. The measures required are defined in close cooperation with the Group's Executive Board. Principles, tasks, and responsibilities are defined on a Group-wide basis and regulated via binding guidelines for all subsidiaries of ProSiebenSat.1 Group.

Compliance Risks

General compliance risks (including statutory reporting requirements, antitrust law, legal proceedings): Digital development is posing legislators with new challenges, and companies are facing increasingly dense regulation, particularly in the areas of consumer and data protection. The resulting overall risk assessment has not changed for us compared to the previous year: We rate compliance risks as a medium risk with a potentially very high impact and an unlikely likelihood of occurrence. To prevent possible legal violations, we closely monitor developments in the law in order to respond to changes appropriately. Together with policymakers and industry, the Group is aiming to promote the opportunities of digitization to strengthen Germany as a site for business and innovation in the long term. The following issues are currently top priorities:

The EU General Data Protection Regulation (GDPR) came into effect in May 2018 and is intended to create a uniform legal framework for processing personal data. This is a key step towards harmonizing data protection in Europe. However, the resulting rights and obligations in the area of online advertising can still not yet be fully assessed. This applies in particular to the requirements for data processing for online advertising to specific target groups. The online advertising industry has therefore founded a number of initiatives, such as the Transparency & Consent Framework, now in version 2.0 (TCF 2.0), to enable operators to request users' consent as required by data protection law. It is not yet clear whether the authorities in charge will recognize the TCF mechanism. The TCF's failure could harm the ProSiebenSat.1 Group's advertising-financed business model, as it would make it much harder to obtain the permissions required for advertising feeds. We are also anticipating further legislative action on consent requirements for cookies and other online identifiers in Germany; also, a draft law on data protection in telecommunications and teleservices could further restrict central user recognition for the online advertising industry.

Various legislative initiatives are intended to give consumers more rights. In particular, consumers are to be given more rights in relation to guarantees for digital content/services and for commerce. One example at European level is the "New Deal for Consumers", which became effective at the start of 2020. We expect that the measures will be implemented at national level by the end of 2021. Plans include changes to the right to cancel contracts and new transparency regulations for online marketplaces. If this EU Directive was not complied with, a provider could face fines of up to 4% of its annual revenues. Among other things, the Federal Ministry of Justice is also seeking stricter regulation of contracts with longer terms with its bill for fair consumer contracts.

Far-reaching changes are also planned in antitrust law. The introduction of the Act against Restraints of Competition is to subject digital enterprises that dominate the market to stricter supervision as regards any abuses. A possible ex ante regulation on digital platforms and the introduction of a potential new competition instrument to tackle structural competition problems are being discussed on European level. This would be a key step towards creating a uniform competitive playing field in Europe.

Finally, the planned reform of the copyright contract law is also relevant. This relates in particular to the exchange of data and the already practiced principle of appropriate and proportionate remuneration. The impact on ProSiebenSat.1 Group cannot be foreseen at present, as the exact construct is unclear.

ENTERTAINMENT SEGMENT

Operating Risks

General sector risks (including consumer trends and reach development): Television remains the most important mass medium, in terms of both reach and media usage time. However, the rising use of the Internet has changed media usage behavior. For a long time now, TV content for example has been used not only linearly and on TV sets but also on mobile devices such as laptops and smartphones. The digital transformation is advancing ever more rapidly and the popularity of Internet-based video content will continue to rise significantly. Streaming platforms with own content, for instance, are therefore gaining in importance. These forms of use are very popular among younger viewers in particular. Today, 15% of all TV use by 14- to 29-year-olds is not on a TV set but rather on a smartphone, tablet or PC/laptop. We have designed our strategy on this basis and are steadily expanding our portfolio. One example in this strategic context was the launch of Joyn as a cross-channel streaming platform that bundles the video content of ProSiebenSat.1 Group's and Discovery's free TV stations and other partners on a single platform.

The Group serves additional media usage interests by disseminating its content through as many channels as possible and not being tied to any one platform. This way, ProSiebenSat.1 is expanding its digital reach and, at the same time, bolstering the brand profile of its classic portfolio of broadcasters. At the same time, our in-house productions primarily focus on the key advertising period of prime time. In 2020, our broadcast family increased its market share for this time slot by 0.6 percentage points compared to 2019 (viewers aged 14 to 49). In light of this, we feel that the risks of a change in video usage are lower and therefore consider their likelihood of occurance to be unlikely. However, in the event of a fundamental change, we cannot completely rule out a very high financial impact. We rate this as a medium risk overall. → Group Environment

Sales risks: Competition with global platform providers has intensified. This entails the risk for ProSiebenSat.1 Group that advertising customers could be less willing to invest or prices for TV advertising could fall. We cannot rule out a very high impact on our revenue development in the TV advertising market, although we are pursuing a digital and cross-platform entertainment strategy. This development has been taken into account more stringently in our financial planning than in the previous year of 2019, which has also changed our risk assessment: The likelihood of occurrence of sales risks is now considered possible, hence we have lowered our assessment of sales risk compared to the previous year. We continue to rate this as a high risk overall. → Future Business and Industry Environment

Risks of programming production (national and international): The production market was hugely impacted by the effects of the pandemic in 2020: On the one hand, it was only possible to produce programming content in a reduced form while, on the other, productions that were already underway had to be halted in both Europe and the US. Many productions were confronted with obstacles such as the shutdown of filming locations, logistical challenges, extensive hygiene processes and social distancing. While a certain improvement is expected for 2021, there is still a great deal of uncertainty regarding how COVID-19 will develop. The risks of programming production have thus increased compared to the end of 2019: We now rate this as a medium risk with a potentially very high impact. We still consider the likelihood of occurrence to be unlikely.

DATING SEGMENT

Operating Risks

General sector risks: The market for dating and social entertainment has achieved a high level of consumer acceptance in just a few years and it is enjoying a dynamic development. However, regulatory changes and intervention at national and international level could lead to risks for the Dating segment's established business model. In particular, this could result in restrictions on, for example, free product design and pricing, which could negatively influence the development of revenues and earnings on the grounds of liability risks in the medium to long term. The competition is also fierce. As a result, there is a risk that consumer demand will change very rapidly as a result of new market players and technologies. The segment's digital business model also entails the risk of a dependence on third-party providers, e.g. for processing payments, providing video services or compliance with the rules on personalized advertising on mobile devices. Changes in these relationships as well as a rise in restrictive regulatory requirements for new and existing technologies could have a negative impact on revenues.

We are monitoring these developments regularly in order to assess negative changes early on so that we can initiate countermeasures. If signs of regulatory changes emerge, work is done proactively on alternative services to counteract potentially negative impacts if the risks occur. By constantly refining the digital product offering, the Group is also aiming to secure a long-term competitive edge on the market in order to counteract these risks. Against the backdrop of these measures, coupled with the very positive development of the dating and social entertainment market, we rate the general industry risks as a medium risk overall with an unlikely likelihood of occurrence. If critical changes were to occur, the impact would be very high.

COMMERCE & VENTURES SEGMENT

Operating Risks

General sector risks: The general sector risks for Commerce & Ventures have increased overall compared to the end of 2019 on account of the COVID-19 pandemic. Firstly, the general economic situation had a potentially negative impact on the economic situation of our business and cooperation partners and, secondly, there is the impact of the COVID-19 travel and exit restrictions. The various sectors relevant to us are developing differently, but we nonetheless consider the general sector risks to be a medium risk overall with a potentially very high impact and an unlikely likelihood of occurrence.

Sales risks: Increased competitor activity could cause selling expenses in connection with customer acquisition in the Commerce & Ventures segment to rise. To contain these risks, Commerce & Ventures is working on even closer communication with customers, and it is expanding its portfolio, for example with apps or protected portals that offer value added for customers such as personalized additional information. We now rate the resulting sales risks as a medium risk with a potentially high impact. We previously considered the risk potential to be low with a medium impact; we continue to rate the likelihood of occurrence as unlikely.

WDISCLOSURES ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE (CONSOLIDATED) REPORTING PROCESS WITH EXPLANATORY NOTES

The internal control and risk management system in relation to the reporting process is intended to ensure that transactions are appropriately reflected in the Consolidated Financial Statements of ProSiebenSat.1 Media SE (in accordance with the International Financial Reporting Standards ("IFRS") effective at the end of the reporting period, as adopted by the European Union, and in accordance with the additional requirements of German commercial law pursuant to Sec. 315e (1) of the German Commercial Code (HGB)) and that assets and liabilities are recognized, measured and presented appropriately. This presupposes Group compliance with legal and company requirements. The scope and focus of the implemented systems were defined by the Executive Board to meet the specific needs of ProSiebenSat.1 Group. They are regularly reviewed and updated as necessary. Nevertheless, even appropriate and properly functioning systems cannot offer any absolute assurance that all risks will be identified and controlled. The company-specific principles and procedures to ensure that the Group's single-entity and consolidated reporting is effective and correct are described below.

GOALS OF THE RISK MANAGEMENT SYSTEM IN REGARD TO FINANCIAL REPORTING PROCESSES

The Executive Board of ProSiebenSat.1 Media SE views the internal control system with regard to the financial reporting process as a component of the Group-wide risk management system. Controls are implemented in order to provide an adequate assurance that despite of the identified risks inherent in recognition, measurement and presentation, the single-entity and Consolidated Financial Statements will be in full compliance with regulations. The principal goals of a risk management system in regard to single-entity and consolidated reporting processes:

- To identify risks that might jeopardize the goal of providing Consolidated Financial Statements and Group Management Report that comply with regulations.
- To limit risks that are already known by identifying and implementing appropriate countermeasures.
- To analyze known risks as to their potential influence on the (Consolidated) Financial Statements, and to take these risks duly into account.

In addition, our process descriptions and our risk control matrices are subject to an annual review. This ensures that the descriptions are up-to-date and thus also brings about the establishment of continually effective control mechanisms. By way of updates, the findings of these reviews and the findings of regular control tests become an integral part of the internal control and risk management system in relation to the (consolidated) reporting process. On the basis of the test results there is an assessment of whether the controls are appropriate and effective. Any identified deficiencies in the controls are eliminated, taking into account their potential impact.

ORGANIZATIONAL STRUCTURE

- The single-entity financial statements that are incorporated into the Consolidated Financial Statements are prepared using standardized software.
- The input data are then consolidated to form the Consolidated Financial Statements using stable market-based standardized software.
- The financial statements of the individual entities are prepared in compliance with local financial reporting standards, the input data in compliance with the accounting and reporting manual based on IFRS, which is made available to all employees involved in the reporting process. The individual entities included in the Consolidated Financial Statements provide their input data to the Group Accounting & Reporting department in a specified format.
- The financial systems employed are protected with appropriate access authorizations and controls (authorization concepts).
- For the purposes of the Consolidated Financial Statements, there is a standardized chart of accounts, which must be followed in recording the various relevant transactions.
- Certain matters relevant to reporting (e.g. expert opinions with regard to pension provisions) are determined with the assistance of external experts.
- The principal functions of the reporting process – accounting, taxes, controlling, and treasury – are clearly separated. Areas of responsibility are assigned without ambiguity.
- The departments and other units involved in the reporting process are provided with adequate resources in terms of both quantity and quality. Regular professional training sessions are held to ensure that financial statements are prepared at a consistent and reliable level of quality.
- An appropriate system of guidelines (e.g. IFRS-based accounting and reporting manual, intercompany transfer pricing guideline, purchasing guideline, travel expense guideline, etc.) has been set up and is updated as necessary. The efficiency of the internal control system in regard to processes relevant to financial reporting is reviewed on a sample basis by the Internal Audit unit, which is independent of the process.

PROCESS ORGANIZATION

- For the planning, monitoring, and optimization of the process of preparing the Consolidated Financial Statements, the Company uses tools that include a detailed calendar and all important activities, milestones, and responsibilities. All activities and milestones are assigned specific deadlines. Compliance with reporting duties and deadlines is monitored centrally by Group Accounting.
- In all accounting-related processes, controls are implemented such as the separation of functions, the dual-control principle, approval and release procedures, and plausibility testing.
- Tasks for the preparation of the Consolidated Financial Statements are clearly assigned (e.g. reconciliation of intragroup balances, capital consolidation, monitoring of reporting deadlines and reporting quality with regard to the data of consolidated companies, etc.). The Group Accounting & Reporting department is the central point of contact for specific technical questions and complex accounting issues.
- All material information included in the Consolidated Financial Statements is subjected to extensive systematic validation to ensure the data is complete and reliable.
- Risks that relate to the consolidated accounting process are recorded and monitored continually as part of the risk management process described in the Risk Report.

OPPORTUNITY REPORT

OPPORTUNITY MANAGEMENT

Growth opportunities are identified as part of the Group's opportunity management and are specified in the planning process. Our opportunity management is part of the intra-group management system. The aim is to identify and seize opportunities as soon as possible using suitable measures. At ProSiebenSat.1 Group, the management of opportunities is decentrally organized in the business units and is supported and coordinated by the "Group Strategy & Corporate Development" department. The department is in close contact with the individual operational units. This allows the department to gain detailed insights into the business situation. In addition, market and competition analyses and sharing experiences with external experts are important sources to identify growth opportunities for ProSiebenSat.1 Group.

ProSiebenSat.1 records the defined opportunities as part of its strategic planning. Relevant growth opportunities are prioritized, specific objectives are derived, and measures and resources for operational target attainment are determined. → Strategy and Management System

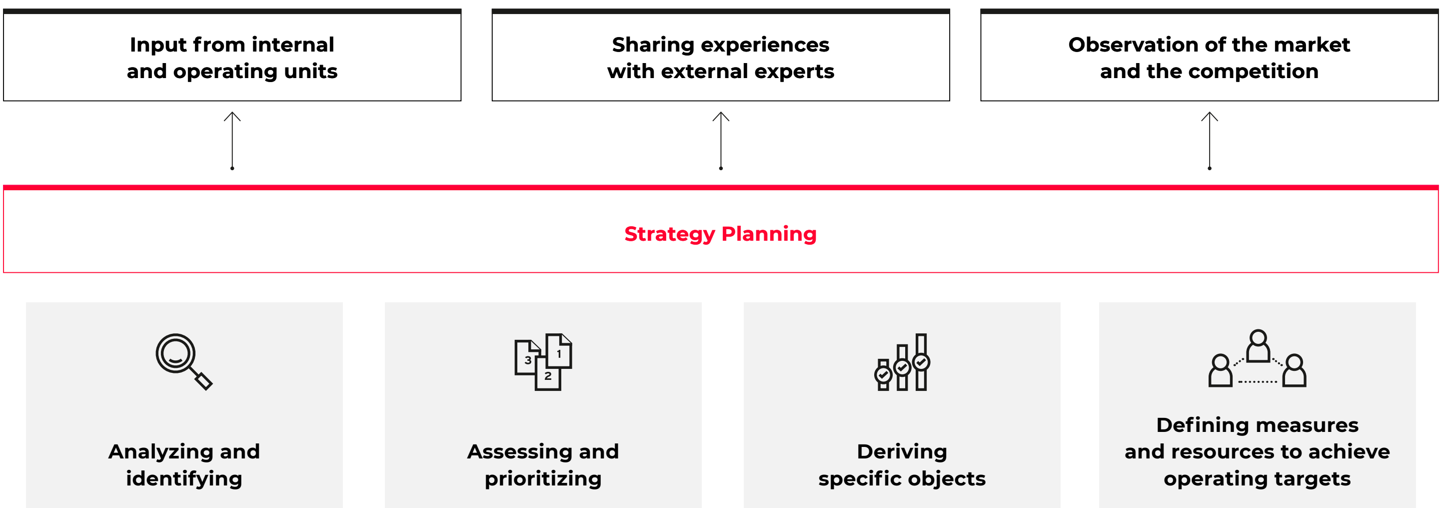
EXPLANATORY NOTES ON KEY OPPORTUNITIES

We have incorporated opportunities that we consider to be likely in our forecast for 2021 and in our mid-term planning until 2025. We report on these growth opportunities in the Company Outlook. In addition, there is potential that has not yet been or not fully been budgeted for; we describe these possible positive budget variances in the section below if they are material and important for the planning period until 2025. → Company Outlook

Synergies from networking business areas. The connecting of our segments and business areas gives rise to diverse and mutual synergies. This is an important competitive advantage. From Januar 1, 2021, ProSiebenSat.1 Group's three reporting segments are Entertainment, Dating and Commerce & Ventures, continuing the consistent structuring of the Group according to synergy and value creation. In this context, Red Arrow Studios' production and distribution business, as well as the digital studio Studio71, is integrated into the Entertainment segment. ProSiebenSat.1 thus recognizes the strategic proximity of the two businesses, as Red Arrow Studios is focusing in particular on producing more content for the Group's entertainment platforms. → Strategy and Objectives

The new Commerce & Ventures segment includes the investment arm SevenVentures and the companies of NuCom Group. In this way, the Group's minority and majority investment areas, which ProSiebenSat.1 establishes with media services and support and which thus contribute to the Group's growth strategy, are bundled here. At the same time, synergies between the Entertainment and Commerce & Ventures segments and the resulting value creation can thus arise and be strengthened in a sustainable manner. For example, products and services from consumer internet areas are particularly suitable for video advertising on TV as well as our digital entertainment platforms. At the same time, we can use our consumer-oriented platforms to build up extensive knowledge about consumption data and thus offer advertising customers added value. → Business Activities and Segments

OPPORTUNITY MANAGEMENT



The core of our strategy is the best possible use of synergies. This aim is also the basis for investment decisions: If interesting companies add value to the existing portfolio, ProSiebenSat.1 can exploit potential beyond the merchantable cost and revenue synergies. The acquisition of The Meet Group in 2020, which expanded Parship Group's portfolio, took place in this context. Hitherto Parship Group was present in the German-speaking countries and Benelux with its brands Parship, ElitePartner and eharmony and in the US via eharmony. The newly founded ParshipMeet Group, which is bundled in the Dating segment, now covers the entire spectrum of this business, from social dating via video to online matchmaking. The aim for the upcoming months is to integrate The Meet Group's brands and to promote organic growth, e.g. through the exchange of marketing and business know-how. At the same time, the Group has identified networking potential with the entertainment business: For example, the companies will share their experiences in the area of video. This could generate additional revenue opportunities for the entire Group. → Strategy and Objectives

Entry into new, fast-growing business areas and portfolio focusing. ProSiebenSat.1 follows various M&A approaches and frequently uses its vehicles – SevenVentures or NuCom Group – to first acquire a minority interest or invests in companies via media services (media-for-equity and/or media-for-revenue participations). In accordance with the "reach meets business idea" principle, ProSiebenSat.1 can thus acquire knowledge of new market and business models, establish brands and accelerate companies' growth without high business risks. Raising brand awareness quickly is a decisive competitive factor, especially for young companies in an early stage of development. We therefore offer start-ups TV advertising as a special form of start-up financing and can acquire companies at favorable multiples. This is a key pillar of our M&A strategy and at the same time a central competitive advantage, especially over global platform providers.

Once a company has successfully passed through the initial growth phases that can be followed by the next stages of development, ProSiebenSat.1 Group also makes larger acquisitions. One example of this is the acquisition of The Meet Group in the past financial year. Its portfolio synergizes with Parship Group and makes a significant contribution to the Group's revenue diversification. The initial investment in the areas of online matchmaking was made via a media-for-revenue participation in Parship in 2012. In the subsequent years, ProSiebenSat.1 acquired a majority stake and other online dating brands. An IPO for ParshipMeet Group, which was created via this buy-and-build strategy, is under consideration for 2022, whereby ProSiebenSat.1 would continue to hold a majority stake. ParshipMeet Group operates in a highly profitable and rapidly growing market.

The Group regularly evaluates the synergy potential of its portfolio. If certain businesses no longer have a sufficient affinity with TV, we sell these well-developed commerce brands to a more suitable owner. In this way, the Group is focusing its portfolio, giving itself financial freedom for future value-creating investments – such as in the consumer internet sector. Against this background, ProSiebenSat.1 sold WindStar in the second half of 2020. WindStar belonged to ProSiebenSat.1 since 2016 and significantly increased its brand awareness via advertising. The enterprise value increased by a multiple of 2.4 in just four years. The transaction is further proof of ProSiebenSat.1's successful strategy to establish market leaders by leveraging media services and thus generate a significant return on purchase prices.

Data-based business models and digitalization of TV advertising. Global platform providers such as Google, Facebook and Netflix also have great market power thanks to their data-based business models. Because of their size, they can influence usage habits. This is particularly true with regard to young people's media usage. ProSiebenSat.1 Group began to expand its offerings accordingly at an early stage and to evolve from a traditional TV company into a digital group with a diversified business portfolio. Today, we offer attractive content on all platforms and the appropriate service for every form of use. Once example is the joint venture Joyn, a free media library among other things for shows from our TV stations. Television can therefore be watched online regardless of time or place. We will continue to press ahead with the digital transformation of ProSiebenSat.1 Group. At the same time, it is increasingly important to establish and build upon data-based business models.

The European netID Foundation plays an important role here: The industry initiative helps online providers to implement the General Data Protection Regulation that came into force in May 2018 with the aim of establishing netID as the standard login system in Europe and thus to offer a more secure alternative to US providers. In addition to ProSiebenSat.1, media and technology companies such as Axel Springer SE ("Axel Springer"), Mediengruppe RTL Deutschland GmbH ("Mediengruppe RTL Deutschland") and United Internet AG ("United Internet") with the brands web.de and GMX are backing this new market standard. From 2021, Deutsche Telekom AG ("Deutsche Telekom") is also a netID account provider. Users can thus directly log in to all netID partner sites using their Telekom accounts without having to register again. The aim on the one hand is to quickly move away from third-party cookies in online marketing and on the other hand to achieve emancipation from the US players. Within the framework of the legal possibilities, we will increasingly use data on our digital platforms and online TV use in order to address target groups in a more personalized way.

Digitalization also offers us new sales opportunities: In the future, it will also be possible to broadcast TV advertising that is more targeted, adapted to context or even personalized. For instance, ProSiebenSat.1 was the first TV group in Germany to broadcast Addressable TV spots using the HbbTV as a technological standard. In 2020, over 1,000 Addressable TV campaigns were booked in total, more than 200 of which were spot campaigns. These advertisements combine the high reach of traditional television with the opportunities provided by digital advertising, from target-group-oriented to the device-specific insertion of ads. Data-based forms of advertising have high potential for growth. Television advertising will thus take on new dimensions, become more interesting to viewers and thus even more valuable in comparison to other media.

Another milestone in digital marketing is the CrossDevice-Bridge, which augments conventional television advertising with additional digital contacts and vice versa. Since December 2020, the CrossDevice-Bridge has for the first time enabled our advertising customers to plan and adapt TV and digital advertising campaigns across devices. From now on, customers no longer book the medium via which they wish to broadcast their advertisement, but the quantity and frequency of contacts that they want to generate. This makes cross-media advertising planning significantly easier and faster. Seven.One Media already addresses a total of 37 million households via the Cross-Device-Bridge, covering most digital media use in Germany.

ADDITIONAL OPPORTUNITIES FROM THE DEVELOPMENT OF THE ECONOMIC CONDITIONS

The Group has based its full-year outlook for 2021 on the specific assumptions regarding future economic conditions. Positive deviations from these key planning assumptions could additionally accelerate the growth of the entire Group. This is particularly true of a more favorable development of the advertising environment than described in the Company Outlook.
→ Company Outlook

OVERALL ASSESSMENT FROM THE MANAGEMENT'S VIEW: FORECAST FOR 2021

ProSiebenSat.1 Group is well positioned for the financial years ahead. We have a solid financial basis underpinned by a clear corporate strategy reflecting the key trends of our various business areas. We are focusing in particular on the increasing synergies between our business areas, growth of our digital activities in our Entertainment and Commerce & Ventures business and in particular the Dating area. In addition to organic growth, i.e. adjusted for consolidation and currency effects, focused portfolio management after close examination of all opportunities and risks also plays an important role here.

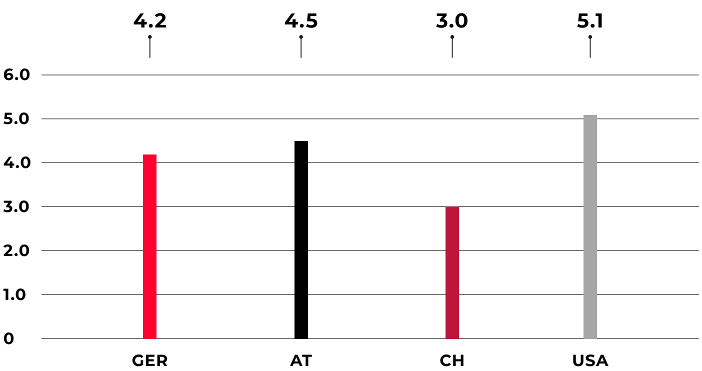
FUTURE BUSINESS AND INDUSTRY ENVIRONMENT

The entire global economy was adversely affected by the spread of the coronavirus in 2020. There is a considerable uncertainty as to how the economy will develop in 2021, as this is highly dependent on how the pandemic progresses. The availability of a vaccine and the weather conditions give reasons to expect a significant easing from spring and summer onwards. However, it remains open at this point in time how fast such easing will occur, how sustainable it may be and for how long protective measures must be retained. This uncertainty is also reflected in economic forecasts, with the International Monetary Fund currently anticipating a 5.5% upturn in global economic output in 2021. It expects 5.1% growth in the US. For the eurozone, it forecasts a plus of 4.2%. Current forecasts for the German economy in 2021 range from growth of 3.0% (Annual Economic Report of the Federal Government) to 4.9% (Leibniz Institute for Economic Research, RWI).

Experts agree that the economic recovery will be driven chiefly by private consumption. Disposable household incomes in Germany rose less in 2020 than in previous years, but still grew (+ 0.8%) thanks to the relative stability of the labour market. At the same time, restrictions on consumption boosted savings. As a result, the savings rate has increased to a record level of 16.3% (2019: 10.9%). People are expected to make increased use of their accumulated savings in 2021 once the current lockdown restrictions are eased. Moreover, 2022 gives rise to hope, with all major economic research institutes predicting that growth will continue to accelerate.

The greatest risk to the economy remains an adverse development of the pandemic in Germany and abroad. A higher financial burden on account of the sharp rise in national debt, more company insolvencies and a sustained shift in consumer demand towards e-commerce also pose risks in the medium term. On the flip side, consumption could pick up faster and on a larger scale than currently expected if the pandemic situation develops well.

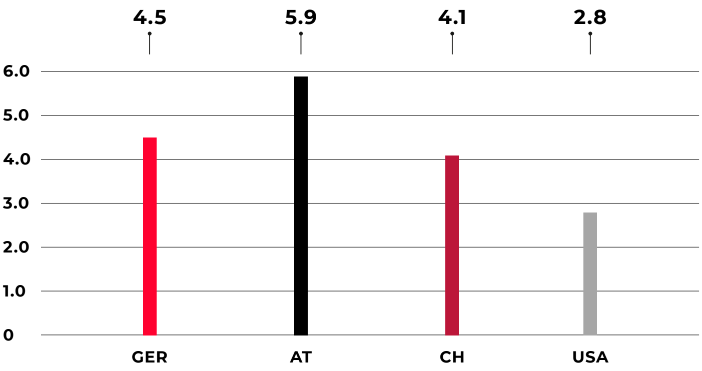
FORECAST FOR GDP IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1 GROUP in %, real terms, change vs. previous year



2021 e (Estimate).
Sources: GER: ifo Economic Forecast, winter 2020 from December 16, 2020.
AT: WIFO, Economic Outlook, December 18, 2020.
CH: SECO, Economic Forecast, December 15, 2020.
USA: IMF, World Economic Outlook, January 2021.

FORECAST FOR PRIVATE CONSUMPTION IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1 GROUP

in %, real terms, change vs. previous year



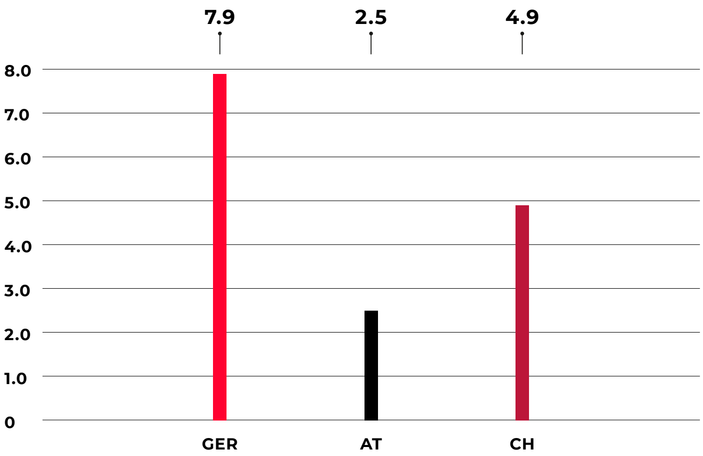
2021 e (Estimate).
Sources: GER: ifo Economic Forecast, winter 2020 from December 16, 2020.
AT: WIFO, Economic Outlook, December 18, 2020.
CH: SECO, Economic Forecast, December 15, 2020.
USA: IMF, World Economic Outlook, October 2020.

PricewaterhouseCoopers GmbH ("PricewaterhouseCoopers") expects the entertainment market to have a volume of around EUR 38 billion overall in 2021, representing growth of around 6% in consumer spending. Spending on digital entertainment services should then reach around EUR 17 billion (2020: around EUR 16 billion), with the streaming sector enjoying particularly dynamic growth. By 2024, the digital entertainment market looks set to generate annual growth of 6%, while the traditional entertainment market – including e.g. print, TV or concerts – will likely see average annual growth of 2% in this period. Nonetheless, the COVID-19 pandemic means that there is still a considerable degree of uncertainty when it comes to future consumer spending on entertainment. This is also true of the advertising industry as a whole.

Media agencies Magna Global and ZenithOptimedia expect total net advertising spending to decline by 4.6% and 3.1% respectively in 2020 as a result of COVID-19. Magna Global and ZenithOptimedia estimate that the net decline in TV advertising investment will come to 11.0% and 9.0% respectively. Current forecasts for 2021 are far more positive. Both agency groups anticipate growth in their December 2020 forecasts – both for the advertising market as a whole (Magna Global: +7.9%; ZenithOptimedia: +2.5%) and for the TV advertising market (Magna Global: +5.0%; ZenithOptimedia: up 1.0%). In-stream video advertising is likely to continue its dynamic development and drive growth on the online advertising market. Despite this, forecasting uncertainty is high, particularly as figures do not yet account for the new national lockdown imposed in Germany that was tightened at the start of 2021.

FORECAST FOR NET ADVERTISING MARKETS IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1 GROUP

in %, real terms, change vs. previous year



2021 e (Estimate).
Source: Magna Global, Global Advertising Forecast December 2020, figures adjusted on a net basis, nonetheless methodological differences between different countries and sources.

Despite the COVID-19 pandemic, retail in Germany can look back on a surprisingly positive year, reaching a new record. By 2024, the German e-commerce market is likely to be amount to EUR 120.4 billion. According to the Institute of Retail Research in Cologne, average annual growth between 2020 and 2024 is thus expected to come to 9.4%, with online retail's share of retail rising to 16.5% by 2024 (2020: 13.1%). The beauty and lifestyle sector is also showing the same trends. Annual growth here is expected to come to 3%, with the online market share increasing from 9% to 14% by 2024 from ProSiebenSat.1's perspective. Overview of relevant market environments for the Commerce & Ventures segment:

EXPECTED DEVELOPMENT OF MARKET ENVIRONMENTS FOR SECTORS RELEVANT TO PROSIEBENSAT.1

Sector	Outlook
Beauty & lifestyle	3% p.a. until 2024
Consumer advice	6% p.a. until 2023
Experiences	6% p.a. until 2024

Sources: Beauty & Lifestyle: Euromonitor 2019. Consumer Advice: Eurostat Monitor 2019, German Federal Network Agency (Federal Cartel Office), VATM, Federal Motor Transport Authority and Schufa. Experiences: OC&C strategy market model.

The COVID-19 pandemic has expanded the use of online services in many consumer markets. This can also be seen in the dating market, where establishing contacts online correlates with rising digital usage habits. Digital channels are now a common means of communication and help to establish or deepen social interactions. Lockdowns in 2020 led to a particular rise in the numbers of people meeting over video call. The entire online dating and matchmaking market will experience growth of up to 8% p.a. in the period up to 2022 (CAGR 2019–2022).
→ Group Environment

COMPANY OUTLOOK

Forecast

ProSiebenSat.1 Group pursues a clear strategy aiming at sustainable and profitable growth. As the macroeconomic development in ProSiebenSat.1 Group's core markets remains uncertain also in financial year 2021 due to the ongoing COVID-19 pandemic, the Group has decided to provide ranges for its revenue and adjusted EBITDA outlook that take this environment into account. In line with the government measures in the core markets of Germany, Austria and Switzerland known by the time the 2020 Annual Report was prepared on February 25, 2021, the Group has taken into account in its outlook adverse effects on the business that are foreseeable as a result of the COVID-19-related restrictions in place at the beginning of 2021. Further restrictions which could additionally impact the ProSiebenSat.1 business are not reflected in this outlook.

For ProSiebenSat.1 Group, the main currency apart from the Euro remains the US Dollar, especially after the acquisition of The Meet Group. The Group anticipates an US Dollar share in Group revenues for 2021 of c. 20% and for adjusted EBITDA of c. 15%. 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 7 million and adjusted EBITDA by c. EUR 1 million. For the outlook regarding all following figures, the Group uses a EUR/USD exchange range of c. USD 1.22 to the Euro in financial year 2021.

On this basis, for the 2021 financial year the Group is targeting – without further portfolio changes – revenues of EUR 4.150 billion as the lower end of the target range and revenues of EUR 4.350 billion as the upper end of the target range after a previous-year figure of EUR 4.055 billion (adjusted for currency and portfolio effects).[1] In financial year 2021, Group revenue growth would thus be in a range between 2% and 7%. The range of the target figures depends particularly on the development of advertising revenues in the region of Germany, Austria and Switzerland in the context of the further course of the COVID-19 pandemic. For the lower end of the revenue target range, the Group assumes a year-on-year decline of 2% in advertising revenues in the region of Germany, Austria and Switzerland; a year-on-year advertising revenue growth of 4% in the region of Germany, Austria and Switzerland is the basis for the upper end of the revenue target range. In all scenarios, the Group assumes that particularly the first quarter will be impacted by lockdown-related restrictions and a subsequent fast recovery of the advertising market is to be expected.

Based on the revenue assumptions above, for the full-year of 2021 ProSiebenSat.1 anticipates a Group adjusted EBITDA – without further portfolio changes – of EUR 720 million as the lower end of the target range and EUR 780 million as the upper end of the target range after a previous-year figure of EUR 708 million (adjusted for currency and portfolio effects)[2]. For the full-year, program costs are expected to amount to c. EUR 1 billion, with over half of this relating to local content and with a possibility of being varied in the amount of around EUR 50 million depending on the development of the advertising market.

The adjusted net income of the Group is mainly determined by the development of the adjusted EBITDA. Furthermore, this key figure is influenced by the financial result, which includes among others the at-equity investment in the streaming platform Joyn, and by income taxes. On this basis and without further portfolio changes, the Group expects that the adjusted net income for the full year 2021 should be above the previous year's figure of EUR 221 million.

From 2021, the adjusted operating free cash flow replaces the free cash flow before M&A as the relevant cash flow performance indicator for the Group. The adjusted operating free cash flow is based on the development of the adjusted EBITDA. Reaching a midpoint of the adjusted EBITDA target range, the Group assumes that the adjusted operating free cash flow for the full-year, – for reasons of comparability corrected for the change of IFRS 16 investments in relation to the construction of the new campus at the premises in Unterföhring – should develop in a mid-double-digit million euro range around the previous year's figure of EUR 424 million.

ProSiebenSat.1 Group measures the mid-term financial success of the company on the basis of P7S1 ROCE (return on capital employed). The Group introduced this key financial indicator as a key figure for the entire Group in 2020. In financial year 2021, we target a P7S1 ROCE of more than 10% (previous year: 10%). For the Group as a whole, this key figure is expected to exceed 15% in the mid-term. → Strategy and Management System

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 2021, the Group anticipates – depending on business performance and not including any portfolio changes – a leverage ratio slightly above or at the upper end of the target corridor (previous year: 2.8x).

The development of audience shares is ProSiebenSat.1 Group's most important non-financial performance indicator. For financial year 2021, the Group expects to maintain its leading position with regard to audience shares in the advertising-relevant target group of 14- to 49-year-olds at a high level.

[1] Based on revenues in financial year 2020 translated at the exchange rates used for planning purposes in financial year 2021 less revenues of the companies deconsolidated in 2020 – WindStar Medical at EUR 114 million and myLoc at EUR 10 million – plus pro forma revenues for The Meet Group between January and August 2020 of EUR 173 million, also translated at the exchange rate used for planning purposes in financial year 2021.
[2] Based on adjusted EBITDA in financial year 2020 translated at the exchange rates used for planning purposes in financial year 2021 less adjusted EBITDA of the companies deconsolidated in 2020 – WindStar Medical at EUR 23 million and myLoc at EUR 3 million – plus the pro forma adjusted EBITDA contributions for The Meet Group between January and August 2020 of EUR 33 million, also translated at the exchange rate used for planning purposes in financial year 2021.

Explanatory Notes on the Forecast

The information provided are based on the plans adopted by the Executive Board and Supervisory Board. In line with the government measures in the core markets of Germany, Austria and Switzerland known by the time the 2020 Annual Report was prepared on February 25, 2021, the Group has also additionally taken into account in its outlook adverse effects on the business that are foreseeable as a result of the COVID-19-related restrictions in place at the beginning of 2021. Our statements are also based on current general economic and sector-specific data at the time this report was prepared. → Strategy and Management System → Future Business and Industry Environment

Dividend Proposal

Since financial year 2018, ProSiebenSat.1 Media SE has pursued a general dividend policy of distributing around 50% of adjusted net income to the shareholders as a dividend. The Group uses cash inflows exceeding the dividend distribution primarily for investments in organic and inorganic growth as well as for debt reduction. In financial year 2020, in view of the COVID-19 situation, the Executive Board and the Supervisory Board resolved to suspend the dividend originally planned for financial year 2019 and to be paid in 2020. However, the Executive Board confirmed the overall dividend policy. Accordingly, the Executive Board and the Supervisory Board are proposing a dividend of 50% of adjusted net income or EUR 0.49 per share to the Annual General Meeting for financial year 2020. This corresponds to a dividend yield of around 3.6% based on the closing price of the ProSiebenSat.1 share at the end of 2020. → Financial Performance of the Group

DIVIDEND PROPOSAL

Adjusted net income in EUR m	221
Number of shares outstanding[1]	233,000,000
Number of treasury shares[1]	6,771,747
Number of eligible shares[1]	226,228,253
Proposed dividend in EUR	0.49
Distribution in EUR m	111
Pay-out ratio in %	50

[1] As of December 31, 2020.

Predictive Statements

Forecasts are based on current assessments of future developments. In this context, we draw on our budget planning and comprehensive market and competitive analyses. The forecasted values are calculated in accordance with the reporting principles used in the financial statements and are consistent with the adjustments described in the Management Report. However, forecasts naturally entail some uncertainties that could lead to positive or negative deviations from planning. If imponderables occur or if the assumptions on which the predictive statements are made no longer apply, actual results may deviate materially from the statements made or the results implicitly expressed. Developments that could negatively impact this forecast include, for example, lower economic momentum than expected at the time this report was prepared. These and other factors are explained in detail in the Risk and Opportunity Report. There we also report on additional growth potential; opportunities that we have not yet or not fully budgeted for could arise from corporate strategy decisions, for example. Potential risks are accounted for regularly and systematically as part of the Group-wide risk management process. Significant events after the end of the reporting period are explained in the → Notes, note 39 “Events after the reporting period”.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

INCOME STATEMENT OF PROSIEBENSAT.1 GROUP

in EUR m

		2020	2019
Revenues	[6]	4,047	4,135
Cost of sales	[7]	–2,468	–2,377
Gross profit		**1,579**	**1,757**
Selling expenses	[8]	–646	–627
Administrative expenses	[9]	–538	–576
Other operating expenses	[10]	–12	–11
Other operating income	[11]	169	35
Operating result		**553**	**578**
Interest and similar income		3	2
Interest and similar expenses		–76	–58
Interest result	[12]	–73	–56
Result from investments accounted for using the equity method	[13]	–77	–50
Other financial result	[13]	–32	100
Financial result		**–183**	**–6**
Result before income taxes		**370**	**572**
Income taxes	[14]	–118	–161
Net income		**252**	**412**
Attributable to shareholders of ProSiebenSat.1 Media SE		267	413
Attributable to non-controlling interests		–15	–1
Earnings per share in EUR			
Basic earnings per share	[15]	1.18	1.83
Diluted earnings per share	[15]	1.18	1.80

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME OF PROSIEBENSAT.1 GROUP

in EUR m

	2020	2019
Net income	**252**	**412**
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustment	–56	12
Measurement of cash flow hedges	–70	15
Income taxes	20	–4
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligations	–1	–4
Income taxes	0	1
Other comprehensive income	**–108**	**20**
Total comprehensive income	**144**	**431**
Attributable to shareholders of ProSiebenSat.1 Media SE	167	432
Attributable to non-controlling interests	–23	–1

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION OF PROSIEBENSAT.1 GROUP

in EUR m

		12/31/2020	12/31/2019
ASSETS			
Goodwill	[17]	2,177	2,109
Programming assets	[18]	1,072	1,057
Other intangible assets	[19]	943	835
Property, plant and equipment	[20]	443	351
Investments accounted for using the equity method	[22]	14	27
Other financial assets	[23]	271	316
Other receivables and non-current assets	[24]	2	4
Deferred tax assets	[14]	54	66
Non-current assets		**4,975**	**4,764**
Programming assets	[18]	141	148
Inventories	[6]	44	48
Other financial assets	[23]	50	67
Trade receivables	[23]	569	530
Current tax assets		31	48
Other receivables and current assets	[24]	47	46
Cash and cash equivalents	[25]	1,224	950
Assets held for sale	[5]	—	17
Current assets		**2,106**	**1,853**
Total assets		**7,081**	**6,618**

		12/31/2020	12/31/2019
EQUITY AND LIABILITIES			
Subscribed capital		233	233
Capital reserves		1,045	1,045
Consolidated equity generated		290	25
Treasury shares		–62	–63
Accumulated other comprehensive income		–44	55
Other equity		–129	–236
Total equity attributable to shareholders of ProSiebenSat.1 Media SE		1,333	1,059
Non-controlling interests		354	229
Equity	[26]	**1,687**	**1,288**
Non-current financial debt	[29]	2,591	3,190
Other non-current financial liabilities	[29]	410	329
Trade payables	[29]	74	79
Other non-current liabilities	[30]	4	15
Provisions for pensions	[27]	32	31
Other non-current provisions	[28]	45	55
Deferred tax liabilities	[14]	260	236
Non-current liabilities		**3,417**	**3,934**
Current financial debt	[29]	601	5
Other current financial liabilities	[29]	109	116
Trade payables	[29]	618	667
Other current liabilities	[30]	374	357
Current tax liabilities		133	110
Other current provisions	[28]	142	140
Current liabilities		**1,977**	**1,395**
Total equity and liabilities		**7,081**	**6,618**

CASH FLOW STATEMENT

CASH FLOW STATEMENT OF PROSIEBENSAT.1 GROUP

in EUR m

	2020	2019
Net income	**252**	**412**
Income taxes	118	161
Financial result	183	6
Depreciation, amortization and impairments of other intangible assets and property, plant and equipment	248	260
Consumption of programming assets incl. change in provisions for onerous contracts	966	958
Change in provisions	25	–12
Gain/loss on the sale of assets	–143	–1
Other non-cash income/expenses	–4	–5
Change in working capital	–39	–40
Dividends received	7	7
Income tax paid	–41	–92
Interest paid	–67	–54
Interest received	6	4
Cash flow from operating activities	**1,511**	**1,603**
Proceeds from disposal of non-current assets	58	39
Payments for the acquisition of other intangible assets and property, plant and equipment	–234	–213
Payments for investments including investments accounted for using the equity method	–81	–75
Proceeds from disposal of programming assets	20	20
Payments for the acquisition of programming assets	–1,063	–1,072
Payments for the issuance of loan receivables	—	–1
Proceeds from the repayment of loan receivables	1	0
Payments for obtaining control of subsidiaries or other businesses (net of cash and cash equivalents acquired)	–397	–100
Proceeds from losing control of subsidiaries or other businesses (net of cash and cash equivalents disposed of)	305	5
Cash flow from investing activities	**–1,391**	**–1,396**
Dividend paid	—	–269
Repayment of financial liabilities	–386	–13
Proceeds from issuance of financial liabilities	375	33
Repayment of lease liabilities	–39	–42
Payments for transactions with non-controlling interests	–1	–5
Proceeds from non-controlling interests	261	7
Dividend payments to non-controlling interests	–5	–6
Cash flow from financing activities	**205**	**–294**
Effect of foreign exchange rate changes on cash and cash equivalents	–50	6
Change in cash and cash equivalents	**274**	**–81**
Cash and cash equivalents at beginning of reporting period	950	1,031
Cash and cash equivalents at end of reporting period	**1,224**	**950**

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP 2019

in EUR m

	Subscribed capital	Capital reserves	Consolidated equity generated	Treasury shares	Accumulated other comprehensive income: Foreign currency translation adjustment	Measurement of cash flow hedges	Remeasurement of defined benefit obligations	Deferred taxes	Other equity	Attributable to shareholders of ProSiebenSat.1 Media SE	Non-controlling interests	Total equity
December 31, 2018	233	1,043	–119	–64	4	54	–10	–13	–246	883	187	1,070
Net income	—	—	413	—	—	—	—	—	—	413	–1	412
Other comprehensive income	—	—	—	—	12	15	–4	–3	—	20	0	20
Total comprehensive income	**—**	**—**	**413**	**—**	**12**	**15**	**–4**	**–3**	**—**	**432**	**–1**	**431**
Dividends	—	—	–269	—	—	—	—	—	—	–269	–6	–275
Share-based payments	—	1	—	—	—	—	—	—	—	1	—	1
Other changes	—	2	0	1	—	—	—	—	10	12	49	61
December 31, 2019	**233**	**1,045**	**25**	**–63**	**15**	**70**	**–14**	**–16**	**–236**	**1,059**	**229**	**1,288**

STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP 2020

in EUR m

	Subscribed capital	Capital reserves	Consolidated equity generated	Treasury shares	Accumulated other comprehensive income: Foreign currency translation adjustment	Measurement of cash flow hedges	Remeasurement of defined benefit obligations	Deferred taxes	Other equity	Attributable to shareholders of ProSiebenSat.1 Media SE	Non-controlling interests	Total equity
December 31, 2019	233	1,045	25	–63	15	70	–14	–16	–236	1,059	229	1,288
Net income	—	—	267	—	—	—	—	—	—	267	–15	252
Other comprehensive income	—	—	—	—	–48	–70	–1	20	—	–99	–8	–108
Total comprehensive income	**—**	**—**	**267**	**—**	**–48**	**–70**	**–1**	**20**	**—**	**167**	**–23**	**144**
Dividends	—	—	—	—	—	—	—	—	—	—	–5	–5
Other changes	—	0	–1	1	—	—	—	—	107	107	152	259
December 31, 2020	**233**	**1,045**	**290**	**–62**	**–33**	**0**	**–15**	**4**	**–129**	**1,333**	**354**	**1,687**

NOTES

NOTES

BASIS OF PREPARATION

1 / General principles

The Consolidated Financial Statements as of December 31, 2020, present the assets, liabilities, financial position, profit or loss, and cash flows of ProSiebenSat.1 Media SE and its subsidiaries (together "the Company", "the Group" or "ProSiebenSat.1 Group").

ProSiebenSat.1 Media SE is based in Unterföhring and is a listed stock corporation under European law. It is registered under the name ProSiebenSat.1 Media SE with the Munich District Court in Germany (HRB 219 439). It is the parent company of ProSiebenSat.1 Group and, together with its subsidiaries, is one of the leading media companies in Europe.

The Consolidated Financial Statements of ProSiebenSat.1 Group for the financial year ending December 31, 2020, were prepared in accordance with the International Financial Reporting Standards ("IFRS") in force on the closing date, as adopted by the European Union, and in accordance with the additional requirements of German commercial law pursuant to section 315e (1) of the German Commercial Code (HGB) and were authorized for issue by the Executive Board on February 25, 2021.

ProSiebenSat.1 Media SE prepares and reports its Consolidated Financial Statements in euro. Due to rounding, figures may not add up exactly to the totals shown.

2 / Accounting principles

A) ASSUMPTIONS, ESTIMATES, AND JUDGMENTS

When preparing the Consolidated Financial Statements, assumptions, estimates, and judgments must be made, which may affect the measurement of the reported assets and liabilities as well as the amount of expenses and income. Management makes the assumptions and estimates with due care. They consider the circumstances at the reporting date, the knowledge acquired before the financial statements are authorized for issue, and expectations regarding the development of the company-specific as well as the global and macroeconomic industry-specific environment. If the actual development deviates from the forecasts, the carrying amounts of assets and liabilities may have to be adjusted and additional expenses and income recognized. ProSiebenSat.1 Media SE recognizes such changes in estimates directly in profit or loss without adjusting the previous year's figures.

Material assumptions and estimates are specifically required for the following accounting issues and are explained in more detail below in section E and in the respective notes:

- Recognition and measurement of assets, particularly goodwill (note 17 "Goodwill") and other intangible assets (note 19 "Other intangible assets"), as well as liabilities in the context of business combinations (note 33 "Notes on financial risk management and financial instruments"),
- Impairment testing of goodwill (note 17 "Goodwill") and of other intangible assets with indefinite useful lives, in particular trademarks (note 19 "Other intangible assets"),
- Revenue recognition (note 6 "Revenues"),
- Recognition and measurement of programming assets (note 18 "Programming assets"),

- Measurement of receivables and required impairments (note 23 “Receivables and other financial assets” and note 33 “Notes on financial risk management and financial instruments”),
- Measurement of financial assets and liabilities, including lease liabilities (note 23 “Receivables and other financial assets”, note 29 “Financial liabilities” and note 33 “Notes on financial risk management and financial instruments”),
- Recognition and measurement of provisions (note 28 “Other provisions”) and
- Assessment of future tax reliefs and uncertain tax positions (note 14 “Income taxes”).

In the financial year 2020, especially in the second and third quarters, the commercial and economic environment of ProSiebenSat.1 Group was affected by the COVID-19 pandemic. For further information on the effects of the COVID-19 pandemic on the key performance indicators of the Group and the segments, please refer to → section “Group Earnings” in the Group Management Report and to → section “Group Financial Position and Liquidity” in the Group Management Report.

The future economic development in the financial year 2021 is subject to uncertainties, as they are highly dependent on the further course of the pandemic. The availability of several vaccines and the weather conditions give reasons to expect a significant easing from spring and summer onwards. However, it remains open at this point in time how fast such easing will occur, how sustainable it may be and for how long protective measures must be retained. As a consequence, it is difficult to predict the duration and extent of the resulting effects on assets, liabilities, profit or loss, and cash flows of the Group. In the preparation of the Consolidated Financial Statements as of December 31, 2020, the COVID-19 pandemic and the material associated uncertainties, if relevant, were taken into account in assumptions, estimates, and judgments. The assumptions, estimates, and judgments made are based on the state of knowledge as of February 25, 2021, the date of preparation of the Consolidated Financial Statements.

In the financial year 2020, the COVID-19 pandemic did not result in material adjustments of the carrying amounts of the reported assets and liabilities. Particularly when making impairment assessments for assets (especially goodwill, other intangible assets, programming assets, other equity instruments and trade receivables) and in measuring put option liabilities, possible effects of the COVID-19 pandemic have been taken into account. Additional disclosures on the impact of the COVID-19 pandemic and the accompanying assumptions made by management can be found in the relevant notes to the Consolidated Financial Statements and in the Group Management Report.

B) GENERAL PRINCIPLES

With the exception of those described in note 3 “Changes in reporting standards”, the accounting policies applied in the Consolidated Financial Statements for financial year 2020 are the same as those of the previous year.

The consolidated income statement is prepared using the cost-of-sales method.

ProSiebenSat.1 Group’s consolidated statement of financial position is structured according to the maturity of the recognized assets and liabilities. Assets are deemed to be current if they are realized within one year or within the normal operating cycle. Liabilities are generally deemed to be current if they fall due within one year or within the normal operating cycle or can fall due as a result of circumstances beyond the Group’s control or the actions of third parties.

Deferred tax assets and liabilities, as well as pension provisions, are classified as non-current.

The Consolidated Financial Statements are based on the principle of historical cost, with the exception of items that are reported at fair value, in particular certain financial instruments.

C) FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated into the functional currency of the relevant Group entity at the exchange rates in effect at the transaction date or using average exchange rates. The functional currency is based on the primary environment in which an entity conducts its business. Usually this is the entity's local currency. In subsequent periods, monetary assets and liabilities are remeasured at the reporting date spot rate and the translation differences are recognized in profit or loss. Non-monetary items that are measured at amortized cost keep being carried at the exchange rate as of the date of their initial recognition.

ProSiebenSat.1 Group prepares the financial statements of subsidiaries and entities accounted for using the equity method according to the functional currency concept. In the case of fully consolidated Group entities' financial statements not prepared in euros, items of the income statement are translated at the annual average exchange rate, equity is translated at historical rates, and assets and liabilities are translated at the closing rate on the reporting date. The Group recognizes all differences resulting from translating financial statements in foreign currency in other comprehensive income. In the event of the loss of control and thus the deconsolidation of the subsidiary, such translation differences are recognized in profit or loss.

The following exchange rates were applied in the translation of the most significant currencies into the reporting currency:

EXCHANGE RATES

		Spot rate		Average rate	
1 EUR	Currency	**12/31/2020**	12/31/2019	**2020**	2019
United Kingdom	GBP	0.89955	0.85010	0.88947	0.87748
Switzerland	CHF	1.08110	1.08560	1.07041	1.11262
United States of America	USD	1.22750	1.12280	1.14179	1.11957

D) CONSOLIDATION

ProSiebenSat.1 Media SE includes all material subsidiaries over which it exercises direct or indirect control in the Consolidated Financial Statements by way of full consolidation. ProSiebenSat.1 Media SE controls an entity if it has existing rights that give it the current ability to direct the relevant activities of that entity, while at the same time being exposed, or having rights to, the variable returns from its involvement with the entity and being able, through its power over the entity, to influence the amount of the entity's returns.

Profits and losses, revenues, income and expenses arising from transactions within the consolidated group as well as receivables and liabilities between consolidated entities are eliminated. Differences between the IFRS carrying amounts and the values of assets and liabilities for tax purposes as a result of consolidation measures are reflected by the recognition of deferred tax items. Where required, deferred tax assets and liabilities are offset against one another.

ProSiebenSat.1 Media SE initially consolidates subsidiaries using the acquisition method, under which the assets acquired and liabilities assumed from the subsidiary are recognized at their fair values at the acquisition date. The Company engages external, independent appraisers to determine these fair values. If the sum of consideration paid, fair value of shares already held in the subsidiary and non-controlling interests exceeds the fair value of the net assets acquired, goodwill is to be recognized in the amount of the difference. Non-controlling interests are measured at the acquisition date at their respective share in the acquired entity's identifiable net assets. Acquired goodwill is carried in the functional currency of the acquired entity.

If in a business combination put options are agreed over remaining shares of non-controlling shareholders, ProSiebenSat.1 Group assumes an anticipated acquisition of these shares (anticipated acquisition method). Instead of non-controlling interests in equity, the present value of the consideration to be paid for the shares on exercise of the option is recognized as a liability. Subsequently, the Group recognizes changes in the carrying amount of such options in profit or loss.

The Group recognizes changes in the share in subsidiaries that do not result in a loss of control in other comprehensive income as transactions between the shareholder groups without adjusting the underlying assets and liabilities.

At the acquisition date, goodwill is allocated to the cash-generating unit or group of cash-generating units that is expected to benefit from the synergies arising from the business combination. This unit or group of units represents the lowest level at which the goodwill is monitored for internal corporate management purposes. These are the reportable segments Seven.One Entertainment Group, ParshipMeet Group, NuCom Group and Red Arrow Studios. When selling cash-generating units or parts thereof or in the event of an internal reorganization, any goodwill existing at the time of sale or transfer is allocated to the units sold and those remaining according to their relative values.

The following main methods are used to determine the fair values of assets identified in the course of the purchase price allocation:

FAIR VALUE MEASUREMENTS IN THE CONTEXT OF THE PURCHASE PRICE ALLOCATION

Intangible asset	Measurement method
Trademarks	Relief from Royalty Method
Customer and other contractual relationships	Multi-period Excess Earnings Method
Technologies	Reproduction cost method and Relief from Royalty Method

Investments in entities over whose business policies ProSiebenSat.1 Media SE indirectly or directly exercises or is able to exercise only significant influence ("associates") or which are jointly controlled with other investors ("joint ventures") are accounted for using the equity method. If there is any indication of impairment, the carrying amount of the investment is tested for impairment and, if necessary, written down to the lower recoverable amount.

If ProSiebenSat.1 Media SE gains control of an associate or a joint venture by acquiring an additional interest in it, it is fully consolidated from that date. The fair value of the previously held interest is considered part of the consideration paid for the shares in the subsidiary. If the fair value differs from the carrying amount of the shares, the Group recognizes the difference in profit or loss.

If ProSiebenSat.1 Media SE or a subsidiary disposes of an affiliated entity by contributing it to an associate or a joint venture, the gain or loss on disposal is recognized only to the extent of the independent third-party investor's interest in the associate or joint venture.

The financial year of ProSiebenSat.1 Media SE and all subsidiaries included in the Consolidated Financial Statements corresponds to the calendar year.

E) RECOGNITION AND MEASUREMENT

SUMMARY OF SIGNIFICANT MEASUREMENT METHODS

Item	Measurement method
ASSETS	
Goodwill	At cost (subsequent measurement: impairment test)
Other intangible assets with indefinite useful lives	At cost (subsequent measurement: impairment test)
Other intangible assets with finite useful lives	At (amortized) cost
Property, plant and equipment	At (amortized) cost
Programming assets	At (amortized) cost
Investments accounted for using the equity method	Equity method
Financial assets	
Loans and receivables	At (amortized) cost
Securities and other equity investments	At fair value through profit and loss
Derivatives	At fair value through profit and loss
Cash and cash equivalents	At cost
LIABILITIES AND PROVISIONS	
Loans and borrowings	At (amortized) cost
Provision for pensions	Projected unit credit method
Other provisions	At settlement value (discounted if non-current)
Financial liabilities	At (amortized) cost or fair value
Other liabilities	At settlement value (discounted if non-current)

REVENUES

The table below provides information about the main revenue categories or business models of ProSiebenSat.1 Group and about the way revenues are recognized:

REVENUE RECOGNITION

Revenue category	Business model	Recognition of revenues
Advertising revenues	Marketing of classic advertising spots, sponsoring, special creations and audience-tailored advertising offerings on free TV as well as the distribution and sale of online advertising (revenues from the sale of advertising time)	Broadcasting of advertising spot (point in time)
	Broadcasting of advertising spots on residual time slots on free TV or placement of online advertising in exchange for fixed consideration plus variable component based on customer's revenues (media-for-revenue)	Broadcasting of advertising spot; variable component recognized when target achievement documentation is received from customer (point in time)
	Broadcasting of advertising spots on residual time slots on free TV or placement of online advertising in exchange for equity or equity-like interests in the contract partner's business (media-for-equity)	Broadcasting of advertising spot (point in time)
Distribution	Distribution of free and pay TV content via cable, satellite, IPTV and DVBT	Provision of the TV signal (over time)
Dating, Matchmaking & Social Entertainment	Dating, online matchmaking and entertainment services (B2C/B2B)	One-time services on delivery (point in time), ongoing services (subscriptions/use of credits) over the term/useful life (over time)

REVENUE RECOGNITION

Revenue category	Business model	Recognition of revenues
Other digital services and sale of goods	Brokerage of contracts between primary service providers and end customers in household, real estate sales, car rentals, insurance, energy supply, mobile communication and financial services via online portals (Consumer advice)	Transmission of customer data or start of service being provided by partner (point in time)
	Sale of event vouchers (Experiences)	Agency commission: On activation and delivery of the voucher (point in time) Payments for vouchers not being redeemed based on historic experience: On sale of the voucher (point in time)
	Sale of fashion and interior design products via online portals and stationary trading as well as the operation of ad-financed search engines for those products (Beauty & Lifestyle)	Handover of goods to the end customer taking account of return rights (point in time) and access-based using "cost-per-click" procedures (point in time)
Production	Production of programming content such as TV formats and serial programs	In accordance with stage of completion of the service (over time)
Global Sales and Other Program Sales	Sale/licensing of programming assets within license territories	Start of license and delivery of material ready for broadcast (point in time)
Studio71	Multi-channel network marketing of web videos and/or social media artists	Provision of marketing service (point in time)

ProSiebenSat.1 Group generates revenues in particular in the form of advertising revenues from the sale of advertising time. These advertising revenues are generated in the form of classic commercials, but also via advertising formats that allow a closer link between advertising and the program into which it is embedded, such as sponsorships and special creations and target-audience-specific TV advertising tailored to the relevant viewers. Advertising revenues are net revenues after the deduction of discounts, agency commissions or cash rebates, and of value-added tax. The Group recognizes television advertising revenues when the underlying commercials are broadcast by the Group's own stations. Advertising services provided free of charge are treated as separate performance obligations. Their share of the total transaction price is allocated to them on a pro-rata basis and recognized as revenues when the performance obligation is satisfied. Moreover, the Group generates online advertising revenues. These comprise revenues from the sale of digital offerings of the Group or external third parties. Online revenues are recognized when the advertising service is rendered, or when the ad impressions are delivered on the digital channels.

If the consideration agreed for advertising services takes the form of a revenue share ("media-for-revenue"), the variable consideration components are recognized as revenues if the amount can be reliably estimated. This is the case if the required target achievement documentation is received from the contract partner.

If advertising services are provided in exchange for equity or equity-like interests ("media-for-equity"), the obligation to broadcast the promised advertising spots is recognized as a liability when the interests are acquired and recognized as revenues when the contracted advertising spots are broadcast. Online advertising is treated similarly. The instruments received constitute financial assets, which the Group recognizes at fair value as of the acquisition date and subsequently measures at fair value through profit or loss. Because such transactions are non-cash exchange transactions, they do not affect the cash flow statement.

In the revenue category "Distribution", the Group transmits TV signals (free TV and pay TV) to satellite, cable and internet providers, who in turn make them available to their end customers, generally for a monthly fee. The Group recognizes related revenues based on the number of end customers reached by the providers in each billing month. As the signals are broadcast to the contract partners who re-transmit them to their customers at the same time, the Group recognizes the revenues over time.

In the context of dating services in the category “Dating, Matchmaking & Social Entertainment”, revenues from InApp marketing services are recognized when rendered. Under online matchmaking services (“Matchmaking”), the total transaction price is allocated to the different performance obligations based on stand-alone selling prices. Revenues are recognized at a point in time for performance obligations of a delivery nature (personality assessments and profile consulting) and over time over the contract term for performance obligations of a subscription nature (access to the online platform). Alongside the subscription services, the business model social entertainment also offers the opportunity to purchase value units called “credits”, “points”, “gold” or “icebreakers” (hereinafter: “credits”) which users may apply to access premium functions or convert into “virtual gifts” and give away to other users via the platform. In these cases, revenues are recognized over time, based on the average utilization of purchased credits. The technical infrastructure is also made available to users on certain third-party platforms under business-to-business agreements. Revenue recognition is based on the consumption of credits on the respective third-party platform.

Revenues from online contract brokerage services, specifically concerning contracts for household goods or services, real estate sales, car rentals, events, insurance, energy supply, mobile communications and financial services, are recognized in the amount of the service fees agreed, taking into account cancellation rates. As the responsibility for providing the primary services lies with other parties, the Group companies concerned act in the role of “agents” as defined by IFRS 15. Their performance obligation consists solely of enabling the providers of the primary services to conclude contracts for the provision of the primary services with their customers, who are normally private end customers, via the online portals operated by the Group companies. Hence, the Group companies have no control over the goods or services that are the subject of the contract between the provider of the primary services and the end customers. As a result, revenues are recognized only in the amount of the commissions received or to be received from the providers of the primary services. The contracts the providers conclude with the end customers are subject to legal or voluntarily granted cancellation rights. If reliable information on cancellation rates is available, the Group recognizes revenues in an amount that makes later reversals seem unlikely. The revenues are usually recognized upon transmission of the customer data to the partner providing the respective primary service, and otherwise when evidence of a valid contract is received or when the partner has started providing the service.

As a special feature of the sale of event vouchers (Jochen Schweizer mydays Group), the payments received from the end customer include both the agency commission and the event price. The payment received is initially recorded in full as a liability. When the voucher is activated and delivered, revenues are recognized in the amount of the agency commission agreed with the provider. Payments for vouchers that historical experience shows will not be redeemed are recognized as revenues in full. The remaining part of payments from the end customer is passed on to the event provider at the time of the event.

ProSiebenSat.1 Group mainly sells goods via online portals and stationary retailers. The Group recognizes revenues at a point in time on delivery of the goods to the customer, taking into account statistical return rates. The Group recognizes a refund liability, measured on the basis of historic experience, for the expected refund payments to be made as a result of customers exercising their legal or voluntarily granted return rights. The provisions are recognized as a reduction of revenues. Simultaneously, an asset for the right to receive back the goods returned is recognized in the amount of its previous carrying amount less any expected loss in value and less the expected cost of returning the goods. The asset is recognized as a reduction to cost of sales and is reported under inventories. In the business model ad-financed search engines, revenues are recognized access-based at a point in time using the “cost-per-click-method”.

In the “Production” category, revenues are recognized over time because ProSiebenSat.1 Group is contractually precluded from using the content produced alternatively and it has enforceable legal rights to payment for the production activities (typically lasting over a longer period of time) completed to date. Production revenues are recognized using the percentage-of-completion method unless the expected contract revenues and related contract cost cannot be reliably estimated. The percentage of completion is calculated as the ratio of the contract costs incurred to date to the estimated total contract costs. Revenues to be recognized in the period are determined by applying this ratio to the estimated total contract revenues. If the expected total contract revenues or related contract cost cannot be reliably estimated, revenues are only recognized in the amount of the contract costs incurred. Contract costs are recognized as expenses in the period in which they are incurred. If it is foreseeable that the total contract costs will exceed the expected revenues, the Group recognizes the expected loss immediately as an expense.

In the “Global Sales and Other Program Sales” category, program broadcasting rights are sold for specific license territories and periods. Revenues are recognized at a point in time, when the license term commences and the material is delivered and ready for broadcast.

Within the “Studio71” revenue category, web videos and social media artists are marketed via multi-channel networks. Revenues are usually recognized when the marketing service is provided.

In all revenue categories, the transaction price is derived from the contractually agreed terms. In some cases, variable payments are agreed in addition to fixed payments. Variable payments are recognized as revenues only at an amount that makes a later reversal seem unlikely.

The payment terms used in the business models are usually short-term (generally up to 30 days). Longer payment terms of up to 90 days are usually agreed for the sale of program rights, Studio71 revenues and in Dating, Matchmaking & Social Entertainment. In the case of commissioned productions, payments are generally due shortly after contractually agreed milestones have been reached; the number of agreed installments varies from contract to contract. Individual contractual milestone payments are sometimes also agreed in the licensing of program rights. Monthly installment payments may also be agreed in Dating, Matchmaking & Social Entertainment. There are no significant financing components as defined by IFRS 15.

For further information regarding revenues recognized in the financial year 2020, please refer to → note 6 “Revenues”.

OPERATING EXPENSES

The Group recognizes operating expenses, particularly for staff, materials, and depreciation, amortization and impairments, by functional area. Depreciation, amortization and impairments of intangible assets and property, plant and equipment are included in the functional costs according to the use of the assets. Impairments of brands with an indefinite useful life are recognized as other operating expenses.

INCOME TAXES

Income taxes include the taxes levied in the individual countries on taxable income and changes in deferred taxes. The income taxes are recognized at the amounts expected to be paid or received based on tax laws enacted or substantively enacted as of the reporting date. Deferred taxes are recognized for deductible or taxable temporary differences between the carrying amounts of assets and liabilities under IFRS and their tax bases. In addition, the Group recognizes deferred tax assets for tax benefits from tax loss carryforwards that are likely to be usable.

Deferred taxes from temporary differences are recognized at the nominal amount of the expected tax expense or income resulting on elimination of the temporary difference. They are only recognized to the extent it is probable that sufficient future taxable income will be available against which the unused tax losses and temporary differences can be utilized.

When assessing the recoverability of deferred tax assets, the effects on earnings of the reversal of taxable temporary differences, the planned results from operations and intended tax structuring measures are taken into account. The planned results are based on internal forecasts regarding the future earnings situation of the respective Group company, with a planning horizon generally of five years. The Group reviews the assumptions underlying tax deferral on an ongoing basis. Changed assumptions or circumstances can necessitate adjustments that can affect the amount of the deferred tax assets and liabilities and deferred tax expenses. Deferred tax assets and liabilities are offset if they relate to the same tax authority and the right to offset current tax assets and liabilities is legally enforceable.

ProSiebenSat.1 Group recognizes current and deferred taxes in profit or loss. However, this does not apply if the matter that triggered the tax effect directly affected equity. In this case, current and deferred taxes are likewise recognized directly in equity.

Uncertain tax positions are analyzed on an ongoing basis. If it is probable that the fiscal authorities will not accept an uncertain tax treatment, the Group reflects this generally by using either the most likely amount or the expected amount in the financial statements. If the estimates change over time, for example as a result of tax audit findings or current court rulings, such changes may affect the level of risk provisioning considered necessary. Uncertainties arise, inter alia, in connection with matters that are the subject of ongoing tax audits but have not yet led to final findings or are under discussion due to controversial legal positions or new court rulings.

For further information, please refer to → note 14 "Income taxes" and → note 26 "Shareholders' equity".

EARNINGS PER SHARE

Earnings per share correspond to the ratio of consolidated net income attributable to the shareholders of ProSiebenSat.1 Media SE and the weighted average number of shares outstanding during the financial year.

For purposes of calculating diluted earnings per share, the average number of shares outstanding is adjusted by the number of all potentially dilutive shares. At ProSiebenSat.1 Group, these dilutive effects result from issues of performance share units under share-based payment plans. → see note 35 "Share- and performance-based payment"

INTANGIBLE ASSETS AND GOODWILL

Acquired goodwill is carried at cost minus accumulated impairment losses.

Acquired intangible assets are capitalized if the future economic benefits from the asset are expected to generate future economic benefits and the cost of the asset can be reliably measured. For the purposes of subsequent measurement, a distinction is drawn between intangible assets with finite and indefinite useful lives. At ProSiebenSat.1 Group, intangible assets with indefinite useful lives consist exclusively of established brands that have consistently been market leaders or held similar positions. They are not amortized and are subject to an annual impairment test.

Intangible assets with finite useful lives include temporarily acquired rights to use advertising licenses for the marketing of digital offerings of external providers. They are capitalized at the fixed purchase price paid for the acquired advertising inventory. They are amortized over the term of the contract.

In addition, ProSiebenSat.1 Group holds acquired intangible assets with an indefinite useful life, the use of which is not currently subject to economic or legal restrictions. If their useful life can be reliably determined, they are amortized over the expected useful life as intangible assets with a finite useful life.

If necessary, acquired intangible assets with a finite useful life are impaired.

Identifiable, internally generated intangible assets are capitalized if it is probable that the expected future economic benefits will flow to the Company and the cost of the asset can be measured reliably. In determining the cost, a distinction is made between research and development costs, with the former being expensed as incurred. Development costs are only capitalized as part of cost in cases where the technical feasibility of completing the development project is ensured and its completion continues to make economic sense. To this end, the availability of adequate technical and financial resources necessary to complete the project and to subsequently use or sell the asset created needs to be ensured and an intention to complete the asset and use or sell it needs to exist. In addition, its marketability needs to be proven. In the case of program formats developed in-house, this is the case only at a very late stage in the process, namely when the format can be placed successfully with a buyer. Expenditure on format development therefore generally does not qualify for capitalization.

For further information, please refer to → note 17 "Goodwill" and → note 19 "Other intangible assets".

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less depreciation and impairment losses. In addition to direct costs, the costs of internally produced property, plant and equipment also include overheads provided they are directly attributable to such production. Borrowing costs are capitalized if the period until completion is twelve months or more.

Depreciation on property, plant and equipment is recognized using the straight-line method over the expected useful life.

For further information, please refer to → note 20 "Property, plant and equipment and rights-to-use to property, plant and equipment".

LEASES

Rights-of-use to underlying tangible assets arising from leases are recognized at cost at the lease commencement date. Amortization of the right-of-use asset is recognized on a straight-line basis over the shorter of the expected useful life or the term of the lease. The Group simultaneously recognizes a lease liability in the amount of the present value of the expected lease payments, which are measured at amortized cost using the effective interest method. As the interest rate implicit in the lease cannot usually be determined, the effective interest rate is generally based on the refinancing rate of interest that would have to be paid to borrow over a similar term, and with a similar security, the funds necessary to obtain a similar asset in a similar economic environment.

The Group recognizes expenses for leases with a term of no more than one year or a leased asset that, when new, is worth no more than EUR 5,000 or the equivalent in foreign currency as expenses in functional costs on an accrual basis. The same applies for usage- or revenue-based lease payments.

For further information on the accounting treatment of the Group's leases, please refer to → note 21 "Leases", → note 29 "Financial liabilities" and → note 32 "Other financial obligations".

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates and joint ventures accounted for using the equity method are recognized at cost in the consolidated statement of financial position at the date on which significant influence or joint control is obtained. At the time of acquisition, the carrying amount of the investment reflects ProSiebenSat.1 Group's share in the investee's net assets, including any as yet unrecognized assets, liabilities and contingent liabilities that were identified in the course of the purchase price allocation; it also includes any goodwill arising on acquisitions as the excess of the purchase price over the acquired share in the identified net assets of the investee. In subsequent periods, the carrying amount is adjusted to reflect the proportionate changes in equity of the investee and the effects of the remeasurement of the assets and liabilities identified on initial recognition. Losses of an investee accounted for using the equity method in excess of the Group's share in the investee are not recognized, unless the Group has entered into a legal or constructive loss absorption or funding obligation. Dividends received from investments accounted for using the equity method reduce their carrying amount. ProSiebenSat.1 Group's share of the net income of the investments is included in the income statement as "Result from investments accounted for using the equity method".

For further information, please refer to → note 13 "Result from investments accounted for using the equity method and other financial results" and → note 22 "Investments accounted for using the equity method".

PROGRAMMING ASSETS

Feature films and series are capitalized at the start of the contractual license term, commissioned productions once accepted as programming assets that can be broadcast. Sports rights and news formats are included in advance payments made until their broadcast and are recognized as current programming assets. They are initially reported at cost.

Amortization of licenses and commissioned productions intended for multiple broadcasts (runs) commences at the first broadcast and depends on the number of runs permitted or planned respectively. The Group recognizes broadcasting-related consumption using a declining-balance method over the number of runs according to a standardized Group-wide matrix which reflects the expected audience reach potential relating to the respective broadcast. The cost of commissioned productions intended for only one run and of sports rights is expensed in full on broadcast.

Impairments on programming assets are recognized if the carrying amount of the assets is not covered by the expected net proceeds from their exploitation. Relevant indicators may include deteriorating recovery opportunities, changes in the advertising environment, adaptation of programming due to changing target group tastes, media law restrictions on the usability of films, expiry of licenses prior to broadcasting, or the discontinuation of commissioned productions.

Parts of programming assets from which no further benefits are expected or whose use is restricted are fully impaired.

Impairment testing of the remaining programming assets takes place at the level of genre-based programming groups. A genre is a unit whose proceeds are largely independent from those of other programming groups, insofar as the individual genres are tailored for the target audience groups and advertising customers make their bookings for promoting their products in the context of certain genres. If the total carrying amount of a group exceeds the net proceeds expected from its exploitation, an impairment is recognized in the relevant amount.

In order to appropriately reflect changing consumer habits with regard to programming content and the resulting changes to the use and revenue basis of the programming assets, the revenue structures underlying the impairment test of programming assets were adapted to the current circumstances and refined accordingly during the financial year 2020.

For further information, please refer to → note 18 “Programming assets”.

IMPAIRMENTS OF OTHER NON-FINANCIAL ASSETS

If there are indications of a potential impairment of non-current assets, such assets must be tested for impairment. Intangible assets with an indefinite useful life, other intangible assets that are not yet ready for use or relevant advance payments, and acquired goodwill have to undergo an impairment test at least once a year.

In the event of impairment, the difference between the carrying amount and the lower recoverable amount is recognized as an expense. Impairments are allocated to the relevant functional costs. In deviation from this, the Group recognizes impairments on goodwill as other operating expenses. If the recoverable amount increases again subsequently, the Group reverses the impairments or adjusts their amounts, except in the case of goodwill. Reversals of impairment losses must not exceed amortized cost.

The recoverable amount of an asset is the higher of value in use and fair value less costs to sell. The value in use is the present value of future cash flows expected to arise from the continuing use of the asset.

The recoverable amount is determined for each individual asset, unless an asset generates cash inflows that are not largely independent of those from other assets or cash-generating units. In these cases, the impairment test is performed at the smallest level of the cash-generating unit to which an asset is attributable.

In principle, the Group determines the recoverable amount using measurement methods based on discounted cash flows. For cash-generating units, ProSiebenSat.1 Group first determines the respective recoverable amount as the value in use and compares it with the carrying amount of the subject of the valuation, including any allocable goodwill. ProSiebenSat.1 Group derives discounted cash flows from the financial plans approved by management, which have a planning horizon of five years. Cash flows beyond the planning period are extrapolated using individual growth rates; however, these do not exceed the expected inflation for the respective sector. The main assumptions which the derivation of the value in use is based on relate to future cash flows, estimated growth rates, tax rates and weighted average cost of capital.

For further information, please refer to → note 17 "Goodwill" and → note 19 "Other intangible assets".

FINANCIAL INSTRUMENTS

Standard purchases and sales of non-derivative financial assets are recognized using settlement date accounting, and derivative transactions using trade date accounting.

Financial assets are derecognized once the contractual rights to the cash flows from the asset expire or the Group transfers the rights to receipt of the cash flows in a transaction where substantially all the risks and rewards associated with ownership of such financial assets are transferred as well. Any differences arising on derecognition are recognized in profit or loss.

Financial liabilities are derecognized once the obligations specified in the contract are discharged, canceled or expired. When contract terms are changed or when maturities are extended, the Group examines whether these are substantial modifications to the contract terms. If this is the case, the adjustments or extensions of maturities result in the original liability being derecognized and a new liability being recognized. Any difference between the carrying amount of the original liability and the fair value of the new liability as well as any processing and other transaction costs are recognized immediately in profit or loss.

If amendments to the terms of the contract do not result in the derecognition of a financial instrument measured at amortized cost (whether a financial asset or financial liability), the new carrying amount is determined using the original effective interest rate as the present value of the renegotiated or modified cash flows and any difference to the original carrying amount is recognized in profit or loss. Processing or other transaction costs result in an adjustment to the carrying amount and are amortized using the effective interest method.

MEASUREMENT OF FINANCIAL INSTRUMENTS

The initial recognition of financial assets – with the exception of trade receivables – is at fair value. Trade receivables are recognized at the transaction price. This is the amount of consideration for the goods and services transferred to the customer. Where financial assets subsequently are not recognized at fair value through profit or loss, the transaction costs attributable to the acquisition are also capitalized on initial recognition. Where financial assets subsequently are recognized at fair value through profit or loss, the transaction costs are recognized directly in profit or loss when they are incurred.

ProSiebenSat.1 Group subsequently measures financial assets either at amortized cost or fair value. The type of subsequent accounting is based on the business models used by ProSiebenSat.1 Group to manage financial assets and the characteristics of the contractually stipulated cash flows.

Instruments held by the Group with the aim of collecting the contractual cash flows, where the contractual terms provide solely for payments of interest and principal, are measured at amortized cost after initial recognition. This applies to loans and receivables held by the Group (including trade receivables) and also to cash and cash equivalents.

Subsequent to initial recognition, instruments where cash flows do not solely represent interest and principal payments are recognized at fair value through profit or loss. This includes primarily (i) shares in other entities where the Group does not exercise control, joint control or significant influence, (ii) shares in investment funds and (iii) derivative financial instruments that do not qualify as hedging transactions within the scope of hedge accounting. Currently, the Group does not hold any financial assets that are measured at fair value through other comprehensive income.

The fair value of a financial instrument reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value generally corresponds to the market or stock exchange value. In the absence of an active market, the fair value is determined by way of actuarial methods (for example, by discounting the future cash flows at the market interest rate).

The fair values are determined depending on the type and on the marketability of the instrument based on a three-level measurement hierarchy, which is explained in more detail in → note 33 "Notes on financial risk management and financial instruments".

For financial assets measured at amortized cost (primarily trade receivables at ProSiebenSat.1 Group) and for contract assets from contracts with customers, ProSiebenSat.1 Group recognizes loss allowances in the amount of the expected credit losses.

Below, further information will be provided on recognition and measurement for the loans and receivables, financial liabilities and derivatives held by ProSiebenSat.1 Group.

LOANS AND RECEIVABLES

Loans and receivables are measured at amortized cost, using the effective interest method, minus impairment losses. Credit losses on trade receivables are recognized in separate allowance accounts. The same applies to credit losses on contract assets from contracts with customers.

For trade receivables and contract assets from contracts with customers, the Group recognizes lifetime expected credit losses on the basis of historical and forward-looking information according to provision matrices ("simplified approach"). → note 33 "Notes on financial risk management and financial instruments" includes further explanations on the approach taken to determine credit losses.

For all other financial assets falling within the scope of impairment requirements – i.e. cash and cash equivalents mainly – an impairment loss in the amount of the twelve-month expected credit losses is recognized when the assets are initially recognized. Due to the high liquidity and low default probability, the expected credit losses for cash and cash equivalents are usually negligible.

In the event of significant deterioration in the credit quality after initial recognition, the impairment is adjusted and the lifetime expected credit losses are recognized. If financial assets exist vis-à-vis counterparties with an external investment grade credit rating, the Group makes use of the practical expedient of assuming that the credit risk has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Otherwise, an increased default risk is assumed if any amount is past due by more than 30 days or if ProSiebenSat.1 Group has any other indications that creditworthiness has declined significantly. This includes information about a significant downgrade of the credit rating or signs of a significant increase in debt or a sharp decline in operating results.

If relevant market prices are currently available for the respective counterparty, maturity-matched credit default swap spreads are used to assess creditworthiness.

If a default event occurs, receivables are deemed credit-impaired. ProSiebenSat.1 Group assumes that a default event has occurred if, due to the counterparty's limited solvency, the receipt of the full payment becomes unlikely or if a receivable is more than 90 days overdue. Deviations from the principle of deeming a default to have occurred if the receivable is more than 90 days past due may apply in justified, individual cases. In such cases, no additional credit loss is recognized.

Impairment losses are recognized in profit or loss and are subject to regular review. If the reasons for impairments no longer apply, credit losses are reversed accordingly. If there are indications of a final non-recoverability, the receivable is to be derecognized, possibly against previously recognized loss allowances.

For further information on impairments of financial assets, please refer to → note 23 "Receivables and other financial assets" and → note 33 "Notes on financial risk management and financial instruments".

FINANCIAL LIABILITIES

With the exception of derivative financial instruments with negative market values and contingent consideration from business combinations (i.e. liabilities under put options or earn-out clauses), financial liabilities are measured at amortized cost, using the effective interest method. Bullet loans are initially recognized at their fair value and amortized using the effective interest method. Contingent consideration from business combinations is recognized at its fair value upon initial consolidation. Thereafter, such liabilities are also measured at fair value, with changes recognized in profit or loss.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

ProSiebenSat.1 Group uses derivative financial instruments in the form of interest rate swaps and interest rate options (interest rate caps) as well as currency forwards and currency options to hedge against interest rate and currency risks. While interest rate risks arise from variable-interest liabilities, currency risks predominantly derive from license payments for programming assets denominated in US dollars.

Derivative financial instruments are recognized in the statement of financial position as financial assets or financial liabilities at their fair values, regardless of the purpose or intention they were entered into. The fair value of derivative financial instruments is determined by discounting the future cash flows at the market interest rate as well as by using other recognized actuarial methods, such as option pricing models. The fair value of interest rate swaps and currency forwards is generally zero upon initial recognition, and in the case of interest rate and currency options it is equal to the value of the option premium paid or to be paid. The fair values of all derivative financial instruments are reported in the statement of financial position as financial assets or other financial liabilities. The measurement of derivative financial instruments takes counterparty-specific credit risks into account. For additional information, please refer to → note 33 "Notes on financial risk management and financial instruments".

If it is possible to demonstrate and document a clear hedging relationship, hedge accounting is applied. In exercise of the option in IFRS 9 "Financial Instruments", the Group continues to apply the hedge accounting provisions of IAS 39 "Financial Instruments: Recognition and Measurement".

Under hedge accounting, changes in the market value of derivatives are recognized depending on the type of hedging relationship. ProSiebenSat.1 Group currently uses hedging derivatives exclusively for hedging future cash flows. Accordingly, changes in the fair value of the effective portion of the derivative are initially recognized separately in other comprehensive income and only in profit or loss when the underlying transaction affects profit or loss. Any ineffective part is recognized immediately in profit or loss.

When hedging future license payments against currency risks, the profits or losses from the hedging instrument that are recognized in equity increase or decrease the acquisition costs of the underlying transaction when the license term starts, i.e. when the hedged item is capitalized, with a corresponding effect on amortization.

ProSiebenSat.1 Group combines and manages identified hedged items and hedging transactions in so-called hedge books. The effectiveness of the hedging relationship is measured at regular intervals and the hedging relationship is adjusted, if required. If a hedging relationship does not or no longer meet the requirements of the standard, hedge accounting is terminated. After termination of a hedging relationship, the amounts recognized in other comprehensive income or as adjustment to acquisition costs are recognized in profit or loss once the hedged item is recognized in profit or loss.

Further information on the financial instruments held by the Group and on the determination of fair values and amortized cost can be found in → note 23 “Receivables and other financial assets”, → note 24 “Other receivables and assets”, → note 26 “Shareholders’ equity”, → note 29 “Financial liabilities” and → note 33 “Notes on financial risk management and financial instruments”.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and short-term, highly liquid financial investments that have maturities of up to three months from the date of acquisition and are subject to minor fluctuation risks only. Cash and cash equivalents are freely available for use.

Cash and cash equivalents are measured at cost, foreign currency balances are translated at the applicable spot rate.

PROVISIONS FOR PENSIONS

Provisions for pensions are measured using the actuarial projected unit credit method. Deviations between assumptions made and actual developments as well as changes in actuarial assumptions regarding the measurement of defined benefit pension plans must be accounted for via remeasurement of the obligations as of the reporting date. ProSiebenSat.1 Group recognizes the actuarial gains and losses from this remeasurement in other comprehensive income. The statement of financial position therefore shows the full extent of the obligations while avoiding fluctuations in profit or loss that may arise in particular from changes in the calculation parameters. Actuarial gains and losses recognized in the respective reporting period are presented separately in the comprehensive income statement. There is no transfer to the income statement in subsequent periods.

For further information, please refer to → note 27 “Provisions for pensions”.

SHARE-BASED PAYMENTS

The share-based payments of ProSiebenSat.1 Group (primarily rights to shares or to future disbursements based on share values) partly constitute compensation plans which the Group can settle either in shares or cash. The applicable accounting depends on whether the Group has a present legal or constructive obligation to settle in cash. Where plans are settled in shares or do not contain a cash settlement obligation, they are measured once at the grant-date fair value. The Group recognizes personnel expenses in functional costs over the vesting period. The counter-entry is to capital reserves. In the case of plans with settlement options giving rise to a legal or constructive obligation for the Group to cash-settle, ProSiebenSat.1 Group recognizes such plans under the requirements for cash-settled plans. The corresponding personnel expense is recognized against liabilities, which is remeasured through profit or loss at each reporting date as well as on the settlement date. Moreover, plans containing a cash-only settlement are also accounted for under the aforementioned requirements for cash-settled plans.

For further information, please refer to → note 26 “Shareholders’ equity” and → note 35 “Share- and performance-based payment”.

OTHER PROVISIONS

Provisions are recognized if a present legal or constructive obligation to third parties exists as a result of a past event, if outflows of economic resources are expected, and if the amount can be determined reliably. They are recognized at full cost, in the amount of the most probable outcome of the obligation, taking into account experiential values. Non-current provisions are recognized as of the reporting date at the present value of expected settlement amounts, taking estimated increases in prices or costs into account. The discount rates used are regularly adjusted to current market interest rates.

The Company recognizes net obligations from onerous contracts at the lower amount of the expected costs of performing the contract and the expected costs upon termination of the contract, minus any revenues potentially expected under the contract. In the recognition and measurement of provisions for onerous procurement transactions for programming assets, contracts are pooled into genre-based programming groups.

The Company recognizes provisions for restructuring expenses if there is at least a constructive external obligation that the Company can no longer avoid due to the existence of a valid expectation on the part of the affected parties. This does not affect the requirement to recognize a provision because of the existence of a legal obligation.

Recognition and measurement of provisions require estimates of the amount and probability of the future outflow of resources, which are based on experiential values and the circumstances known as of the reporting date. To assess the amount of the provisions, in addition to the evaluation of the facts and of the asserted claims, the results of similar circumstances are also considered on a case-by-case basis as are assumptions regarding probabilities of occurrence and the range of possible utilizations.

For further information, please refer to → note 28 “Other provisions”.

CASH FLOW STATEMENT

The statement of cash flows shows the origin and use of the cash flows. It distinguishes between cash flows from operating activities as well as from investing and financing activities.

The funds covered by the statement of cash flows correspond to the cash and cash equivalents presented in the statement of financial position.

The cash flows from investing and financing activities are derived directly from the payments made or received. In contrast, the cash flow from operating activities is derived indirectly from consolidated net income. In addition, changes in working capital items reported in the statement of financial position are adjusted for effects of currency translation and changes in the scope of consolidation. The changes in the relevant items in the statement of financial position cannot be reconciled with the corresponding figures in the consolidated statement of financial position and the segment key figures.

Interest paid and received, dividends received and all cash flows arising from taxes are reported as cash flows from operating activities.

3 / Changes in reporting standards

ProSiebenSat.1 Group applied the following amendments to existing standards published by the International Accounting Standards Board ("IASB") and transposed into European law for the first time in the financial year 2020, which had no material impact on the Consolidated Financial Statements:

- Various IFRS standards "Amendments to References to the Conceptual Framework"
- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IAS 1 and IAS 8 "Definition of Materiality"

As of the reporting date, the IASB had likewise published the following amendments to standards, the application of which is not yet mandatory (in parentheses, if applicable, the date of transposition into European law):

Date of mandatory first-time application: financial years beginning on or after June 1, 2020

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions" (October 12, 2020)

Date of mandatory first-time application: financial years beginning on or after January 1, 2021

- Amendment to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9" (December 16, 2020)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2“ (January 14, 2021)

Date of mandatory first-time application: financial years beginning on or after January 1, 2022

- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"
- Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"
- Annual Improvements to IFRS Standards 2018–2020 Cycle: Amendments to IFRS 1, IFRS 9, IAS 16 and IAS 41

Date of mandatory first-time application: financial years beginning on or after January 1, 2023

- IFRS 17 "Insurance Contracts" including amendments
- IAS 1 "Classification of Liabilities as Current or Non-current" including deferral of initial application

ProSiebenSat.1 Group currently assumes that the application of these standards and amendments will have no material impact on the Consolidated Financial Statements.

4 / Scope of consolidation

The number of subsidiaries included in the Consolidated Financial Statements changed as follows in financial year 2020:

SUBSIDIARIES

	Germany	Other countries	Total
Included as of December 31, 2019	101	126	227
Additions	5	12	17
Disposals	–15	–8	–23
Included as of December 31, 2020	**91**	**130**	**221**

The additions include newly founded companies as well as the acquisition of The Meet Group, Inc., New Hope, Pennsylvania, USA ("The Meet Group"), which are further discussed in → note 5 "Acquisitions and disposals affecting the scope of consolidation".

The disposals include eleven mergers, eight sales/deconsolidations as well as four liquidations.

In addition to the controlled entities, 14 (previous year: 17) associated companies and 5 (previous year: 5) joint ventures accounted for using the equity method are included in the Consolidated Financial Statements. → see note 22 "Investments accounted for using the equity method"

A list of subsidiaries and associated companies is provided in → note 40 "List of subsidiaries and associated companies of ProSiebenSat.1 Group pursuant to section 313 (2) of the German Commercial Code (HGB)".

5 / Acquisitions and disposals affecting the scope of consolidation

A) ACQUISITIONS

The following acquisition that is material for the Consolidated Financial Statements was made in financial year 2020:

Acquisition of 100% of the shares in The Meet Group and establishment of ParshipMeet Group with investment from General Atlantic

On March 5, 2020, ProSiebenSat.1 Group and General Atlantic PD GmbH, Munich ("General Atlantic") signed an agreement for the complete takeover of the US online dating and social entertainment provider The Meet Group via two subsidiaries of their common entity NCG – NUCOM GROUP SE, Unterföhring ("NuCom"). The acquisition agreement stipulates a purchase price of USD 6.30 per share in The Meet Group, which equates to a total purchase price of USD 495 million (EUR 418 million). Incidental acquisition costs of EUR 13 million were recognized as part of functional costs. After the responsible authorities granted approval, the acquisition was closed on September 4, 2020.

Following the acquisition transactions, the Parship Group entities were carved out of NuCom Group and combined with the companies of The Meet Group to form "ParshipMeet Group" as a separate reporting segment. → see note 34 "Segment reporting"

The merging into ParshipMeet Group creates a leading global player in the online dating and social entertainment market. ProSiebenSat.1 Group holds a controlling interest of 55% in the new group, including preferred equity of EUR 350 million. General Atlantic acquired a non-controlling interest of 45% via a capital contribution of EUR 259 million and the contribution of its interest in Parship Group. → see section "Significant Events and Changes in the Scope of Consolidation" in the Group Management Report The shares held by the management of ParshipMeet Group are subject to a put option agreement and are recognized using the anticipated acquisition method as liabilities from put option agreements rather than in equity. Additional explanations regarding non-controlling interests can be found in → note 26 "Shareholders' equity".

The following table contains a breakdown of the fair values of the identified assets acquired and liabilities assumed as of the acquisition date and a derivation of goodwill:

ACQUISITION OF THE MEET GROUP in EUR m

	Fair value at acquisition
Other intangible assets	193
thereof identified in the purchase price allocation	192
Property, plant and equipment	8
Non-current assets	**201**
Trade receivables	33
Other receivables and assets	6
Cash and cash equivalents	49
Current assets	**88**
Financial liabilities	4
Deferred tax liabilities	33
Non-current liabilities and provisions	**37**
Financial liabilities	32
Trade payables	22
Other liabilities	12
Provisions	7
Current liabilities and provisions	**73**
Total net assets	**179**
Purchase price per IFRS 3	**418**
Goodwill	**239**

The identified goodwill almost exclusively represents strategic synergies and development potential in the online dating and social entertainment business. In the wake of the segment restructuring, it was therefore allocated entirely to the ParshipMeet Group cash-generating unit. → see note 17 "Goodwill" The acquired goodwill is not tax-deductible. On the basis of the profitability of the acquired entities and their respective functional currencies, 85% of the goodwill is recognized in US dollars and 15% in euros. The trade receivables of EUR 33 million are made up of gross receivables of EUR 35 million less expected credit losses of EUR 2 million. The current financial liabilities include a loan of EUR 27 million that was repaid in full in connection with the acquisition.

THE MEET GROUP PURCHASE PRICE ALLOCATION

Asset	Fair Value at acquisition in EUR m	Expected useful life in years
Trademarks	144	11–17
Customer relationships	21	1–4
Software	28	10

The assets identified as part of the provisional purchase price allocation are recognized at fair value and gave rise to deferred income tax liabilities of EUR 47 million.

Including the acquired entities from the start of the financial year until initial consolidation in September 2020 would have resulted in additional revenues of EUR 189 million in ProSiebenSat.1 Group's income statement and a decline in net income of EUR 5 million, owing primarily to the acquisition transaction costs to be borne by The Meet Group. From the date of initial consolidation until December 31, 2020, the acquired entities contributed revenues of EUR 102 million and earnings after taxes of EUR 9 million to net income.

OVERVIEW OF ACQUISITIONS IN 2019

Company	Purpose of the company	Voting equity interest acquired	Acquisition of control
Marketplace GmbH	Operation of the online portal Aroundhome for the brokerage of various household services	94.0%	02/21/2019

For further information on the acquisition of Marketplace GmbH, please refer to the published Annual Report as of December 31, 2019.

KEY ASSUMPTIONS AND ESTIMATES

For purposes of the purchase price allocation in connection with business combinations, assumptions must be made regarding the recognition and measurement of assets and liabilities. The determination of the fair value of assets acquired and liabilities assumed as of the acquisition date and of the useful lives of the acquired intangible assets and property, plant and equipment is subject to estimation uncertainties. Measurement is largely based on projected cash flows. Actual cash flows may differ significantly from the cash flows assumed in measuring fair value. External, independent appraisals are obtained for the purchase price allocation of major acquisitions. Measurements in business combinations are based on information available as of the acquisition date. By nature, assumptions and estimates are less certain for intangible assets than for all other assets.

B) DISPOSALS OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Disposal of myLoc managed IT AG

By agreement of September 18, 2020, and effective as of September 30, 2020, ProSiebenSat.1 Group sold its 100% investment in hosting provider myLoc managed IT AG, Freiburg ("myLoc") to the Italian cloud provider WIIT S.p.A, Milan, Italy. As a 100% subsidiary of Virtual Minds AG, Freiburg, the entity was reported as part of the Seven.One Entertainment Group segment prior to the sale.

Disposal of WSM Holding GmbH

By agreement of October 21, 2020, and effective as of December 1, 2020, ProSiebenSat.1 Group sold its 92% investment in OTC pharmaceutical provider WSM Holding GmbH, Wehrheim ("WindStar") to a subsidiary of Oakley Capital Limited, London, United Kingdom. As part of the transaction, the remaining non-controlling shareholders also transferred their share of 8% to the purchasing entity, which prior to the sale was accounted for under the anticipated acquisition method and hence recognized as a liability from put option agreements. As a NuCom subsidiary, WindStar was reported as part of the NuCom Group segment.

The table below shows the disposal proceeds, the disposal of carrying amounts including goodwill, and the calculation of the gain on disposal and net cash inflow from the disposals of subsidiaries:

DISPOSAL OF CARRYING AMOUNTS AND GAIN ON DISPOSALS OF SUBSIDIARIES IN 2020

in EUR m

	myLoc	WindStar	**Total**
Goodwill	–10	–118	–128
Other intangible assets	0	–38	–38
Property, plant and equipment	–10	0	–10
Inventories	0	–26	–26
Trade receivables	–1	–11	–12
Other receivables and other assets	–1	–2	–3
Cash and cash equivalents	–3	–7	–11
Trade payables	1	12	13
Provisions and other liabilities	8	32	39
Disposal net assets	**–16**	**–159**	**–175**
Purchase price	51	264	315
Gain on disposal	**35**	**106**	**140**
Purchase price	51	264	315
Net of cash and cash equivalents disposed	–3	–7	–11
Net cash inflow	**48**	**257**	**305**

The gains on disposal were recognized as other operating income. → see note 11 “Other operating income“ The costs to sell of EUR 7 million were recognized as part of functional costs.

Disposal of the shares in gamigo AG

After signing an option agreement on December 20, 2019, the 33% investment in gamigo AG, Hamburg, allocated to the former Entertainment segment, was presented as a non-current asset held for sale as of December 31, 2019. Until December 20, 2019, the investment was included in the consolidated financial statements as an associate accounted for using the equity method. The call option to acquire the shares held by ProSiebenSat.1 Group for a purchase price of EUR 17 million was exercised by the buyer on February 17, 2020, and the transaction was closed on March 5, 2020. The transaction did not lead to a disposal gain or loss.

NOTES TO THE INCOME STATEMENT

6 / Revenues

REVENUES 2020 in EUR m

	Seven.One Entertainment Group	ParshipMeet Group	NuCom Group	Red Arrow Studios	**Total Group**
Advertising revenues[1]	1,961	—	—	—	1,961
Distribution	169	—	—	—	169
Dating, Matchmaking & Social Entertainment	—	333	—	—	333
Consumer Advice	—	—	211	—	211
Experiences	—	—	87	—	87
Beauty & Lifestyle[2]	—	—	509	—	509
Production	—	—	—	263	263
Global Sales and Other Program Sales	49	—	—	82	132
Studio71	—	—	—	275	275
Other	107	—	0	—	107
Total	**2,286**	**333**	**807**	**620**	**4,047**

[1] This includes revenues from media-for-equity and media-for-revenue of EUR 97 million.
[2] This includes revenues from the sale of goods of EUR 440 million.

REVENUES 2019 in EUR m

	Seven.One Entertainment Group	ParshipMeet Group	NuCom Group	Red Arrow Studios	**Total Group**
Advertising revenues[1]	2,183	—	—	—	2,183
Distribution	155	—	—	—	155
Dating, Matchmaking & Social Entertainment	—	209	—	—	209
Consumer Advice	—	—	242	—	242
Experiences	—	—	100	—	100
Beauty & Lifestyle[2]	—	—	413	—	413
Production	—	—	—	322	322
Global Sales and Other Program Sales	48	—	—	63	111
Studio71	—	—	—	267	267
Other	132	—	1	—	133
Total	**2,518**	**209**	**756**	**652**	**4,135**

[1] This includes revenues from media-for-equity and media-for-revenue of EUR 115 million.
[2] This includes revenues from the sale of goods of EUR 354 million.

CONTRACT ASSETS AND LIABILITIES in EUR m

	12/31/2020	12/31/2019
Contract assets	29	30
Contract liabilities	110	123

Contract assets primarily relate to claims for consideration resulting from work completed under commissioned productions that are still to be invoiced as of the reporting date. These contract assets will be reclassified as trade receivables upon invoicing. In addition, contract assets also include online matchmaking services that have already been provided but cannot yet be invoiced.

Contract liabilities primarily relate to advance payments received for commissioned productions, the sale of programming rights, media services not yet rendered and advance payments from customers in the online matchmaking business.

Of the contract liabilities existing as of January 1, 2020, EUR 113 million were recognized as revenues in the financial year 2020 (previous year: EUR 89 million).

As permitted under IFRS 15, no disclosures are made for the remaining performance obligations at December 31, 2020 that have an original expected duration of one year or less. Performance obligations with an original expected duration of more than one year only exist to an insignificant extent as of December 31, 2020.

Inventories of EUR 44 million (previous year: EUR 48 million) are recognized. Write-downs on inventories in the amount of EUR 4 million were recognized in the financial year 2020 (previous year: EUR 4 million).

KEY ASSUMPTIONS AND ESTIMATES

The assumptions on which the revenue recognition is based can have a significant impact on the amount and timing of revenues recognized. In particular, the calculation of cancellation and return rates is based on historical rates, which may change over time. The determination of relative stand-alone selling prices is highly judgemental.

7 / Cost of sales

in EUR m

	2020	2019
Consumption of programming assets	966	958
Operating expenses	876	798
Personnel expenses	318	325
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairments)	127	122
IT operations	53	57
Expenses from the disposal of programming assets	17	17
Other	111	101
Total	**2,468**	**2,377**

The consumption of programming assets comprises amortization and impairments in the amount of EUR 999 million (previous year: EUR 1,061 million), countered by the change in provisions for onerous contracts recognized in the previous years in the amount of EUR 33 million (previous year: EUR 104 million). For further information, please refer to → note 28 “Other provisions”. The consumption of programming assets in the current financial year was almost on a par with the previous year. In light of the initial plan to reduce programming expenses by around EUR 50 million in the financial year 2020, the Group decided to increase its program spending again in the fourth quarter. The decision was based on the significantly improved environment in the advertising market towards the year-end, so as to profit even more strongly from the market recovery.

Operating expenses primarily include production-related external services, merchandise used in the NuCom Group segment, license expenses and copyright fees. Their increase reflects the acquisition of The Meet Group as well as higher costs in the NuCom Group segment resulting from increased revenues. By contrast, production costs in the segment Red Arrow Studios decreased due to production terminations and deferrals as a result of the pandemic.

Personnel expenses include wages and salaries of employees in production, including performance-based bonus entitlements, severance payments, and social security contributions. Depreciation, amortization and impairments on property, plant and equipment and other intangible assets primarily relate to depreciation and amortization on technical equipment and licenses. Expenses from the disposal of programming assets result from the sale of programming rights and ancillary programming rights. The item “Other” mainly includes production-related marketing expenses in the NuCom Group segment, which increased in line with revenues.

For more information please refer to the → section “Earnings of the Group” in the Group Management Report.

8 / Selling expenses

in EUR m

	2020	2019
Marketing and marketing-related expenses	345	319
Personnel expenses	131	124
Distribution	59	61
thereof satellite usage fees	36	34
thereof distribution fees	24	27
Operating expenses	32	39
Sales commissions	28	30
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairments)	21	21
IT operations	13	15
Other	17	19
Total	**646**	**627**

Marketing and marketing-related expenses are attributable primarily to market research, advertising and public relations. Their increase reflects the growth-driven increases in marketing activities at eHarmony and Flaconi, as well as the acquisition of The Meet Group. Personnel expenses include wages and salaries of employees in sales, including performance-based bonus entitlements, severance payments, and social security contributions. Sales commissions primarily comprise costs and commissions for marketing services. Operating expenses largely include expenses for distribution rights. Depreciation, amortization and impairments relate almost exclusively to other intangible assets in sales.

For further information, please refer to the → section "Group Earnings" in the Group Management Report.

9 / Administrative expenses

in EUR m

	2020	2019
Personnel expenses	268	258
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairments)	101	117
Consultancy fees	41	40
IT operations	27	27
Infrastructure expenses	24	27
Marketing expenses	12	21
Other personnel-related expenses	11	15
Corporate hospitality and travel expenses	2	10
Automobile expenses	3	3
Other	49	60
Total	**538**	**576**

Personnel expenses include wages and salaries of employees in administration, including performance-based bonus entitlements, severance payments, and social security contributions. Their year-on-year increase reflects additional expenses as a result of the acquisition of The Meet Group. Furthermore, the personnel expenses of the financial year 2020 contain termination payments to former members of the Executive Board of around EUR 7 million.

Depreciation, amortization and impairments of property, plant and equipment and other intangible assets relate mainly to administrative buildings, operating and office equipment, and software licenses. The consulting costs primarily relate to management, legal and M&A consulting services.

In particular, the strict cost management throughout all segments had a positive impact on administrative expenses. For further information please refer to the → section "Group Earnings" in the Group Management Report.

10 / Other operating expenses

Other operating expenses in the amount of EUR 12 million (previous year: EUR 11 million) mainly include derecognition of trade receivables from previous years in the amount of EUR 11 million (previous year: EUR 10 million).

11 / Other operating income

Other operating income amounts to EUR 169 million in financial year 2020 (previous year: EUR 35 million). Thereof, EUR 140 million (previous year: EUR 0 million) relate to income from the disposal of the subsidiaries WindStar (EUR 106 million) and myLoc (EUR 35 million). → see note 5 "Acquisitions and disposals affecting the scope of consolidation"

12 / Interest result

in EUR m

	2020	2019
Interest and similar income	3	2
Interest and similar expenses	–76	–58
thereof from financial liabilities at amortized cost	–60	–51
thereof from hedging derivatives	–5	–4
thereof other interest and similar expenses	–10	–3
Interest result	**–73**	**–56**

Interest and similar income exclusively derive from financial assets at amortized cost and are recognized using the effective interest method.

Interest on financial liabilities at amortized cost primarily includes interest on drawn loans. → see note 29 "Financial liabilities" The increase primarily reflects higher financing costs and a temporary drawing from a revolving credit facility during the year. → see note 33 "Notes on financial risk management and financial instruments"

Interest expenses from liabilities at amortized cost contain interest expenses of EUR 4 million (previous year: EUR 4 million) on lease liabilities. → see note 21 "Leases"

Interest and similar expenses from hedge derivatives relate to expenses for interest rate swaps used as hedging instruments. → see note 33 "Notes on financial risk management and financial instruments" "Other interest and similar expenses" primarily contain interest accruals on put option and earn-out liabilities as well as interest accruals on tax related items.

13 / Result from investments accounted for using the equity method and other financial result

in EUR m

	2020	2019
Share of profit or loss of joint ventures	–82	–55
Share of profit or loss of associates	4	5
Result from investments accounted for using the equity method	**–77**	**–50**
Changes in put options and earn-out liabilities	–30	76
Measurement and disposal result from other financial instruments	12	41
thereof from financial assets at fair value through profit or loss	16	–8
thereof from financial assets accounted for using the equity method	–4	49
Foreign currency translation gains/losses	–6	–9
thereof from cash and cash equivalents	–41	3
thereof from other financial assets	–7	2
thereof from financial liabilities at amortized cost	38	–5
thereof from put options and earn-out liabilities	1	–1
thereof from financial assets and financial liabilities at fair value through profit or loss	3	–6
thereof from other items	0	–3
Financing costs	–7	–10
Other	–1	2
Other financial result	**–32**	**100**

The share of profit or loss of joint ventures contains mainly the Group's share of the loss of Joyn GmbH, Munich ("Joyn") in the amount of EUR 82 million (previous year: EUR 55 million). The result of the financial year 2020 of Joyn has been particularly impacted by impairments of other intangible assets amounting to EUR 26 million (previous year: EUR 0 million). → see note 22 "Investments accounted for using the equity method"

The changes in put options and earn-out liabilities resulted from measurement adjustments to the put options and earn-out agreements concluded in connection with business combinations. → see note 33 "Notes on financial risk management and financial instruments"

The exchange rate losses from the measurement of cash and cash equivalents in the financial year 2020 resulted from the significant devaluation of the US Dollar compared to the previous year and temporarily higher US Dollar cash holdings in anticipation of the acquisition of The Meet Group. → see note 5 "Acquisitions and disposals affecting the scope of consolidation" Exchange rate gains from financial liabilities at amortized cost primarily relate to the measurement of liabilities for programming assets.

In addition to ongoing bank charges, financing costs also include deferred charges from long-term loans as well as commitment fees in respect to the tranches of the revolving credit facility that have not yet been drawn. → see note 29 "Financial liabilities"

14 / Income taxes

INCOME TAX EXPENSES in EUR m

	2020	2019
Current income tax expenses – Germany	77	130
Current income tax expenses – other countries	6	12
Current tax expenses	**83**	**142**
Deferred tax expenses – Germany	31	24
Deferred tax expenses/-income – other countries	3	–5
Deferred tax expenses	**35**	**19**
Total income tax expenses	**118**	**161**

The corporate income tax rate in Germany was 15.0% (previous year: 15.0%) plus the solidarity surcharge of 5.5% (previous year: 5.5%). Including an average trade tax rate of 12.2% (previous year: 12.2%), the Group's relevant nominal total tax rate was 28.0% (previous year: 28.0%). The tax rates for foreign companies ranged between 15.0% and 28.3% (previous year: between 12.3% and 33.0%).

Current income tax expenses include domestic and foreign tax on taxable income for 2020 of EUR 96 million (previous year: EUR 151 million) as well as income tax income for previous years of EUR 13 million (previous year: EUR 9 million). Tax losses or temporary differences not recognized in earlier periods led to a reduction in current income tax expenses of EUR 1 million (previous year: EUR 1 million).

The deferred tax expenses include deferred tax expenses of EUR 31 million (previous year: EUR 24 million) from ongoing changes in temporary differences. It also includes deferred tax expenses of EUR 11 million (previous year: EUR 4 million) relating to previously unrecognized temporary differences of a previous period. In addition, deferred tax income of EUR 8 million (previous year: EUR 10 million) results from the current tax losses in individual companies.

Deferred tax assets on loss carry-forwards were written down by EUR 2 million (previous year: EUR 3 million). Write-downs of deferred tax assets were reversed on the basis of the use of previously unrecognized loss-carryforwards of EUR 1 million (previous year: EUR 1 million) and in the case of deferred tax assets on temporary differences of EUR 1 million (previous year: EUR 0 million).

The Group's applicable effective tax rate (recognized tax expenses as a proportion of result before income taxes) amounts to 31.8% (previous year: 28.1%). The tax expenses calculated by applying the nominal total tax rate to the result before income taxes can be reconciled to the tax expenses recognized in the income statement as follows:

RECONCILIATION OF TAX EXPENSES in EUR m

	2020	2019
Result before income taxes	**370**	**572**
Applicable group tax rate (in percent)	28	28
Expected income tax expense	104	160
Adjustments to the expected income tax expense:		
Tax rate deviations		
Effects due to foreign tax rate differences	1	2
Effects due to domestic tax rate differences	3	1
Effects due to changes in statutory tax rates	0	1
Effects from deviation in taxable base		
Non-deductible interest expenses	3	0
Other non-deductible operating expenses	27	15
Tax-free income	–14	–37
Non-taxable disposal effects	–37	–6
Investments accounted for using the equity method	22	14
Recognition and measurement of deferred tax assets		
Changes and non-recognition of deferred tax assets	11	15
Other effects		
Taxes from previous years	–1	–4
Total income tax expenses	**118**	**161**
Effective group tax rate (in percent)	**32**	**28**

As of December 31, 2020, no deferred tax assets were recognized for corporate income tax loss carry-forwards of EUR 269 million (previous year: EUR 258 million) or for trade tax loss carry-forwards of EUR 149 million (previous year: EUR 127 million). EUR 20 million (previous year: EUR 19 million) of these loss carry-forwards arise abroad and will expire within the next 2 to 9 years if they are not used. The remaining loss carry-forwards can be used indefinitely.

The deferred tax assets not recognized for corporate income tax loss carry-forwards amount to EUR 51 million (previous year: EUR 48 million). The deferred tax assets not recognized for trade tax losses amount to EUR 23 million (previous year: EUR 19 million). No deferred tax asset was recognized in the statement of financial position for deductible differences of EUR 6 million (previous year: EUR 7 million).

The deferred tax assets and liabilities are allocated to the following line items in the statement of financial position:

DEFERRED TAXES in EUR m

	Deferred tax assets	Deferred tax liabilities	Balance net at December 31, 2019	Deferred taxes recognized in profit or loss	Deferred taxes recognized in other comprehensive income arising from		Deferred tax effects from changes in consolidation scope	Balance net at December 31, 2020	Deferred tax assets	Deferred tax liabilities
					Cash flow hedges and pension obligations	Foreign currency translation				
Goodwill	8	–69	–61	21	—	—	5	–35	8	–43
Other intangible assets	5	–191	–187	–19	—	1	–41	–245	6	–252
Property, plant and equipment	0	–63	–63	–27	—	—	1	–89	0	–89
Financial assets	8	–6	2	3	—	—	—	5	8	–3
Programming assets	54	–2	51	–28	—	—	—	24	24	0
Inventories and other assets	7	–30	–23	2	19	—	0	–2	10	–12
Pension provisions	3	0	3	0	0	—	—	4	4	0
Other provisions	30	–1	28	–11	—	—	0	18	22	–5
Liabilities	90	–69	21	16	1	—	0	37	112	–74
Tax loss carry-forwards	56	—	56	9	—	0	7	71	71	—
Tax credits	2	—	2	0	—	—	4	5	5	—
Deferred tax assets/liabilities before netting	**262**	**–432**	**–170**	**–35**	**20**	**1**	**–23**	**–206**	**270**	**–477**
Netting	–196	196							–216	216
Deferred tax assets/liabilities after netting	**66**	**–236**							**54**	**–260**

For information on netting deferred tax assets and liabilities and the use of assumptions and estimates for uncertain tax positions → see note 2 "Accounting principles".

With respect to deferred taxes that have been recognized in accumulated other comprehensive income, please refer to → note 26 "Shareholders' equity".

A deferred tax liability in the amount of EUR 1 million was recognized for planned future distributions from subsidiaries (previous year: EUR 4 million). Additional temporary differences resulting from outside basis differences exist in the amount of EUR 16 million (previous year: EUR 11 million). No deferred tax liabilities were recognized for these taxable temporary differences as ProSiebenSat.1 Group is able to control the timing of their reversal and as it is probable that the temporary differences will not reverse in the foreseeable future.

15 / Earnings per share

	2020	2019
in EUR m		
Net income attributable to the shareholders of ProSiebenSat.1 Media SE (basic)	267	413
Valuation effects of share-based payments after taxes	0	–3
Net income attributable to the shareholders of ProSiebenSat.1 Media SE (diluted)	267	409
in shares		
Weighted average number of shares outstanding (basic)	226,147,133	226,088,493
Dilution effect from share-based payments	863,003	674,732
Weighted average number of shares outstanding (diluted)	227,010,136	226,763,225
in EUR		
Basic earnings per share	**1.18**	**1.83**
Diluted earnings per share	**1.18**	**1.80**

Regarding the type of settlement, the Group Share Plan and the Performance Share Plan include an option for ProSiebenSat.1 Media SE to either settle in shares or in cash. → see note 35 "Share- and performance-based payment" These plans are treated as if they were settled in common shares of the Company for the calculation of earnings per share due to the resulting potential dilution.

Under share-based payment plans, members of the Executive Board and selected Executives of ProSiebenSat.1 Group had rights to 863,003 (previous year: 674,732) virtual shares, called performance share units, as of the reporting date. In the reporting period, the potential conversion of these performance share units into common shares had a dilution effect of EUR 0.00 per share (previous year: EUR 0.03 per share).

16 / Other disclosures

PERSONNEL EXPENSES AND NUMBER OF EMPLOYEES

Cost of sales, selling and administrative expenses include the following personnel expenses:

PERSONNEL EXPENSES in EUR m

	2020	2019
Wages and salaries	628	619
Social security contributions and expenses for pensions and other employee benefits	89	87
Total	**717**	**707**

Expenses for pensions amounted to EUR 2 million (previous year: EUR 2 million).

Employer contributions paid to statutory pension insurance amounted to EUR 34 million (previous year: EUR 30 million).

ProSiebenSat.1 Group had an average of 7,128 employees in the financial year 2020 (previous year: 7,265). In total the Group employed 7,128 (previous year: 7,265) full-time employees and 551 (previous year: 569) trainees, volunteers, interns and working students.

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

Depreciation, amortization and impairments of other intangible assets and property, plant and equipment that are included in cost of sales, selling expenses, administrative expenses and other operating expenses comprise the following:

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS in EUR m

	2020	2019
Amortization of other intangible assets	160	149
Depreciation of property, plant and equipment	80	80
Impairments of other intangible assets	8	31
Impairments of property, plant and equipment	0	0
Total	**248**	**260**

Amortization and impairments of programming assets in the amount of EUR 999 million (previous year: EUR 1,061 million) are presented as cost of sales and deducted when calculating adjusted EBITDA.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

17 / Goodwill

DEVELOPMENT OF GOODWILL in EUR m

	2020	2019
COST		
Balance as of January 1	**2,201**	**2,055**
Exchange rate differences	–39	9
Additions	239	138
Disposals	–131	0
Balance as of December 31	**2,269**	**2,201**
IMPAIRMENTS		
Balance as of January 1/December 31	**93**	**93**
Carrying amount as of December 31	**2,177**	**2,109**

For further information regarding additions and disposals in 2020, please refer to → note 5 "Acquisitions and disposals affecting the scope of consolidation".

As a result of the resegmentation in the third quarter of 2020, goodwill in the amount of EUR 320 million was reallocated, based on relative values, from the existing NuCom Group segment to the new ParshipMeet Group segment. The impairment test conducted in the context of the reallocation did not result in the need to recognize any impairment. For further details on the resegmentation → see note 34 "Segment reporting".

After the reallocation, the goodwill is allocated to the segments as follows:

ALLOCATION OF GOODWILL TO SEGMENTS in EUR m

Cash-generating unit[1]	Seven.One Entertainment Group	ParshipMeet Group	NuCom Group	Red Arrow Studios	Total
Carrying amount of goodwill 12/31/2020	876	549	421	331	**2,177**
Carrying amount of goodwill 12/31/2019[2]	886	—	860	364	**2,109**

[1] The cash-generating units are equivalent to the segments.
[2] The disclosures for the previous year are based on the segment structure before the resegmentation (see note 34 "Segment reporting").

As in the previous year, the goodwill impairment tests confirmed the carrying amounts.

The following table provides an overview of the premises applied to the goodwill impairment test:

ASSUMPTIONS FOR GOODWILL IMPAIRMENT TESTING

Cash-generating unit	Seven.One Entertainment Group	ParshipMeet Group	NuCom Group	Red Arrow Studios
Revenue growth p.a. in the projection period (CAGR)[1]	3.3% (1.7%)	18.6% (—)	14.5% (18.4%)	9.9% (17.5%)
Ø EBITDA margin in the projection period[1]	20.8% (23.3%)	24.7% (—)	10.5% (14.2%)	7.4% (7.6%)
Duration of the projection period	5 years	5 years	5 years	5 years
Revenue growth p.a. at the end of the projection period[1]	1.0% (1.0%)	1.5% (—)	1.5% (1.5%)	1.5% (1.5%)
EBITDA margin at the end of the projection period[1]	21.8% (23.0%)	28.1% (—)	14.2% (17.6%)	8.0% (8.3%)
Ø Discount rate[1]	9.2% (10.5%)	11.0% (—)	12.2% (14.5%)	9.3% (11.6%)

[1] Previous year's figures in parentheses.

The assumptions regarding revenue growth in the projection period are based on the corporate planning adopted by management as of the impairment test reference date, with emphasis on the consideration of risks in the current estimates of the cash flows. The companies consider the expected segment-specific effects of the COVID-19 pandemic in their planning. Estimating the duration of COVID-19's negative impact on segment cash flows is of particular significance in this context. In the Seven.One Entertainment Group, NuCom Group and Red Arrow Studios segments, the companies assume that, once the COVID-19 pandemic ends, the cash flows will approach or even exceed their pre-pandemic levels again. In the ParshipMeet Group segment, revenues increased in the financial year 2020. This highlights the importance and the growth potential of online dating, even in an environment affected by COVID-19. → see section "Group Earnings" in the Group Management Report

The assumptions regarding revenue growth applied in the subsequent measurement phase are based on external published sources. The forecast EBITDA margins take account of the earnings generated in the past and measures taken to increase sales or reduce costs. The weighted average cost of capital (WACC) used for discounting reflects the risk-adjusted pre-tax interest rate derived from the capital market. The discount rate is based on the risk-free interest rate of –0.2% (previous year: 0.2%) that is equivalent to the term as well as a market risk premium of 8.0% (previous year: 7.8%). In addition, a beta factor, the cost of debt and a leverage ratio all derived from the respective peer group, are taken into account individually for each cash-generating unit. Country-specific tax rates and risk premiums are also applied depending on the individual composition of the respective cash-generating unit. The recoverable amount is calculated in the form of value in use, unless stated otherwise.

The estimated recoverable amount of the Red Arrow Studios cash-generating unit exceeds its carrying amount by EUR 132 million (previous year: EUR 143 million). A possible change in two key assumptions could result in the carrying amount of the Red Arrow Studios cash-generating unit exceeding its recoverable amount. The following table shows how these two assumptions, if parameters otherwise remain unchanged and when looked at in isolation, would have to change in order for the estimated recoverable amount to be equal to the carrying amount:

SENSITIVITY OF ASSUMPTIONS MADE

Cash-generating unit	Red Arrow Studios
EBITDA margin at the end of the projection period (change in percentage points)[1]	–1.3 (–1.3)
Ø Discount rate (change in percentage points)[1]	2.0 (2.4)

[1] Previous year's figures in parentheses.

KEY ASSUMPTIONS AND ESTIMATES

The premises as well as the underlying methodology of the impairment test may have a significant impact on the respective values and ultimately on the amount of any potential goodwill impairment. In particular, the determination of discounted cash flows is subject to a wide range of planning assumptions that are sensitive to change and therefore may have a significant impact on the value.

18 / Programming assets

Programming assets include rights to feature films, series, commissioned productions, digital content, advance payments for such rights and sports rights.

DEVELOPMENT OF PROGRAMMING ASSETS in EUR m

	Capitalized rights	Advances paid	Total
Balance as of January 1, 2019	**972**	**142**	**1,113**
Additions	1,074	96	1,170
Disposals	–17	0	–17
Reclassifications	89	–89	—
Amortization	–903	—	–903
Impairments	–130	–28	–158
Other	–2	0	–2
Balance as of December 31, 2019/January 1, 2020	**1,084**	**121**	**1,204**
thereof non-current programming assets			1,057
thereof current programming assets			148
Additions	951	75	1,027
Disposals	–17	—	–17
Reclassifications	82	–82	—
Amortization	–866	—	–866
Impairments	–133	—	–133
Other	—	–1	–1
Balance as of December 31, 2020	**1,100**	**113**	**1,213**
thereof non-current programming assets			1,072
thereof current programming assets			141

KEY ASSUMPTIONS AND ESTIMATES

Major components of programming assets are acquired from large film studios in the form of film packages. Among other things, the individual licenses of such film packages are initially measured in relation to the expected audience reach of the individual license broadcasts. The Group recognizes amortization of programming assets using a declining-balance method over the number of runs according to a standardized Group-wide matrix which reflects the expected audience reach potential relating to the respective broadcast. Impairments are recognized at the level of cash-generating units in the event that the estimated revenues of the respective cash-generating unit can no longer cover the respective carrying amount. The estimated revenues are subject to a wide range of planning assumptions that are sensitive to change and therefore may have a significant impact on the valuation. The associated estimation uncertainties have increased in the COVID-19 pandemic.

19 / Other intangible assets

DEVELOPMENT OF OTHER INTANGIBLE ASSETS in EUR m

	Trademarks	Customer relationships	Internally generated intangible assets	Other	Advances paid	Total
COST						
Balance as of January 1, 2019	**486**	**234**	**133**	**512**	**50**	**1,415**
Exchange rate differences	1	2	0	1	—	4
Changes in scope of consolidation	3	18	—	6	—	27
Additions	—	—	39	88	40	167
Reclassifications	—	—	15	16	–30	—
Disposals	—	—	–20	–92	–8	–120
Balance as of December 31, 2019/January 1, 2020	**491**	**254**	**167**	**531**	**51**	**1,493**
Exchange rate differences	–9	–8	0	–7	—	–24
Changes in scope of consolidation	137	–30	—	10	0	117
Additions	—	—	37	58	41	136
Reclassifications	—	—	12	17	–29	—
Disposals	–2	–14	–18	–62	–3	–99
Balance as of December 31, 2020	**617**	**203**	**197**	**547**	**60**	**1,623**
AMORTIZATION AND IMPAIRMENTS						
Balance as of January 1, 2019	**43**	**85**	**76**	**376**	**11**	**591**
Exchange rate differences	0	0	0	1	—	1
Additions[1]	6	47	29	96	3	181
Disposals	—	—	–20	–88	–7	–115
Balance as of December 31, 2019/January 1, 2020	**49**	**132**	**85**	**385**	**7**	**658**
Exchange rate differences	0	–5	0	–5	—	–10
Changes in scope of consolidation	–2	–27	—	–8	—	–38
Additions[1]	10	30	36	91	1	168
Disposals	–2	–14	–20	–61	–2	–98
Balance as of December 31, 2020	**55**	**116**	**101**	**403**	**5**	**680**
Carrying amount as of December 31, 2019	**441**	**122**	**82**	**146**	**44**	**835**
Carrying amount as of December 31, 2020	**563**	**86**	**96**	**143**	**55**	**943**

[1] Of the impairments recognized in this position amounting to EUR 8 million (previous year: EUR 31 million), EUR 6 million (previous year: EUR 7 million) are presented in cost of sales, EUR 1 million (previous year: EUR 4 million) in selling expenses and EUR 2 million (previous year: EUR 20 million) in administrative expenses.

The category “Other” mainly includes software, licenses for marketing digital offerings by external providers, and industrial property rights.

The trademarks comprise assets with finite and indefinite useful lives. The trademarks with indefinite useful lives are allocated to the segments as follows:

ALLOCATION OF TRADEMARKS WITH INDEFINITE USEFUL LIVES TO SEGMENTS in EUR m

Segment	Seven.One Entertainment Group	ParshipMeet Group	NuCom Group	Red Arrow Studios	Total
Carrying amount of trademarks with indefinite useful lives 12/31/2020	16	193	160	—	**370**
Carrying amount of trademarks with indefinite useful lives 12/31/2019[1]	16	—	358	—	**375**

[1] The disclosures for the previous year are based on the segment structure before the resegmentation (see note 34 “Segment reporting”).

The following table provides an overview of the allocation of major trademarks with indefinite useful lives to the cash-generating units for the purposes of the obligatory annual impairment tests as well as the assumptions applied to the respective impairment tests:

ASSUMPTIONS FOR IMPAIRMENT TESTING OF SIGNIFICANT TRADEMARKS WITH INDEFINITE USEFUL LIVES

Cash-generating unit	Verivox	PARSHIP ELITE Group
Revenue growth p.a. in the projection period (CAGR)[1]	8.8% (19.4%)	7.7% (2.9%)
Ø EBITDA margin in the projection period[1]	23.8% (24.7%)	36.6% (34.7%)
Duration of the projection period	5 years	5 years
Revenue growth p.a. at the end of the projection period[1]	1.5% (1.5%)	1.5% (1.5%)
EBITDA margin at the end of the projection period[1]	26.7% (29.9%)	38.0% (39.4%)
Ø Discount rate[1]	11.6% (13.1%)	11.1% (13.6%)
Valuation date	12/31/2020	12/31/2020
Carrying amount of trademarks with indefinite useful lives (in EUR m)[1]	**107 (107)**	**141 (141)**

[1] Previous year's figures in parentheses.

The assumptions regarding revenue growth in the projection period are based on the corporate planning adopted by management as of the impairment test reference date. In their planning, the companies consider the specific effects of the COVID-19 pandemic on the various cash-generating units. In doing so, they assume that the negative impact of the pandemic on the Verivox cash-generating unit will be minor. In the ParshipMeet Group cash-generating unit, revenues increased in the financial year 2020. This underlines the importance and the growth potential of online dating, even in an environment affected by COVID-19.

Amortization reflects the pattern of usage and is recognized linearly, predominantly based on the following economic useful lives:

USEFUL LIVES OF INTANGIBLE ASSETS

	Years
Trademarks with finite useful lives	3–17
Customer relationships	1–15
Software	2–10
Licenses and other property rights	10 or term of the license agreements

The useful lives and amortization methods are reviewed annually and adjusted if expectations have changed.

KEY ASSUMPTIONS AND ESTIMATES

The assumptions as well as the underlying methodology of the impairment test may have a significant impact on the respective values and ultimately on the amount of any potential impairment of other intangible assets. In particular, the determination of discounted cash flows is subject to a wide range of planning assumptions that are sensitive to change and therefore may have a significant impact on the value.

20 / Property, plant and equipment and rights-of-use to property, plant and equipment

The development of property, plant and equipment and rights-of-use to property, plant and equipment are presented in the following table:

in EUR m

	Real estate	Technical facilities	Office furniture and equipment	Advances paid	Total
COST					
Balance as of January 1, 2019	**391**	**165**	**87**	**29**	**671**
Exchange rate differences	1	0	0	—	1
Changes in scope of consolidation	23	0	2	—	25
Additions	45	15	11	21	92
Reclassifications	2	2	0	–4	—
Disposals	–21	–7	–11	–1	–42
Balance as of December 31, 2019/January 1, 2020	**441**	**174**	**89**	**45**	**749**
Exchange rate differences	–5	–2	0	–1	–8
Changes in scope of consolidation	–1	–10	0	0	–10
Additions	119	14	11	45	188
Reclassifications	1	3	0	–4	—
Disposals	–26	–5	–8	–1	–39
Balance as of December 31, 2020	**529**	**174**	**91**	**85**	**879**
DEPRECIATION, AMORTIZATION AND IMPAIRMENTS					
Balance as of January 1, 2019	**162**	**125**	**59**	**—**	**345**
Exchange rate differences	0	0	0	—	1
Additions	46	20	14	—	80
Disposals	–9	–7	–11	—	–27
Balance as of December 31, 2019/January 1, 2020	**199**	**138**	**62**	**—**	**398**
Exchange rate differences	–2	–1	—	—	–3
Changes in scope of consolidation	–1	–6	–1	—	–8
Additions	51	18	12	—	81
Disposals	–18	–6	–7	—	–31
Balance as of December 31, 2020	**229**	**143**	**64**	**—**	**437**
Carrying amount as of December 31, 2019	**242**	**37**	**27**	**45**	**351**
Carrying amount as of December 31, 2020	**300**	**31**	**27**	**85**	**443**

The real estate and advances paid items include land and buildings that belong to the real estate leasing entity with which ProSiebenSat.1 Media SE entered into a lease contract for the construction of a new corporate campus in Unterföhring in the financial year 2018. As ProSiebenSat.1 Group can determine the relevant activities of the real estate leasing entity, said entity is fully consolidated. The real estate leasing entity's liabilities to the financing banks are recognized in other financial liabilities as real estate financing. → see note 29 "Financial liabilities" The land and buildings (existing and yet to be erected) are secured by way of a land charge in the amount of the financing already drawn.

The borrowing costs capitalized in the financial year 2020 amounted to EUR 4 million (previous year: EUR 2 million).

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

	Years
Real estate	3–50
Technical facilities	2–10
Office furniture and equipment	3–20

21 / Leases

The lease agreements of ProSiebenSat.1 Group relate to the renting of real estate, in particular office and storage space, as well as the lease of other property, plant and equipment, e.g. information technology, operating and office equipment, and vehicles for employees.

The following table shows the development of the carrying amounts of right-of-use assets from leases:

in EUR m

	Real Estate	Other property, plant and equipment	Total
CARRYING AMOUNT			
Balance as of January 1, 2019	**156**	**10**	**166**
Exchange rate differences	1	0	1
Changes in scope of consolidation	22	0	22
Additions	36	4	40
Disposals	–11	0	–12
Amortization and impairments	–33	–6	–39
Balance as of December 31, 2019/January 1, 2020	**171**	**8**	**179**
Exchange rate differences	–3	0	–3
Changes in scope of consolidation	1	–1	0
Additions	99	5	104
Disposals	–3	0	–3
Amortization and impairments	–34	–5	–40
Balance as of December 31, 2020	**229**	**7**	**236**

The additions to right-of-use assets from real estate leases of EUR 99 million mainly result from the renting of new office and storage space.

The following table contains the amounts recognized in profit or loss attributable to leases in which ProSiebenSat.1 Group acts as lessee:

LEASING ITEMS IN PROFIT OR LOSS in EUR m

	2020	2019
Amortization and impairments	40	39
Interest expenses	4	4
Off-balance short-term and low-value leases	1	1
Total expenses for leases	**45**	**44**

The total cash outflow from leases in which ProSiebenSat.1 Group acts as lessee, including off-balance short-term or low-value leases, amounts to EUR 44 million in the financial year 2020 (previous year: EUR 47 million). EUR 4 million of this amount relates to interest payments (previous year: EUR 4 million).

22 / Investments accounted for using the equity method

ProSiebenSat.1 Group holds a 50.0% share in Joyn (previous year: 50.0%) as a material investment accounted for using the equity method. Joyn is a joint venture with Discovery Communications Europe Ltd., London, United Kingdom (“Discovery”).

The following overview shows summarized financial information as well as a reconciliation to the carrying amount of the Group's share in Joyn:

FINANCIAL INFORMATION FOR JOYN in EUR m

	Joyn	
	12/31/2020	12/31/2019
Non-current assets	61	78
Current assets	60	69
thereof cash and cash equivalents	21	27
Non-current liabilities	15	16
thereof financial liabilities excl. trade payables and provisions	8	9
Current liabilities	85	97
thereof financial liabilities excl. trade payables and provisions	1	1
Net assets (100%)	**20**	**34**
Group's share in net assets (50%)	10	17
Proportionate elimination of deconsolidation gain from the sale of maxdome GmbH	–10	–10
Carrying amount of interest in joint venture	**0**	**6**
Revenue	58	91
Depreciation, amortization and impairments of property, plant and equipment and other intangible assets	–40	–4
Net result for the period (100%)	–163	–110
Group's share of net result for the period (50%)	**–82**	**–55**

Depreciation, amortization and impairments of property, plant and equipment and other intangible assets amounting to EUR 40 million (previous year: EUR 4 million) contain impairments of other intangible assets of EUR 26 million (previous year: EUR 0 million).

The cash outflow of EUR 75 million resulting from the capital increases in the financial year 2020 (previous year: EUR 62 million) is presented in the cash flow from investing activities under payments for investments including investments accounted for using the equity method.

For information on the financing commitments to Joyn as of the reporting date → see note 33 "Notes on financial risk management and financial instruments". As the shares in Joyn are not listed, no market values are available. As in the previous year, ProSiebenSat.1 Group did not receive any dividends from Joyn in the financial year 2020.

ProSiebenSat.1 Group holds other investments in associates and joint ventures apart from Joyn, which, however, are of minor importance to the Group. The carrying amount of these investments at the reporting date is EUR 14 million (previous year: EUR 21 million).

23 / Receivables and other financial assets

in EUR m

	12/31/2020			12/31/2019		
	Current	Non-current	**Total**	Current	Non-current	**Total**
Contract assets	29	—	29	30	—	30
Trade receivables	540	19	559	500	12	511
Total receivables	**569**	**19**	**588**	**530**	**12**	**541**
Derivatives	12	7	19	31	63	94
Equity Investments	—	144	144	—	145	145
Securities	—	96	96	—	88	88
Other financial assets	37	5	42	37	8	45
Total other financial assets	**50**	**252**	**302**	**67**	**304**	**371**
Total	**619**	**271**	**890**	**597**	**316**	**913**

Trade receivables also include receivables from related parties. → see note 36 "Related parties"

The derivatives are mainly currency forwards to hedge currency risks. → see note 33 "Notes on financial risk management and financial instruments"

Investments include the non-controlling interests acquired by the Group in the context of its "media-for-equity" strategy. → see note 33 "Notes on financial risk management and financial instruments"

Securities primarily include venture capital fund investments in the amount of EUR 69 million (previous year: EUR 61 million). In addition, this position also contains EUR 28 million (previous year: EUR 26 million) of fund investments which are used to cover the pension obligations, but do not constitute plan assets.

Other financial assets mainly include reimbursements claimed from suppliers and receivables from the provision of collateral.

The following table shows the changes in loss allowances for gross trade receivables and for contract assets from contracts with customers:

CHANGES IN LOSS ALLOWANCES in EUR m

	2020	Thereof individual credit-impaired receivables	2019	Thereof individual credit-impaired receivables
Balance as of January 1	**44**	**36**	**45**	**41**
Additions	25	24	30	26
Releases	–8	–8	–6	–6
Usage	–17	–17	–27	–27
Changes in scope of consolidation	1	0	2	2
Balance as of December 31	**45**	**35**	**44**	**36**

Further details on credit loss provisions can be found in → note 33 "Notes on financial risk management and financial instruments".

24 / Other receivables and assets

in EUR m

	12/31/2020			12/31/2019		
	Current	Non-current	**Total**	Current	Non-current	**Total**
Accrued items	24	0	24	22	0	23
Advance payments	9	—	9	8	—	8
Other	14	2	16	15	4	19
Total other receivables and assets	**47**	**2**	**49**	**46**	**4**	**50**

The item "Other" includes VAT receivables and a large number of minor individual items.

25 / Cash and cash equivalents

Cash and cash equivalents include the categories shown in the following table, with the bank balances and the investments in term deposits maturing within three months as of the date of initial recognition.

in EUR m

	12/31/2020	12/31/2019
Bank balances	1,028	895
Term deposits	196	53
Cash on hand and cheques	0	2
Total cash and cash equivalents	**1,224**	**950**

The following table shows the cash and non-cash changes to financial liabilities:

CHANGES IN FINANCIAL LIABILITIES in EUR m

	01/01/2020	Cash changes	Non-cash changes			**12/31/2020**
			Changes in scope of consolidation	Exchange rate changes	Additions/ Other	
Non-current financial liabilities	3,190	–2	—	0	–596	2,591
Current financial liabilities	12	–33	27	1	600	608
Lease liabilities	171	–39	0	–5	101	228
Real estate liabilities	48	24	—	—	—	71
Total	**3,420**	**–50**	**27**	**–4**	**105**	**3,498**

	01/01/2019	Cash changes	Non-cash changes			**12/31/2019**
			Changes in scope of consolidation	Exchange rate changes	Additions/ Other	
Non-current financial liabilities	3,189	–7	1	0	7	3,190
Current financial liabilities	5	–3	9	0	—	12
Lease liabilities	155	–42	22	1	36	171
Real estate liabilities	22	31	—	—	–5	48
Total	**3,371**	**–22**	**32**	**1**	**37**	**3,420**

26 / Shareholders' equity

As of December 31, 2020, the subscribed capital of ProSiebenSat.1 Media SE amounted to EUR 233 million (previous year: EUR 233 million), with a nominal value of EUR 1.00 per share. Accordingly, as of December 31, 2020, the number of shares issued amounted to 233,000,000 (previous year: 233,000,000 shares), of which the Company holds 6,771,747 shares (previous year: 6,859,180 shares) as treasury shares.
→ see section "Treasury shares"

The capital reserve amounts to EUR 1,045 million (previous year: EUR 1,045 million). It mainly comprises equity supplied by shareholders in excess of the subscribed capital.

The cumulative other comprehensive income of minus EUR 44 million (previous year: EUR 55 million) in ProSiebenSat.1 Group's equity comprises the cash flow hedge reserve of EUR 0 million after taxes (previous year: EUR 50 million), the currency translation of the financial statements of foreign subsidiaries of minus EUR 33 million (previous year: EUR 15 million), and the effects of the remeasurement of defined benefit plans of minus EUR 11 million after taxes (previous year: EUR –10 million).

The expenses and income recognized in other comprehensive income throughout the financial year 2020 can be broken down as follows:

OTHER COMPREHENSIVE INCOME in EUR m

	2020			2019		
	Before taxes	Income taxes	After taxes	Before taxes	Income taxes	After taxes
Currency translation[1]	–56	—	–56	12	—	12
Cash flow hedges	–70	20	–50	15	–4	11
Remeasurement of defined benefit pension plans	–1	0	–1	–4	1	–3
Total other comprehensive income[1]	–128	20	–108	23	–3	20

[1] In the financial year 2020, minus EUR 8 million (previous year: EUR 0 million) of the pre- and post-tax amounts are attributable to non-controlling interests.

NON-CONTROLLING INTERESTS

With the exception of General Atlantic, no other shareholders have material interests in subsidiaries. General Atlantic holds a non-controlling (voting) interest of 28.4% in NuCom Group and since September 4, 2020, a non-controlling (voting) interest of 45.0% in ParshipMeet Group. → see note 5 "Acquisitions and disposals affecting the scope of consolidation"

As ProSiebenSat.1 Group holds a preferred share in each of NuCom Group and ParshipMeet Group, net assets and net result for the period are allocated disproportionately to the respective share of capital. The preferred share grants a fixed return of 8% p.a. on the preferred share amount and a liquidation preference. If the Annual General Meeting resolves the distribution of a dividend, the preferred return is granted in the form of an advance dividend. Otherwise, the preferred return earned increases the preferred share amount. The net assets are distributed pro rata after deducting the preferred share amount, the net result for the period after deducting the preferred return earned during the period. As of December 31, 2020, the claims from the preferred share amounted to EUR 658 million (previous year: EUR 610 million).

The following table contains financial information for the affected groups and a reconciliation between the groups' net assets and General Atlantic's pro rata share as non-controlling shareholder. The presentation is based on figures before intra-group eliminations.

FINANCIAL INFORMATION FOR NUCOM GROUP AND PARSHIPMEET GROUP in EUR m

12/31/2020	NuCom Group	ParshipMeet Group
Non-current assets	854	956
Current assets	455	153
Non-current liabilities and provisions	222	221
Current liabilities and provisions	225	110
Net assets	**862**	**778**
Preferred share	–299	–359
Net assets attributable to other shareholders (excl. General Atlantic)	–2	—
Share of General Atlantic	28.4%	45.0%
Net assets attributable to General Atlantic	**159**	**189**

2020	NuCom Group	ParshipMeet Group[1]
Revenue	960	197
Result before income taxes	90	–14
Net result for the period	**88**	**–32**
Net result for the period attributable to shareholders of ProSiebenSat.1 Media SE	85	–14
Net result for the period attributable to General Atlantic	4	–19
Net result for the period attributable to other shareholders	0	—
Other comprehensive income	**–3**	**–17**
Total comprehensive income	**85**	**–49**
Total comprehensive income attributable to shareholders of ProSiebenSat.1 Media SE	81	–23
Total comprehensive income attributable to General Atlantic	4	–27
Total comprehensive income attributable to other shareholders	0	—
Return on preferred share	**40**	**9**
Change in cash and cash equivalents	**239**	**66**

[1] ParshipMeet Group's results are shown from its establishment in August 2020.

General Atlantic, as a non-controlling shareholder, has certain protective rights (e.g. with respect to the sale of major assets) at both NuCom Group and ParshipMeet Group, which may significantly restrict the Group's ability to gain access to or use assets of the Group's subsidiaries.

An amount of EUR 4 million (previous year: EUR 11 million) in ProSiebenSat.1 Group's net assets and an amount of EUR 0 million (previous year: EUR 2 million) in the net result of the period and total comprehensive income are attributable to several other non-controlling interests.

OTHER EQUITY

As of December 31, 2020, other equity amounts to minus EUR 129 million (previous year: EUR –236 million). The change resulted primarily from General Atlantic's acquisition of a non-controlling interest in ParshipMeet Group. → see note 5 "Acquisitions and disposals affecting the scope of consolidation"

In the previous year, the increase of General Atlantic's non-controlling interest in NuCom Group following the contribution of voting shares in Marketplace GmbH, Berlin led to an increase in other equity of EUR 10 million.

ALLOCATION OF PROFITS

At the Annual General Meeting on June 10, 2020, the shareholders agreed to the Executive Board's and Supervisory Board's proposal to carry forward the full amount of the statutory profits to the new accounting period and thus not to pay out a dividend for the financial year 2019. This measure secured additional liquidity of EUR 192 million for the Group in the uncertain environment caused by COVID-19.

The distributable profit relevant for dividend distributions in accordance with the German Stock Corporation Act (AktG) and disclosed in ProSiebenSat.1 Media SE's Annual Financial Statements prepared according to the German Commercial Code (HGB) of EUR 573 million for financial year 2020 is to be allocated as follows:

PROPOSED ALLOCATION OF PROFIT in EUR

Retained earnings of ProSiebenSat.1 Media SE as of December 31, 2019	454,433,209
Net income of ProSiebenSat.1 Media SE in the financial year 2020	118,613,269
Retained earnings of ProSiebenSat.1 Media SE as of December 31, 2020	**573,046,478**
Distribution of a dividend of EUR 0.49 per bearer share of common stock	110,851,844
Balance to be carried forward to the next accounting period	462,194,634

The proposed allocation of profit follows the dividend policy communicated in 2018, which provides for a dividend payout of 50% of adjusted net income. The distribution is subject to the approval of the Annual General Meeting on June 1, 2021. The final distribution amount will be determined based on the number of shares carrying dividend rights at the time of the resolution on the allocation of profits.

AUTHORIZED CAPITAL

By resolution of the Annual General Meeting on June 30, 2016, new Authorized Capital was created with a corresponding amendment of article 4 (amount and division of share capital) of the articles of incorporation (Authorized Capital 2016). Subject to the consent of the Supervisory Board, the Executive Board is authorized to increase the Company's share capital on one or more occasions on or before June 30, 2021, in return for cash and/or non-cash contributions by a total of up to EUR 87,518,880 by issuing new registered no-par value shares. Subject to the consent of the Supervisory Board, the Executive Board is authorized to partially or fully exclude the shareholders' preemptive rights to new shares in cases described in more detail in Authorized Capital 2016.

The Executive Board resolved on November 3, 2016, with consent of the Supervisory Board on the same day, to increase the Company's share capital by EUR 14,202,800 from EUR 218,797,200 to EUR 233,000,000 by issuing 14,202,800 new registered no-par value shares each representing EUR 1 of the share capital, making partial use of Authorized Capital 2016 in accordance with article 4 (4) of the articles of incorporation.

Following its partial utilization, Authorized Capital 2016 amounts to EUR 73,316,080.

CONTINGENT CAPITAL

By resolution of the Annual General Meeting on June 30, 2016, there was a contingent increase in share capital with a corresponding amendment of article 4 (amount and division of share capital) of the articles of incorporation. The contingent increase is limited to an amount up to EUR 21,879,720 and must be implemented by issuing up to 21,879,720 new registered no-par value shares (Contingent Capital 2016). The Contingent Capital increase serves to grant shares to holders or creditors of convertible bonds as well as to holders of option rights from warrant-linked bonds issued on or before June 29, 2021, by the Company or a domestic or foreign company in which the Company directly or indirectly holds a majority of the voting rights and capital on the basis of the authorization granted by resolution of the Annual General Meeting of June 30, 2016.

TREASURY SHARES

In accordance with section 71 (1) no. 8 of the German Stock Corporation Act (AktG), the Annual General Meeting by resolution of June 12, 2019, authorized the Company, subject to the consent by the Supervisory Board and in accordance with the more detailed conditions of the authorization, to acquire treasury shares of the Company on or before June 11, 2024, in the total amount of up to 10.0% of the Company's share capital that existed at the time the authorization was granted or – if this value is lower – of up to 10.0% of the Company's share capital existing at the time the authorization is exercised, and to use these shares, potentially excluding preemptive rights in the cases specified in more detail in the authorization ("2019 authorization"). Treasury shares may also be acquired using derivatives in an amount of up to 5.0% of the share capital existing at the time the authorization was granted or – if this figure is lower – existing at the time the authorization is exercised in accordance with the more detailed conditions of the authorization.

No treasury shares were acquired in financial years 2020 and 2019.

The "myShares" employee share program is regularly serviced by issuing treasury shares. In the financial year 2020, 87,433 (previous year: 60,333) treasury shares were issued to employees under the program. In total, the number of treasury shares decreased from 6,859,180 as of December 31, 2019, to 6,771,747 as of December 31, 2020.

CAPITAL MANAGEMENT INFORMATION

Capital management instruments used at ProSiebenSat.1 Group include equity measures, dividend payments to shareholders, share buy-backs and debt financing measures.

ProSiebenSat.1 Group's capital management is aimed at securing the Group's long-term ability to continue as a going concern and generating appropriate returns for the shareholders. The management takes into account changes in the macroeconomic environment and risks arising from the underlying business activities. It is furthermore important to ProSiebenSat.1 Group to ensure unrestricted capital market access to various debt financing instruments and the servicing of financial liabilities.

Active debt management involves measures that especially focus on the leverage ratio, measured as the ratio of net debt to adjusted EBITDA (for a definition → see note 34 "Segment reporting") of the last twelve months, on capital and liquidity requirements, and on the timing of refinancing measures.

ProSiebenSat.1 Group's capital structure was as follows as of the reporting date:

CAPITAL STRUCTURE in EUR m

	12/31/2020	12/31/2019
Shareholders' equity	**1,687**	**1,288**
Share of total capital	23.8%	19.5%
Financial debt	**3,192**	**3,195**
Share of total capital	45.1%	48.3%
Leverage	**2.8**	**2.6**
Total capital (total equity and liabilities)	**7,081**	**6,618**

For further information on the financial management of ProSiebenSat.1 Group, please refer to the → section "Group Financial Position and Liquidity" in the Group Management Report.

27 / Provisions for pensions

The provisions for pensions were recognized for defined benefit plan obligations to active and former members of the ProSiebenSat.1 Media SE Executive Board and their surviving dependents. The biometric data is derived from the Heubeck 2018G mortality tables. The pension agreements provide for benefits after the contractual age limit is reached, in the event of permanent incapacity for work or in the event of the death of the beneficiary. The beneficiaries have a contractual right to choose between a lifelong pension, several annual installments or a one-off payment.

The pension expense recognized in profit or loss comprises the current service cost and accrued interest on the pension obligation. The total change in the present value of the obligation is as follows:

PRESENT VALUE OF OBLIGATION in EUR m

	2020	2019
Present value of obligation at January 1	**31**	**28**
Current service cost	1	1
Past service cost	1	0
Interest expense	0	0
Total amount recognized in profit or loss	**2**	**2**
Remeasurements:		
Actuarial losses from changes in financial assumptions	1	4
Total amount recognized in other comprehensive income	**1**	**4**
Pension payments	–1	–2
Settlements	–1	–1
Present value of obligation at December 31	**32**	**31**

The following parameters were used for this calculation:

PENSION OBLIGATION MEASUREMENT PARAMETERS

	2020	2019
Discount rate	**0.8%**	1.1%
Salary growth rate	**0.0%**	0.0%
Pension growth rate	**1.0%**	1.0%

The weighted duration of the pension obligation averages 12.2 years (previous year: 12.7 years) until retirement age.

The Group expects the following pension payments in the years ahead:

EXPECTED PENSION PAYMENTS in EUR m

	2021	2022	2023	2024	2025
Expected pension payments	1	1	2	1	3

To cover the pension obligations, ProSiebenSat.1 Group holds shares in investment funds worth EUR 28 million as of the reporting date (previous year: EUR 26 million). These fund units do not qualify as plan assets. They are recognized as financial assets and measured at fair value through profit or loss. → see note 23 “Receivables and other financial assets“

28 / Other provisions

in EUR m

	As of 01/01/2020	Additions	Usage	Release	Foreign exchange and interest effects	Changes in scope of consolidation	**As of 12/31/2020**
Onerous contracts	**93**	**2**	**–35**	**–3**	**–3**	**—**	**54**
thereof current	52						43
Provisions for risks from business operations	**22**	**28**	**–16**	**–4**	**0**	**1**	**30**
thereof current	22						30
Provisions for employee benefits	**16**	**24**	**–2**	**–3**	**0**	**—**	**34**
thereof current	5						3
Miscellaneous other provisions	**63**	**19**	**–7**	**–8**	**0**	**2**	**69**
thereof current	61						67
Total	**195**	**72**	**–61**	**–18**	**–3**	**3**	**188**

Provisions comprise current provisions in the amount of EUR 142 million (previous year: EUR 140 million) and non-current provisions in the amount of EUR 45 million (previous year: EUR 55 million).

ProSiebenSat.1 Group expects the vast majority of the non-current provisions to result in cash outflows within the next five years.

In an amount of EUR 51 million (previous year: EUR 87 million) the provisions for onerous contracts relate to programming assets. They are primarily attributable to the strategic realignment of programming assets in the financial year 2018.

Provisions for risks from business operations relate to contractual relationships with customers and pertain to refund obligations, the size of which is particularly uncertain. The provisions for employee benefits primarily comprise variable compensation owed to members of the Executive Board and other selected Executives. → see note 35 “Share- and performance-based payment”

The miscellaneous other provisions comprise the following items:

MISCELLANEOUS OTHER PROVISIONS in EUR m

	12/31/2020	12/31/2019
Provisions for interest from tax liability	32	26
Provisions for additional payment to bestseller beneficiaries	11	11
Provisions for VAT	9	7
Provisions for legal costs	3	5
Provisions for restructuring	1	4
Other	13	11
Total	**69**	**63**

The effects resulting from the unwinding of the discount for provisions amounted to EUR 0 million (previous year: EUR 1 million) in the financial year 2020.

KEY ASSUMPTIONS AND ESTIMATES

Recognition and measurement of provisions are based on an estimate of the amount and probability of the future outflow of resources and also on experiential values and the circumstances known as of the reporting date. To assess the amount of the provisions, all available information, especially asserted claims and experience with similar matters, is considered and assumptions are made regarding probabilities of occurrence and the range of possible utilizations. The assessment of whether a present obligation can be assumed to exist is generally based on assessments of internal and external experts. Regarding the amount and probability of occurrence, provisions for onerous contracts are based to a considerable extent on management estimates. Estimates may change on the basis of new information, and the actual charges may deviate from the amount of the obligations recognized.

29 / Financial liabilities

in EUR m

	Current	Non-current	Total 12/31/2020
Loans and borrowings	1	2,092	2,094
Notes	600	—	600
Promissory note	—	499	499
Financial debt	**601**	**2,591**	**3,192**
Trade payables	**618**	**74**	**692**
Accrued interest	16	—	16
Lease liabilities	38	189	228
Real estate liabilities	1	70	71
Liabilities from derivatives	2	17	19
Put options and earn-out liabilities	25	131	156
Accrued media authority liabilities	11	—	11
Miscellaneous other financial liabilities	16	3	18
Total other financial liabilities	**109**	**410**	**520**
Total financial liabilities	**1,328**	**3,076**	**4,404**

	Current	Non-current	Total 12/31/2019
Loans and borrowings	5	2,092	2,098
Notes	—	599	599
Promissory note	—	499	499
Financial debt	**5**	**3,190**	**3,195**
Trade payables	**667**	**79**	**746**
Accrued interest	15	—	15
Lease liabilities	37	134	171
Real estate liabilities	1	47	48
Liabilities from derivatives	2	16	18
Put options and earn-out liabilities	36	130	166
Accrued media authority liabilities	10	—	10
Miscellaneous other financial liabilities	15	3	18
Total other financial liabilities	**116**	**329**	**445**
Total financial liabilities	**789**	**3,597**	**4,386**

Non-current loans and borrowings include a term loan with a nominal volume of EUR 2,100 million as of December 31, 2020 (previous year: EUR 2,100 million). → see note 33 "Notes on financial risk management and financial instruments"

The notes listed on the regulated market of the Luxembourg stock exchange with a nominal volume of EUR 600 million on the reporting date had a coupon of 2.625% and a contractual term until April 2021. In December 2020, ProSiebenSat.1 Group exercised its early repayment option and repaid the notes on January 15, 2021. → see note 33 "Notes on financial risk management and financial instruments"

In the financial year 2016, ProSiebenSat.1 Media SE issued three syndicated promissory notes totaling EUR 500 million. → see note 33 "Notes on financial risk management and financial instruments"

In the event of a change of control of ProSiebenSat.1 Media SE as a result of the direct or indirect acquisition of more than 50.0% of the voting rights of ProSiebenSat.1 Media SE by a third party, the creditors of all aforementioned instruments are entitled to terminate and demand repayment.

The trade payables also include amounts owed to related parties. → see note 36 "Related parties"

The put options and earn-out liabilities result from acquisitions. → see note 33 "Notes on financial riskmanagement and financial instruments"

No liens or similar security collateral were furnished for financial debt.

30 / Other liabilities

in EUR m

	12/31/2020		12/31/2019	
	Current	Non-current	Current	Non-current
Accrued items and advance payments received	127	—	113	—
Event-vouchers	70	—	68	—
Employee benefits	68	—	77	—
Value-added-tax	42	—	29	—
Other taxes	18	—	16	—
Outstanding advertising services	8	0	17	8
Others	42	4	37	7
Total	**374**	**4**	**357**	**15**

Accrued items and advance payments received primarily consist of advance payments received as well as accruals for marketing rights and other accruals.

The „Others" position includes contract liabilities from advertising spots to be delivered free of charge from rebate agreements amounting to EUR 19 million (previous year: EUR 13 million).

In total, other liabilities contain contract liabilities of EUR 110 million (previous year: EUR 123 million). → see also note 6 "Revenues"

ADDITIONAL NOTES

31 / Contingent liabilities

Major legal disputes in which ProSiebenSat.1 Media SE and/or companies controlled by ProSiebenSat.1 Media SE are involved as defendants are shown below:

- **Claims for disclosure and action for damages by RTL 2 Television GmbH & Co. KG and El Cartel Media GmbH & Co. KG against companies of ProSiebenSat.1 Group:** The plaintiffs assert claims for disclosure and damages in connection with the marketing of advertising times by Seven.One Media GmbH. The external opinion commissioned by decision of the Regional Court on April 13, 2012, has been available to ProSiebenSat.1 Group since 2018. The expert arrived at the conclusion that there are no statistically substantiated indications of a positive probability of damage. We consider this finding to be correct and the action thus ready for dismissal. The plaintiffs have filed a motion to disqualify the expert on grounds of bias and disputed his conclusions. The court-appointed expert died at the beginning of 2020, without the court questioning him or ruling on the plaintiffs' motion. There is therefore a possibility that the issue will have to be examined again. The outcome of the proceedings therefore remains unpredictable. Therefore, no provision was recognized.

- **Claims for payment of additional remuneration for bestsellers against companies of ProSiebenSat.1 Group:** Authors of highly successful TV shows may assert claims against companies of ProSiebenSat.1 Group under section 32a of the German Copyright Act ("UrhG"). The broadcasting group has since agreed on "joint remuneration agreements" (section 36 UrhG) with five associations (directors, camera operators, screenwriters, actors and editors), providing for the payment of additional remuneration to directors, camera operators, screenwriters, actors and film editors once TV movies or TV series reach certain audience numbers. On the basis of these joint remuneration agreements, the broadcasting group has also concluded joint remuneration agreements with the directors' association for the telenovela genre. As of December 31, 2020, a total of EUR 11 million (previous year: EUR 11 million) was recognized as a provision for these issues and other related claims. This amount is based on a best estimate of the additional remuneration expected to be payable based on the joint remuneration agreements already concluded and the specific models developed by the broadcasting group for further joint remuneration agreements, some of which were already presented to and negotiated with the associations, as well as based on individual out-of-court settlements. The amount of the provision also takes into account the risks with regard to the VAT treatment of the remuneration for bestsellers that has yet to be finally clarified. It is also possible that more authors will assert additional justified claims under section 32a UrhG, which are not covered by the existing joint remuneration agreements or provisions (e.g. for other program genres as well). Therefore, a reliable estimate of the effects on our earnings development is not possible at this time.

Moreover, ProSiebenSat.1 Media SE and companies controlled by it are defendants or parties in further court and arbitration proceedings as well as regulatory proceedings. Based on the current state of knowledge, these proceedings do not significantly impact the economic situation of ProSiebenSat.1 Group.

32 / Other financial obligations

The following table contains the other financial obligations not recognized in the statement of financial position:

in EUR m

	12/31/2020	12/31/2019
Purchase commitments for programming assets	2,023	2,532
Distribution	158	177
Lease and rental commitments	17	75
Other financial obligations	281	294
Total	**2,479**	**3,078**

The amounts presented are not discounted.

The purchase commitments for programming assets are based on agreements concluded before December 31, 2020, regarding the acquisition of licenses for films and series as well as commissioned productions. A majority of said agreements have been concluded in US dollars.

Distribution includes financial obligations for satellite services, obligations under contracts for terrestrial transmission facilities and cable feed charges. The underlying contracts do not constitute lease arrangements.

The lease and rental commitments mainly contain obligations from leases already concluded for which the use of the underlying leased items has not yet commenced as of the reporting date.

The other financial obligations include commitments for future funding by the Group to its joint venture Joyn. → see note 33 “Notes on financial risk management and financial instruments”

33 / Notes on financial risk management and financial instruments

ProSiebenSat.1 Group is exposed to various financial risks in connection with its ongoing business activities and its debt financing. Such risks are managed by Central Treasury as part of financial risk management. The objectives of financial risk management include ensuring ongoing solvency and managing market price risks in a risk-adequate manner. The derivative financial instruments used in this context are entered into exclusively with a view to hedging against existing market price risks and are not used for speculative purposes. ProSiebenSat.1 Group largely uses hedge accounting to provide a meaningful and economically appropriate representation of the earnings effects of interest rate and currency hedging measures.

The principles, tasks and responsibilities of the financial risk management are stipulated in ProSiebenSat.1 Group’s internal financial guidelines. Risks are reported to the Executive Board on a monthly basis.

The risks explained below have been identified as material and are subject to ongoing evaluation. Taking into account hedging activities, ProSiebenSat.1 Group is not exposed to any material risk concentrations.

INTEREST RATE RISKS

ProSiebenSat.1 Group defines interest rate risk as the risk of rising financing costs due to increases in interest rates. ProSiebenSat.1 Group is exposed to interest rate risk via its variable-rate financial liabilities. These are primarily based on a syndicated credit agreement for a term loan with a nominal volume of EUR 2,100 million (previous year: EUR 2,100 million) and a revolving credit facility (RCF) of EUR 750 million (previous year: EUR 750 million). EUR 350 million was drawn from the RCF between April 2020 and November 2020. As of December 31, 2020, there was no utilization (previous year: no utilization). In April 2019, a major portion of the syndicated credit agreement was extended by one year to April 2024, with the remaining portion of the term loan (EUR 151 million) and of the RCF (EUR 74 million) still due for repayment in April 2023. Both term loan and RCF bear variable interest at Euribor money market rates plus a credit margin. In addition, ProSiebenSat.1 Group has issued three syndicated promissory note loans with a total volume of EUR 500 million (→ see note 29 “Financial liabilities”), one tranche of EUR 50 million also bearing variable interest based on Euribor money market rates.

ProSiebenSat.1 Group hedges the interest rate risk arising from variable-rate financial liabilities by way of interest rate swaps and interest rate options. In the case of interest rate swaps, variable interest payments are swapped for fixed interest payments. The uncertain amounts of future variable interest payments on the secured loans are thus effectively converted into fixed interest payments. The fair value of the interest rate swaps is determined by discounting the expected future cash flows. With interest rate options, ProSiebenSat.1 Group as buyer has the right, but not the obligation to swap future variable interest payments for fixed interest payments. The future variable interest payments are thus converted into fixed interest payments only if this is beneficial for ProSiebenSat.1 Group. An option premium must be paid for the purchased swap right. The fair value of the interest rate options is calculated using a standard option pricing model. Since the interest rate derivatives are used exclusively for hedging existing interest rate risk, there is no intention to close them out early.

Insofar as the interest rate swaps can be expected to be highly effective over their term in offsetting the interest rate-induced changes in the cash flows to be paid under the variable rate debt, they are designated as hedging instruments in a cash flow hedge. Effectiveness is measured using the hypothetical derivative method, under which the changes in the fair value of the hedging instrument are compared with the changes in the fair value of a hypothetical "perfect" derivative, i.e. one that would fully replicate the interest rate-induced cash flows and changes in the underlying transaction. Since the hedging instruments and the hedged interest payments match in terms of nominal amounts, hedged interest rates, maturities and payment dates and since it is assumed for the purpose of measuring hedge effectiveness that the Euribor interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform, hedge ineffectiveness can only arise from credit risk changes in the hedging instrument. If the change in fair value of the hedging instrument (including the change in credit risk) is greater than the change in fair value of the hypothetical derivative, the excess is immediately recognized in profit or loss as hedge ineffectiveness. The remaining effective portion is transferred to the cash flow hedge reserve in equity and only recognized in profit or loss when the hedged interest payment affects the income statement.

As of December 31, 2020, as in the previous year, ProSiebenSat.1 Group held interest rate swaps with a nominal volume totaling EUR 1,000 million that hedge interest rate risk in the period up to 2023 and were designated as hedging instruments in a cash flow hedge. As is the case with the underlying hedged items, these interest rate swaps have an interest rate floor.

As in the previous year, the Group also holds interest rate options of EUR 1,000 million, which serve to hedge interest rate risk until 2024. The interest rate options are accounted for as stand-alone derivatives and not included in hedge accounting.

The interest rate swaps removed from the hedging relationship in financial year 2016 due to insufficient hedge effectiveness expired in February 2020 alongside the accompanying interest rate options limiting the risks of negative interest rates. Accordingly, the unamortized portion of the measurement loss from this hedging relationship still remaining in the cash flow hedge reserve at the end of the previous year was also fully recognized in profit or loss in the financial year. The resulting expense of EUR 0 million for the financial year 2020 (previous year: EUR –1 million) was recognized in other financial result. As a counter-effect, the measurement of the former hedging instruments through profit or loss led to income of EUR 1 million (previous year: EUR 4 million), also recognized in other financial result. The net effect on profit or loss in the financial year 2020 thus amounts to EUR 1 million (previous year: EUR 3 million).

As of December 31, 2020, the fixed interest portion, expressed as a percentage of the total nominal amount of all financial liabilities managed as part of the interest rate risk management, stood at approximately 95% (previous year: approximately 98%). As of December 31, 2020, as in the previous year, the average fixed interest rate for interest rate swaps was 0.5% per annum. The average interest cap for interest rate options as of December 31, 2020, was 0.0% per annum (previous year: 1.0% for 2020 maturities and 0.0% for maturities from 2021 to 2024). For the reporting period, these transactions resulted in interest expenses of EUR 5 million (previous year: EUR 4 million).

As of December 31, 2020, the fair value of all interest rate swaps held by ProSiebenSat.1 Group amounted to minus EUR 12 million (previous year: EUR –16 million). The fair value of the interest rate options was EUR 0 million (previous year: EUR 3 million).

The variable interest rate risk remaining at the end of the financial year arises from the unhedged portion of the term loan and the variable tranche of the promissory notes.

Interest rate risk defined as the risk of changes in fair value is not considered relevant because ProSiebenSat.1 Group's financial debt is not held for trading purposes or for other transfers to third parties.

The interest rate risk position is regularly evaluated based on current market data and existing risks are quantified by way of sensitivity analyses. The table below shows the changes of the interest result – including effects from hedging instruments – arising from an increase (decrease) of the relevant interest rates by one percentage point:

INTEREST RATE RISKS in EUR m

	Interest	**12/31/2020**	12/31/2019
Cash and cash equivalents	variable	1,224	950
Liabilities to banks	variable	–2,092	–2,090
Promissory note	variable	–50	–50
Promissory note	fix	–449	–449
Notes	fix	–600	–599
Gross exposure variable		**–918**	**–1,190**
Gross exposure fix		**–1,049**	**–1,048**
Interest rate hedge liabilities		**2,000**	**2,100**
Hedge ratio (as a percentage of the carrying amount of the variable-interets financing liabilities)		93.4%	98.1%
Net exposure variable		1,082	910
Sensitivity of net exposure			
Annual potential effect of an increase in short-term interest rates by 100 basis points (1 percentage point)		10	7
Annual potential effect of a decrease in short-term interest rates by 100 basis points (1 percentage point)		–12	–9

If interest rates increased by one percentage point, the change in the fair value of only the interest rate hedges would improve the financial result by EUR 14 million and the cash flow hedge reserve by EUR 9 million. In contrast, if interest rates decreased by one percentage point, the effect in both the financial result and the cash flow hedge reserve would be negligible. This discrepancy is due to the interest rate floor and negative interest rates. A further decrease in interest rates would have hardly any effect on the fair value of the interest rate hedges due to the interest rate floor.

As of the reporting date, December 31, 2020, ProSiebenSat.1 Group had the following interest rate hedging instruments:

	Year of maturity			Nominal amount	Average hedged interest rate		Fair Value	
	2021 in EUR m	2022–2025 in EUR m	From 2025 in EUR m	12/31/2020 in EUR m	12/31/2019 in %	12/31/2019 in %	**12/31/2020** in EUR m	12/31/2019 in EUR m
Interest rate risk								
Interest rate swap	—	1,000	—	1,000	0.535	0.526	–12	–16
thereof designated as cash flow hedges[1]	—	1,000	—	1,000	0.535	0.535	–12	–15
Interest rate options	—	1,000	—	1,000	0.000	0.620	0	3
thereof designated as cash flow hedges	—	—	—	—	n.a.	n.a.	—	—

[1] As explained above, the interest rate swaps designated as hedging instruments in a cash flow hedge contain an interest rate floor. In the previous year, there were additional interest rate swaps of EUR 500 million, which, as described above, have not qualified for hedge accounting since the financial year 2016.

CURRENCY RISKS

ProSiebenSat.1 Group defines currency risks as the risk of losses from transactions concluded in foreign currency arising from exchange rate changes. In the context of currency management, transaction risk is the primary focus. Transaction risk arises from receivables and payables already recognized for accounting purposes and future contractually fixed or planned foreign currency cash inflows and outflows. The payments may result from operating activities as well as investing and financing activities. Transaction risk must be distinguished from translation risk.

ProSiebenSat.1 Group's reporting currency is the euro. The financial statements of subsidiaries domiciled outside the euro currency zone are translated into euro in the preparation of the consolidated financial statements. Translation risk describes the effects of foreign exchange movements on the results and the financial statement items when consolidating foreign subsidiaries whose functional currencies are different from the Group currency. In the context of currency management, investments in these companies are considered long-term engagements. Thus, no translation risk hedging was undertaken in 2020.

ProSiebenSat.1 Group concludes a significant portion of its license agreements with production studios in the USA. ProSiebenSat.1 Group usually settles any financial obligations from such programming rights purchases in US dollars. Exchange rate fluctuations between the euro and US dollar may therefore have a negative impact on the earnings and financial position of ProSiebenSat.1 Group. If license rights are granted by production studios whose functional currency is euro or another non-US dollar currency, the US dollar license agreements may under certain circumstances contain embedded currency derivatives that are recognized separately from the license rights at fair value through profit or loss.

The currency risk from amounts due or owed in other foreign currencies or arising from transactions unrelated to programming rights purchases is negligible because of its small volume.

ProSiebenSat.1 Group applies a Group-wide portfolio approach when hedging financial obligations relating to programming rights purchases. Foreign currency exposure is defined as the total volume of all future payments in US dollars resulting from existing license agreements that will fall due within a strategic hedge horizon of seven years. ProSiebenSat.1 Group applies a range of derivatives and non-derivative financial instruments to hedge against currency fluctuations. Instruments include currency forwards, foreign currency options and foreign currency cash positions in US dollars. Currency forwards are unconditional, contractual agreements for the exchange of two currencies, the applicable nominal volume, exchange rate and due date being fixed at contract inception. In the case of currency options, the option buyer acquires the right to purchase an agreed amount of currency at a specific time at a price determined at contract inception. As the buyer, ProSiebenSat.1 Group must pay an option premium for the acquired right. Currency options are only occasionally used as hedging instruments.

In the reporting period and in the previous year, only currency forwards were used as derivative currency instruments. The majority of these transactions were designated as hedging instruments in a cash flow hedge of future license payments in US dollars. The designation was based on forward rates. As in the case of interest rate hedges, hedge effectiveness is determined using the hypothetical derivative method and the changes in the fair value of the hedging instruments are compared with the changes in the fair value of a "perfect" forward contract, which perfectly replicates the changes in the euro equivalent of the future US dollar payment induced by exchange rate changes.

Because the nominal amounts, currencies and maturities involved match, any hedge ineffectiveness can only result from changes in credit risk. If the change in fair value of the hedging instrument (including the change in credit risk) is greater than the change in fair value of the hypothetical derivative, the excess is immediately recognized in profit or loss as hedge ineffectiveness. The remaining effective portion is initially transferred to the cash flow hedge reserve in equity and recognized as a basis adjustment of the carrying amount of the hedged item when the hedged item is recognized. It is only recognized in profit or loss when the hedged item affects the income statement as a result of the consumption of the corresponding licenses.

With respect to these programming rights, approx. 80% (previous year: approx. 79%) of the total foreign currency risk arising from the future US dollar payment obligations under existing contracts was hedged.

In addition, ProSiebenSat.1 Group occasionally holds currency derivatives that hedge US dollar liabilities from license agreements that have already been recognized in the statement of financial position. Since both the changes in the fair value of the hedging instruments and the currency effects from the remeasurement of liabilities from license agreements are recognized immediately through profit or loss in the financial result, their effects on the income statement largely offset each other even without hedge accounting in the income statement. ProSiebenSat.1 Group therefore does not formally designate these derivatives as hedging instruments or subject them to hedge accounting requirements.

As of December 31, 2020, ProSiebenSat.1 Group's hedge portfolio includes currency forwards in a nominal volume of USD 1,140 million (previous year: USD 1,466 million) that are used to hedge the financial obligations arising from programming rights purchases. The fair values of the currency hedging transactions are based on quoted forward exchange rates as of December 31, 2020. As of December 31, 2020, the US dollar cash position relevant for currency management amounted to USD 327 million (previous year: USD 387 million).

CURRENCY-RELATED TRANSACTIONS AND BALANCES

	Year of maturity			Nominal amount	Average hedged USD/EUR rate				Fair value	
	2021 USD m	2022–2025 USD m	From 2026 USD m	12/31/2020 USD m	12/31/2020 Current	12/31/2020 Non-current	12/31/2019 Current	12/31/2019 Non-current	**12/31/2020 EUR m**	12/31/2019 EUR m
Currency forwards	410	705	25	1,140	1.2671	1.2601	1.2335	1.2665	11	85
thereof designated as cash flow hedges	385	705	25	1,115	1.2701	1.2601	1.2335	1.2665	11	85
Currency holdings	n.a.	n.a.	n.a.	327	n.a.	n.a.	n.a.	n.a.	267	348

The US dollar risk position is regularly reassessed based on current market data and existing risks are quantified using sensitivity analyses. The following table shows the effects of a 10% appreciation and depreciation of the US dollar on the euro equivalent of the US dollar payments to be made in future years, taking account of the effect of the currency hedges:

CURRENCY RISKS in USD m

	12/31/2020	12/31/2019
Gross foreign currency exposure	**–1,811**	**–2,360**
Currency hedges	1,442	1,853
thereof hedge accounting	1,115	1,466
thereof held for trading	—	—
thereof currency holdings	327	387
Net exposure	**–369**	**–507**
Hedge Ratio	79.6%	78.5%
Spot rate USD/EUR	1.2275	1.1113
US Dollar increase by 10%	1.1048	1.0002
US Dollar decrease by 10%	1.3503	1.2225
in EUR m		
Change in future payments resulting from a 10% increase in the US dollar	–33	–51
Change in future payments resulting from a 10% decrease in the US dollar	27	41

Considering only the currency effect on foreign currency contracts designated as hedging instruments, a 10% depreciation of the US dollar would result in a loss of EUR 83 million, which would be recognized directly in equity in the cash flow hedge reserve. Accordingly, a 10% appreciation of the US dollar would result in a cash flow hedge gain of EUR 102 million in equity.

However, exchange rate effects from license fee liabilities, the offsetting effects of the foreign currency cash position, and the effects from currency derivatives not designated in a cash flow hedge and from embedded currency derivatives are recognized directly as currency gains or losses in the income statement. Depreciation (appreciation) of the US dollar by 10% would have an effect on the currency result of EUR 7 million (EUR –8 million).

EFFECTS OF HEDGING RELATIONSHIPS ON THE FINANCIAL STATEMENTS

Since the hedging instruments used by ProSiebenSat.1 Group in hedge accounting are closely tailored to the underlying transactions to be hedged, the primary source of potential hedge ineffectiveness is counterparty credit risk. Pursuant to internal risk management guidelines, this risk is largely reduced by limiting the eligible derivative contract partners to those with high credit ratings and by entering into netting and offsetting agreements with them that take immediate effect in the event of a breach of contract.

When measuring fair values and determining ineffectiveness, the counterparty credit risk of the hedging instruments is taken into account in the form of credit value adjustments and debit value adjustments.

The hedging instruments designated in hedging relationships by ProSiebenSat.1 Group have the following effects on the statement of financial position as of December 31, 2020:

HEDGING INSTRUMENTS in EUR m

		Carrying amount of the hedging instrument			
	Nominal amount of hedging instrument	Assets	Liabilities	Line item of financial position in which hedging instrument is recognized	Change in fair value used for calculating hedge ineffectiveness for the reporting period
Coverage of interest rate risks	1,000	—	12	Other financial assets/ Other financial liabilities	–2
Coverage of foreign exchange risk	883	18	7	Other financial assets/ Other financial liabilities	–43

In the previous year, the designated hedging instruments had the following effects on the statement of financial position:

HEDGING INSTRUMENTS in EUR m

		Carrying amount of the hedging instrument			
	Nominal amount of hedging instrument	Assets	Liabilities	Line item of financial position in which hedging instrument is recognized	Change in fair value used for calculating hedge ineffectiveness for the reporting period
Coverage of interest rate risks	1,000	—	15	Other financial assets/ Other financial liabilities	–9
Coverage of foreign exchange risk	1,166	85	—	Other financial assets/ Other financial liabilities	79

As of December 31, 2020, the underlying hedge transactions had the following effects on the cash flow hedge reserve in equity:

CASH FLOW HEDGE RESERVE in EUR m

	Change in the value of the hedged item used for calculating hedge ineffectiveness for the reporting period	Cash flow hedge reserve
Hedging of interest rate risks	2	–12
Discontinued hedging relationships	—	—
Coverage of foreign exchange risk	43	11
Discontinued hedging relationships	—	—

In the previous year, the underlying hedge transactions had the following effects on the cash flow hedge reserve in equity:

CASH FLOW HEDGE RESERVE in EUR m

	Change in the value of the hedged item used for calculating hedge ineffectiveness for the reporting period	Cash flow hedge reserve
Hedging of interest rate risks	9	–15
Discontinued hedging relationships	0	0
Coverage of foreign exchange risk	–79	85
Discontinued hedging relationships	—	—

The above hedge transactions have the following effects on profit or loss and other comprehensive income, or on acquisition cost of programming assets:

HEDGE TRANSACTIONS in EUR m

	Hedging gain or loss recognized in the cash flow hedge reserve	Hedge ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from the Cash flow hedge reserve to profit or loss or acquisition cost	Line item affected in profit or loss because of the reclassification
Hedging of interest rate risks	–2	—	Other financial result	–5	Interest result/ Other financial result
Hedging of foreign exchange risk	–43	—	Other financial result	31	Cost of sales

In the previous year, the hedge transactions had the following effects on profit or loss and other comprehensive income, or on acquisition cost:

HEDGE TRANSACTIONS in EUR m

	Hedging gain or loss recognized in the cash flow hedge reserve	Hedge ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from the Cash flow hedge reserve to profit or loss or acquisition cost	Line item affected in profit or loss because of the reclassification
Hedging of interest rate risks	–9	—	Other financial result	–1	Interest result/ Other financial result
Hedging of foreign exchange risk	79	—	Other financial result	55	Cost of sales

The movements in the cash flow hedge reserve have been as follows:

CASH FLOW HEDGE RESERVE in EUR m

	interest rate risk	foreign exchange risk
As of January 1, 2019	**–5**	**44**
Changes due to effective hedging relationship	–9	79
Transfer to the acquisition cost of the underlying hedged transaction	—	–55
Reclassification to profit or loss	1	—
Discontinued hedges: amounts reclassified because the hedged item has affected profit or loss	1	—
Discontinued hedges: amounts reclassified because the hedged future cash flows are no longer expected to occur	—	—
Deferred taxes	2	–7
As of December 31, 2019/January 1, 2020	**–11**	**61**
Changes due to effective hedging relationship	–2	–43
Transfer to the acquisition cost of the underlying hedged transaction	—	–31
Reclassification to profit or loss	5	—
Discontinued hedges: amounts reclassified because the hedged item has affected profit or loss	0	—
Discontinued hedges: amounts reclassified because the hedged future cash flows are no longer expected to occur	—	—
Deferred taxes	–1	21
As of December 31, 2020	**–8**	**8**

CREDIT AND DEFAULT RISKS

ProSiebenSat.1 Group is exposed to credit default risks, primarily arising from its operating activities, and to a lesser extent from derivative financial instruments and investment activities.

The maximum default risk – without taking into account any collateral or netting agreements, as exist in particular for derivative transactions – corresponds to the carrying amounts recognized in the financial statements.

In the case of trade receivables – and contract assets from contracts with customers – the carrying amount includes a loss allowance for lifetime expected credit losses; in the case of all other financial assets measured at amortized cost, it includes a loss allowance for expected credit losses resulting from possible default events within the next twelve months after the closing date.

To minimize credit default risks, ProSiebenSat.1 Group aims to enter into financial transactions and derivative transactions only with contracting partners having investment grade credit ratings. The credit risks of financial instruments are regularly monitored and analyzed. Apart from certain separately monitored exceptions, the credit default risk for the financial assets held by ProSiebenSat.1 Group (including trade receivables) is classified as low. Accordingly, there were no indications of material payment defaults as of the closing date.

When measuring derivative financial instruments at fair value, the risk of default of the counterparty is taken into account in the form of credit value adjustments and the Group's own default risk in the form of debit value adjustments. Probabilities of default are calculated on the basis of maturity-matched credit default swap spreads of the respective counterparties. The credit risk that is taken into account in the measurement is determined, for each counterparty and maturity, by way of multiplication of the relevant default probability by the discounted expected net cash flows of the derivative financial instruments. There is no significant concentration of default risk with respect to a business partner or a clearly distinguishable group of business partners. As of the reporting date, there were no material agreements in place limiting the maximum default risk other than netting and offsetting agreements customary in the market for derivative transactions. The fair value of derivative financial instruments, for which ProSiebenSat.1 Group reports a net positive fair value per business partner, totaled EUR 7 million as of December 31, 2020 (previous year: EUR 73 million), excluding credit value adjustments.

With respect to its operating business, i.e. for trade receivables and contract assets from contracts with customers, ProSiebenSat.1 Group recognizes loss allowances for individual customers classified as being at risk of default, taking account of factors such as overindebtedness, proximity to insolvency, payment difficulties, and deterioration of the relevant business environment or of key performance indicators.

In addition, loss allowances are recognized in the amount of the present value of lifetime expected credit losses. Where the customer base is diverse and such that it may be clustered into homogenous groups with respect to credit risk, the lifetime expected losses are in principle calculated on the basis of historical default rates using a provision matrix which differentiates between customer groups and the ageing of the outstanding receivables. Default rates are calculated separately for (i) non-past due receivables and contract assets, (ii) receivables up to 90 days past due and (iii) receivables more than 90 days past due. With respect to business activities in which gathering customers in homogenous groups according to credit risk is inadvisable or impossible because of the low number of customers or their heterogeneity, an expected loss allowance is measured based on an individual credit risk assessment for each customer, similar to the approach used for customers classified as being at risk of default.

The default rates used are reviewed as of the reporting date using current information and expectations regarding future developments. In particular, recent changes in default rates are taken into account and upward or downward adjustments applied if changes in the market environment or macroeconomic factors indicate a higher or lower probability of default than in the past. In light of the COVID-19 pandemic, the review in the financial year 2020 deemed an upward adjustment to be necessary, so there was a slight increase in expected credit losses. As in the previous year, however, the expected credit losses calculated using the portfolio approach described above for trade receivables and contract assets – not including those individually impaired – remained within a narrow range of 0.0% to a maximum of 1.5% across all customer groups and ageing classes.

Due to the generally low default risk for customers assessed based on the portfolio approach, there is hardly any notable difference in default rates between customer groups.

Loss allowances on trade receivables including expected losses calculated by way of the simplified model are presented in → note 23 "Receivables and other financial assets".

LIQUIDITY RISKS

As part of its liquidity management, ProSiebenSat.1 Group ensures that adequate cash and cash equivalents are available at all times, in spite of the industry's sharp seasonal fluctuations in revenues. The term loan (EUR 2,100 million), the notes (EUR 600 million), the promissory notes (EUR 500 million) (→ see note 29 "Financial liabilities") and the RCF (EUR 750 million) are the key components of Group-wide corporate financing. ProSiebenSat.1 Group may use the RCF flexibly for general operating purposes.

As of December 31, 2020, there was no utilization of the RCF (previous year: no utilization), so that as of December 31, 2020, EUR 750 million (previous year: EUR 750 million) was available to be drawn from the RCF. The major portion of the term loan and the RCF matures in April 2024 (the rest in April 2023) and the promissory notes in December 2023 (EUR 275 million) and December 2026 (EUR 225 million). The notes have a term until April 2021. In December 2020, however, ProSiebenSat.1 Group exercised its early repayment option and repaid the notes in full in January 2021.

As another measure to strengthen liquidity in light of the possibility of a longer COVID-19 pandemic, the Annual General Meeting on June 10, 2020, approved the proposal not to distribute a dividend for financial year 2019 and thus secured the Group additional liquidity of EUR 192 million.

As of December 31, 2020, ProSiebenSat.1 Group had cash and cash equivalents in the amount of EUR 1,224 million (previous year: EUR 950 million) and therefore had liquid funds and undrawn RCF in a total amount of EUR 1,974 million as of December 31, 2020 (previous year: EUR 1,700 million).

As part of the disclosure of liquidity risks, a maturity analysis is provided in the table below for non-derivative financial liabilities on the basis of contractual maturities and for derivative financial liabilities based on the expected timing of cash outflows. For each maturity bucket, the undiscounted contractual payments (including interest) are disclosed as of December 31, 2020, and as of the end of the previous year.

FINANCIAL LIABILITIES BY MATURITY in EUR m

	1 year or less	1–5 years	More than 5 years	**Total contractual cash flows 12/31/2020**
Notes	612	—	—	612
Loans and borrowings	33	2,174	—	2,207
Promissory note	7	296	229	532
Liabilities from real estate financing	2	58	23	83
Liabilities from leases	42	136	67	244
Trade payables	618	74	—	692
Non-derivative financial liabilities	**1,314**	**2,738**	**319**	**4,370**
Derivative financial liabiltities[1]	**33**	**148**	**1**	**183**

[1] The derivative financial liabilities include payment obligations in euro under foreign exchange forward contracts. As these payment obligations in euro give rise to a concomitant right to receive payments in US dollar, the amounts given in the table only reflect the net payment obligation. The corresponding gross payment obligation was EUR 382 million on December 31, 2020, of which EUR 102 million was due within the next 12 months, EUR 272 million within the next one to five years, and EUR 8 million after five years.

	1 year or less	1–5 years	More than 5 years	**Total contractual cash flows 12/31/2019**
Notes	16	616	—	632
Loans and borrowings	28	2,191	—	2,219
Promissory note	7	300	233	540
Liabilities from real estate financing	2	34	24	60
Liabilities from leases	40	107	35	182
Trade payables	667	79	—	746
Non-derivative financial liabilities	**760**	**3,326**	**292**	**4,378**
Derivative financial liabiltities[1]	**42**	**147**	**2**	**191**

[1] The derivative financial liabilities include payment obligations in euro under foreign exchange forward contracts. As these payment obligations in euro give rise to a concomitant right to receive payments in US dollar, the amounts given in the table only reflect the net payment obligation. As of December 31, 2019, there were no financial liabilities related to foreign exchange contracts.

In addition to the financial liabilities presented in the table, the Group has made financing commitments to the joint venture Joyn amounting to up to EUR 60 million in total (previous year: EUR 140 million). The committed funds can be drawn until June 30, 2022.

INFORMATION ABOUT CARRYING AMOUNTS AND MARKET VALUES OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and the fair values of all categories of financial assets and financial liabilities of ProSiebenSat.1 Group. The fair value hierarchy levels reflect the significance of the input data used for the measurement and are defined as follows:

- Level 1: Fair value is calculated on the basis of quoted, unadjusted prices in active markets for identical assets or liabilities.
- Level 2: Fair value is calculated on the basis of quoted market prices other than quoted market prices included within Level 1 or according to measurement methods using inputs that are observable in the market either directly or indirectly.
- Level 3: Fair value is mainly calculated on the basis of inputs for which no observable market data are available.

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS AT DECEMBER 31, 2020 AND DECEMBER 31, 2019

in EUR m

		December 31, 2020					December 31, 2019				
				Fair value					Fair value		
	Presented in the statement of financial position as	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets											
Measured at fair value											
Fund units to finance pension obligations	Other financial assets	28	28	28	—	—	26	26	26	—	—
Other equity instruments	Other financial assets	209	209	—	—	209	206	206	—	—	206
Other level 3 instruments and derivatives for which hedge accounting is not applied	Other financial assets	1	1	—	1	—	9	9	—	3	6
Hedge derivatives	Other financial assets	18	18	—	18	—	85	85	—	85	—
Measured at amortised cost											
Cash and cash equivalents[1]	Cash and cash equivalents	1,224	1,224				950	950			
Loans and receivables[1]	Trade receivables and other financial assets	630	630				586	586			
Total		**2,111**	**2,111**	**28**	**19**	**209**	**1,863**	**1,863**	**26**	**88**	**212**
Financial liabilities											
Measured at fair value											
Liabilities from put options and earn-outs	Other financial liabilities	156	156	—	—	156	166	166	—	—	166
Derivatives for which hedge accounting is not applied	Other financial liabilities	0	0	—	0	—	2	2	—	2	—
Hedge derivatives	Other financial liabilities	19	19	—	19	—	15	15	—	15	—
Measured at amortised cost											
Term loan and other borrowings	Financial debt	2,094	2,180	—	2,180	—	2,098	2,179	—	2,179	—
Notes	Financial debt	600	601	601	—	—	599	615	615	—	—
Promissory note	Financial debt	499	521	—	521	—	499	525	—	525	—
Real estate financing	Other financial liabilities	71	79	—	79	—	48	57	—	57	—
Other financial liabilities at (amortised) cost[1]	Trade payables and other financial liabilities	737	737				789	789			
Total		**4,176**	**4,293**	**601**	**2,799**	**156**	**4,215**	**4,348**	**615**	**2,779**	**166**

[1] The carrying amount is a reasonable proxy of fair value. Fair value is therefore not calculated separately. The fair value column therefore gives the carrying amount, and no allocation to one of the levels of the fair value hierarchy is made.

The other equity instruments mainly consist of minority interests in other companies and option or warrant agreements for such minority interests, which ProSiebenSat.1 Group acquires as part of its "media-for-equity" strategy. In addition, this line item includes shares in venture capital funds.

These instruments are measured at fair value through profit or loss. The fair values are determined based on present value techniques using risk-adjusted discount rates, or, with respect to the optional components, are derived from binomial models, Monte Carlo simulations or scenario analyses. To the extent that observable market prices from financing rounds or fair values from external valuation reports are available, or net asset values for the fund investments, they are considered as input to the valuation.

Financial derivatives held for hedging purposes with positive fair values are reported as other financial assets, those with negative fair values as other financial liabilities. The measurement relies on present value models based on risk-free discount rates or standard option pricing models (Black model or Black-Scholes model).

The financial liabilities measured at fair value include liabilities from put options relating to non-controlling interests in subsidiaries and from earn-out agreements (variable, usually performance-based deferred purchase price payments).

KEY ASSUMPTIONS AND ESTIMATES

Contingent purchase price components in business combinations in the form of put options on shares held by non-controlling interests are measured at fair value as of the acquisition date and in subsequent periods. Measurement is performed on a transaction-by-transaction basis and largely draws on input data which is not observable on the market. The instruments are therefore classified as level 3 financial instruments. In general, market multiples or DCF methods are used for the measurement. The determination of discounted cash flows is subject to a wide range of planning assumptions that are sensitive to change and therefore may have a significant impact on the valuation. The COVID-19 pandemic has increased the uncertainty of the planning assumptions. Key inputs that are not observable on the market are the earnings figures underlying the respective instruments and the risk-adjusted discount rates that are applied. A 5% improvement in the underlying earnings figures would increase the (negative) fair value of the put options by EUR 9 million as of the reporting date, while a 5% decrease would reduce it by EUR 9 million. In addition, a change in the interest rate by plus or minus one percentage point would result in the fair value of this financial debt falling by EUR 3 million or increasing by EUR 3 million.

The fair values of loans and borrowings, and of notes and promissory notes are determined by discounting the anticipated future cash flows using the interest rates applicable to similar financial debt with a comparable remaining term.

The following table shows the reconciliation of the respective fair values to the end of the reporting period for financial instruments that are regularly measured at fair value and assigned to level 3:

RECONCILIATION OF LEVEL 3 FAIR VALUES in EUR m

	Other equity instruments	Liabilities from put options and earn-outs	Other level 3 instruments and derivatives, for which hedge accounting is not applied
Balance as of January 1, 2019	**156**	**312**	**19**
Gains or losses recognized in the income statement[1]	0	–70	–8
Additions from acquisitions	57	6	—
Disposals/Payments	–7	–83	–6
Other changes	0	1	0
Balance as of December 31, 2019/January 1, 2020	**206**	**166**	**6**
Gains or losses recognized in the income statement[1]	19	33	0
Additions from acquisitions	17	2	—
Disposals/Payments	–36	–43	—
Other changes	6	–3	–6
Balance as of December 31, 2020	**212**	**156**	**—**

[1] This line item includes unrealized gains on other equity instruments of EUR 9 million (previous year: losses of EUR 1 million), unrealized losses on liabilities from put options and earn-outs of EUR 39 million (previous year: gains of EUR 50 million) and unrealized losses on other level 3 instruments of EUR 0 million (previous year: EUR 9 million).

Apart from compounding effects which are presented in interest result, any gains or losses on instruments assigned to level 3 are presented in other financial result.

The gains from increased fair values of EUR 19 million recognized for other equity instruments during the reporting period and the disposals of EUR 36 million relate mainly to the venture capital fund investments held by the Group. The other changes mainly constitute exchange rate effects outside profit or loss and a reclassification from other level 3 instruments as a result of the exercise of warrants.

The losses of EUR 34 million on liabilities from put options and earn-outs recognized in profit or loss during the reporting period substantially derive from the remeasurement of the put option in the ParshipMeet Group segment and a contrasting gain in connection with the remeasurement of the Studio71 put option. The disposals/payments of EUR 43 million result largely from disposal of the put option liability as part of the disposal of WindStar Group (→ see note 5 "Acquisitions and disposals affecting the scope of consolidation") and the payouts for the subsequent acquisition of shares in Left/Right Holdings, LLC, Dover, Delaware, USA and Fabrik Entertainment, LLC, Wilmington, Delaware, USA in the context of business combinations of previous periods.

In the financial year 2020 and in the previous financial year, there were neither transfers between level 1 and level 2 nor into or out of level 3 of the fair value hierarchy.

OFFSETTING OF FINANCIAL INSTRUMENTS

All derivative transactions entered into with banks are subject to the German Master Agreement for Financial Derivatives as is customary for such transactions in the industry. As a result, these derivatives are subject to contractual netting agreements in the event that one of the parties to the contract fails to meet its payment obligations. However, they do not satisfy the offsetting criteria and are therefore presented gross in the statement of financial position. Otherwise, ProSiebenSat.1 Group does not have any contractual rights for settling financial assets and financial liabilities on a net basis.

The following table contains information on the netting of financial instruments and netting agreements. The figures presented are fair values that have been determined without taking into account credit value adjustments:

OFFSETTING OF FINANCIAL INSTRUMENTS in EUR m

	Financial assets (gross presentation)	Financial liabilities offset in the statement of financial position	Financial assets (net presentation)	Amounts subject to offsetting agreements	Financial assets after offsetting (not reflected in the statement of financial position)
Derivative financial instruments 12/31/2020	19	—	19	–11	7
Derivative financial instruments 12/31/2019	89	—	89	–16	73

	Financial liabilities (gross presentation)	Financial assets offset in the statement of financial position	Financial liabilities (net presentation)	Amounts subject to offsetting agreements	Financial liabilities after offsetting (not reflected in the statement of financial position)
Derivative financial instruments 12/31/2020	19	—	19	–11	8
Derivative financial instruments 12/31/2019	17	—	17	–16	1

34 / Segment reporting

ProSiebenSat.1 Group renamed its reporting segments in the financial year 2020 and has since reported in the segments Seven.One Entertainment Group (formerly Entertainment), NuCom Group (formerly Commerce), and Red Arrow Studios (formerly Content Production & Global Sales). In addition to the renaming, ProSiebenSat.1 Group's holding functions were separated from the former Entertainment segment and reported in the reconciliation column (Holding & other). Comparative figures have been adjusted to the new segment structure accordingly.

Following the acquisition of The Meet Group (→ see note 5 "Acquisitions and disposals affecting the scope of consolidation"), ProSiebenSat.1 Group's matchmaking business, previously bundled in Parship Group, was also removed from the NuCom Group segment and established as a separate segment called ParshipMeet Group. As of the end of the financial year, the Group's four reporting segments were therefore as follows:

- The Seven.One Entertainment Group segment contains ProSiebenSat.1 Group's free TV and online video business, which covers the German TV stations of the brand families SAT.1, ProSieben, Kabel Eins and sixx as well as the stations of our Group's subsidiaries in Austria and Switzerland. The segment also includes the marketing companies Seven.One Media GmbH and Seven.One AdFactory GmbH, the joint venture Joyn and various commercial websites. The segments' business models include cross-platform marketing of advertising space on TV and online which involves classic high-reach TV advertising, targeted TV and online video advertising, such as Addressable TV, and the venture-capital-based marketing activities carried out by SevenVentures; it also includes the connection-fee based distribution business in place with various cable, satellite, IPTV, DVBT and OTT providers. Finally, the segment includes business models in the areas of platform solutions (AdTech), the marketing of data, music, (sports) events and artists as well as program sales.
- The ParshipMeet Group segment is ProSiebenSat.1 Group's new online dating segment and offers an extensive product portfolio from online matchmaking to social dating and entertainment. ParshipMeet Group's portfolio comprises internationally successful and established brands, whose focus areas complement each other perfectly. Online Matchmaking services such as Parship, ElitePartner and eHarmony use scientific processes to help singles find the right partner and a long-term, happy relationship. Social dating and entertainment apps such as LOVOO, MeetMe and Tagged enable casual contact and entertainment. Since September 4, 2020, General Atlantic holds a non-controlling interest of 45.0% in ParshipMeet Group.

- The NuCom Group segment comprises the areas of consumer advice, experiences, and beauty & lifestyle. ProSiebenSat.1 bundles the subsidiaries in NuCom Group, which agreed to a long-term partnership with General Atlantic in 2018. General Atlantic holds a non-controlling interest of 28.4% in NuCom Group. The brands of the segment include Verivox, Aroundhome, Jochen Schweizer, mydays, Amorelie and Flaconi.

- The Red Arrow Studios segment contains all production activities and global sales of programming content under the umbrella of Red Arrow Studios GmbH, Unterföhring. Alongside the global film and TV distribution companies Red Arrow Studios International and Gravitas Ventures, Red Arrow Studios comprises of a group of international TV production companies in seven countries as well as Studio71, a digital media and entertainment company with a global offering of digital content and web productions, particularly in the fields of branded content, original productions, content distribution, influencer products and creator management. Red Arrow Studios' extensive programming includes entertainment, reality and factual formats as well as TV series, TV movies and digital content.

The reconciliation column (Holding & other) contains holding functions and other effects. Other effects result from the elimination and consolidation of intra-group transactions between the segments. These business transactions are conducted at arm's length.

The Executive Board, as chief operating decision maker, measures segment performance based on a segment profit measure, which in internal control and reporting is called "adjusted EBITDA". The earnings indicator "adjusted EBITDA" stands for adjusted earnings before interest, taxes, depreciation and amortization. It describes the operating result (earnings before interest, taxes, depreciation and amortization), adjusted for certain special effects (reconciling items). Revenue is also used as a performance indicator.

The following table contains the segment information of ProSiebenSat.1 Group:

SEGMENT INFORMATION 2020 in EUR m

	Seven.One Entertainment Group	ParshipMeet Group	NuCom Group	Red Arrow Studios	Total Segments	Reconciliation (Holding & other)	**Total Group**
Revenues	2,374	333	823	684	4,215	–168	**4,047**
External revenues	2,286	333	807	620	4,047	—	**4,047**
Internal revenues	88	0	16	64	168	–168	**—**
Adjusted EBITDA	571	80	32	42	725	–19	**706**
Reconciling items	30	–11	91	–3	107	–12	**95**
Depreciation, amortization and impairments[1]	102	18	56	45	221	27	**248**
Investments	1,159	4	47	40	1,250	47	**1,297**
thereof programming assets	1,063	—	—	—	1,063	—	**1,063**

[1] Includes impairments of EUR 8 million, of which EUR 7 million is attributable to the Seven.One Entertainment Group and EUR 2 million to Red Arrow Studios.

SEGMENT INFORMATION 2019 in EUR m

	Seven.One Entertainment Group	ParshipMeet Group	NuCom Group	Red Arrow Studios	Total Segments	Reconciliation (Holding & other)	**Total Group**
Revenues	2,604	209	775	730	4,319	–184	**4,135**
External revenues	2,518	209	756	652	4,135	—	**4,135**
Internal revenues	87	0	19	78	184	–184	**—**
Adjusted EBITDA	787	44	54	48	934	–62	**872**
Reconciling items	7	–9	–11	0	–13	–21	**–34**
Depreciation, amortization and impairments[1]	108	12	54	59	233	27	**260**
Investments	1,183	7	35	30	1,255	30	**1,285**
thereof programming assets	1,072	—	—	—	1,072	—	**1,072**

[1] Includes impairments of EUR 31 million, of which EUR 7 million is attributable to the Seven.One Entertainment Group, EUR 1 million to the ParshipMeet Group and EUR 23 million to Red Arrow Studios.

Depreciation, amortization and impairments reported for a segment are attributable to the assets allocated to that segment. Amortization and impairments of programming assets and impairments of financial investments or current financial assets are not allocated to the individual segments.

Investments comprise additions to other intangible assets, property, plant and equipment and programming assets.

Of the amounts presented in the "Reconciliation (Holding & other)" column, adjusted EBITDA of minus EUR 19 million (previous year: EUR –62 million) is attributable to the strategic holding, as well as reconciling items of minus EUR 12 million (previous year: EUR –21 million), depreciation, amortization and impairments of EUR 27 million (previous year: EUR 27 million), and investments of EUR 47 million (previous year: EUR 30 million). Eliminations or respectively consolidations are comprised of internal revenues of minus EUR 168 million (previous year: EUR –184 million).

In the following, the adjusted EBITDA of the segments is reconciled to the consolidated net income:

RECONCILIATION OF SEGMENT INFORMATION in EUR m

	2020	2019
Adjusted EBITDA		
Adjusted EBITDA of reportable segments	725	934
Eliminations and other reconciliations	–19	–62
Adjusted EBITDA of the Group	**706**	**872**
Reconciling items	95	–34
Financial result	–183	–6
Depreciation, amortization and impairments	–248	–260
Income taxes	–118	–161
Net income	**252**	**412**

The reconciling items which are taken into account when determining adjusted EBITDA are distributed among the following categories:

PRESENTATION OF THE RECONCILING ITEMS in EUR m

	2020	2019
Income from changes in scope of consolidation	140	0
Income from other one-time items	1	0
Income adjustments	**141**	**1**
M&A-related expenses	–24	–12
Reorganization expenses	–6	–45
Expenses for legal claims	–3	0
Fair value adjustments of share-based payments	–5	5
Expenses for other one-time items	–7	–5
Valuation effects relating to strategic realignments of business units	–1	23
Expense adjustments	**–46**	**–35**
Reconciling items	**95**	**–34**

Information about the geographical distribution of ProSiebenSat.1 Group's external revenues and non-current assets is shown below, divided into the geographical regions of Germany, Austria and Switzerland (DACH), the United States of America (USA), and Others.

INFORMATION ABOUT GEOGRAPHIES in EUR m

	DACH		USA		Others		**Total Group**	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
External revenues	3,349	3,516	620	540	77	78	**4,047**	**4,135**
Non-current assets	3,774	3,796	825	517	35	38	**4,634**	**4,351**

In the DACH region, Germany accounts for external revenues of EUR 3,112 million (previous year: EUR 3,239 million) and non-current assets of EUR 3,723 million (previous year: EUR 3,744 million).

Revenues and non-current assets are attributed to the country in which the subsidiary that recognizes the revenues or holds the non-current assets is located.

Non-current assets reported include goodwill, other intangible assets, property, plant and equipment, and non-current programming assets.

In the financial year 2020, no single customer accounted for more than 10% of Group revenues. In the previous year, this was the case for one customer in the Seven.One Entertainment Group segment, which was an agency network with various affiliated media agencies.

The segmentation presented above is based on the Group structure as of December 31, 2020. ProSiebenSat.1 Group has reviewed the Group's segment structure and will change its reporting from January 1, 2021, onwards in order to report in the three segments Entertainment, Dating and Commerce & Ventures:

- In this context, Red Arrow Studios' production and distribution business and the digital studio Studio71, is integrated into the Entertainment segment. The segment Entertainment thus contains the areas Advertising, Distribution & Other, Production, Global Sales and Studio71.
- The Dating segment represents the ParshipMeet Group and will remain unchanged in its composition compared to the year-end 2020. It contains Parship, eHarmony and The Meet Group.
- Less entertainment-related business models such as the investment branch SevenVentures, which was previously reported in the Seven.One Entertainment Group (henceforth: Entertainment) segment, will be reported in the new Commerce & Ventures segment. The companies of NuCom Group are also included in this new segment. As a consequence, the Commerce & Ventures segment contains the areas consumer advice, experiences, beauty & lifestyle as well as SevenVentures and the operations of the companies Marktguru and Wetter.com.

35 / Share- and performance-based payment

PERFORMANCE SHARE PLAN

The Performance Share Plan (PSP) is a long-term compensation instrument, which ProSiebenSat.1 Media SE developed for members of the Executive Board and selected Executives of ProSiebenSat.1 Group. The beneficiaries and the number of Performance Share Units (PSUs) granted were determined by the Executive Board of ProSiebenSat.1 Media SE with the approval of the Supervisory Board or – if pertaining to Executive Board members – by the Supervisory Board. The terms of the plan and the key performance indicators of the PSP are explained below. → see section “Compensation Report” in the Group Management Report

Terms of the plan

The PSP is structured as multi-year variable remuneration in the form of virtual shares. The shares are granted in annual tranches, each with a four-year performance period. Payment is made in cash in year five, the year after the end of the performance period. The Company has the right to choose equity settlement rather than cash settlement and to deliver a corresponding number of own shares for this purpose.

PSUs are measured at fair value which varies with the share price performance of ProSiebenSat.1 Media SE and the achievement of targets based on internal and external company performance. Company performance is measured based on adjusted net income at Group level as well as the relative total shareholder return (TSR – shareholder return for ProSiebenSat.1 Media SE shares compared to shareholder return for companies in STOXX Europe 600 Media), each with a weighting of 50%.

An individual allotment value is specified in the service contract for each member of the Executive Board. With effect from the start of a financial year, a number of PSUs corresponding to the allotment value will be granted on the basis of the volume-weighted average XETRA closing price of the ProSiebenSat.1 Media SE share over the 30 trading days preceding the start of the financial year. At the end of the four-year performance period, the PSUs granted are converted into a final number of PSUs using a conversion factor based on the weighted target achievement of adjusted net income and relative TSR. The payout amount per PSU then corresponds to the volume-weighted average XETRA closing price of the ProSiebenSat.1 Media SE share over the 30 trading days preceding the end of the performance period, plus the accumulated dividend payments on the ProSiebenSat.1 Media SE share during the performance period. The payout is limited to a maximum of 200% of the individual allotment value per tranche (cap). In the case of a settlement in own shares, the amount paid out is converted into a corresponding number of own shares of the Company issued to the beneficiary on the basis of the above average price.

Adjusted net income at Group level

For each tranche, target achievement with regards to adjusted net income is determined using the average annual target achievement over the four-year performance period. The target value for each financial year of the performance period is determined annually in euro by the Supervisory Board and is derived from the budget planning for the Group. In a first step, if necessary, the actual adjusted net income as reported in the relevant audited and approved Consolidated Financial Statements of ProSiebenSat.1 Media SE is adjusted for effects from significant changes in IFRS accounting and from the effects of M&A transactions (including related financing effects) carried out during the reporting period that are not included in the planning. In a second step, the resulting adjusted net income is then compared with the target adjusted net income for the respective financial year.

If the actual adjusted net income corresponds to the target value, the target achievement is 100%. In the case of a negative deviation of 20% or more from the target adjusted net income, the target achievement is 0%. For the maximum target achievement of 200%, the actual adjusted net income must exceed the target adjusted net income by 20% or more. Intermediate values are interpolated in a straight line. The adjusted net income target achievement curve is symmetrical, which means that any underachievement or overachievement of the target is equally taken into account.

Relative total shareholder return (TSR)

To determine target achievement, the TSR of the ProSiebenSat.1 Media SE share and the shares of the peer companies are ranked and the relative positioning of ProSiebenSat.1 Media SE is expressed on the basis of the percentile rank achieved. The final target achievement with regards to the relative TSR cannot be calculated until after the end of the final financial year of the respective four-year performance period.

If the relative TSR achieved by ProSiebenSat.1 Media SE corresponds to the median (50th percentile) of the peer group, the target achievement is 100%. When positioned at or below the 25th percentile, the target achievement is 0%. Maximum target achievement of 200% requires that at least the 90th percentile is reached. Intermediate values are interpolated in a straight line for both positive and negative deviations.

The following table shows the main information about the individual tranches of the PSP of ProSiebenSat.1 Group:

PERFORMANCE SHARE PLAN

in PSUs	PSP 2020	PSP 2019	PSP 2018
At January 1, 2020	**0**	**372,580**	**286,754**
Granted in 2020	425,088	—	—
Forfeited in 2020	—	5,914	—
At December 31, 2020	**425,088**	**366,666**	**286,754**
Grant Date	January 1, 2020	June 1, 2019	June 29, 2018
Vesting period	2020 until 2023	2019 until 2022	2018 until 2021

The expected obligations from the individual tranches of the PSP are measured at fair value. They are determined using an option pricing model.

The personnel expenses attributable to the financial year 2020 from the issued PSUs amount to EUR 4 million net (previous year: EUR 3 million). The non-current provision as of December 31, 2020, amounted to EUR 8 million (previous year: EUR 4 million).

Each tranche of the PSP is paid out or settled in the year the audited and approved Consolidated Financial Statements for the last financial year of the four-year performance period of the respective tranche are published.

OTHER SHARE- AND PERFORMANCE-BASED PAYMENT MODELS

In financial year 2018, the PSP replaced the Group Share Plan (GSP) as a long-term compensation instrument for members of the Executive Board and selected Executives of ProSiebenSat.1 Group. The tranche from the financial year 2016 was paid out in the financial year 2020. The final outstanding tranche of the Group Share Plan from the financial year 2017 will be paid out after the audited and approved Consolidated Financial Statements are published in the financial year 2021. In the financial year 2020, income of EUR 0.2 million (previous year: income of EUR 1 million) was recognized in functional costs as part of the PSU measurement. The provision for the Group Share Plan as of December 31, 2020, amounted to EUR 2 million (previous year: EUR 4 million).

Furthermore, the Group also maintains additional share-based, long-term compensation instruments for managing directors and Executives of Group companies in the ParshipMeet Group and NuCom Group segments. These are mainly to be settled in cash, the payout varying according to the relevant increase in enterprise value during the respective vesting period or when an exit event (such as an IPO or sale of the shares) occurs. The fair values of the remuneration entitlements earned are calculated using the Black-Scholes option pricing model and based on the latest planning adopted by management. None of these plans in itself has a material effect on the Group's assets, liabilities, financial position and profit or loss. As of December 31, 2020, the other non-current provisions recognized in connection with these plans amount to EUR 17 million (previous year: EUR 4 million). The personnel expenses recognized amounted to EUR 14 million (previous year: EUR 1 million).

In addition, there is a significant performance-based, long-term compensation instrument for the management of a Group company in the Red Arrow Studios segment. The personnel expenses recognized for this in the financial year 2020 amounted to EUR 6 million (previous year: EUR 0 million). The amount recognized in other non-current provisions as of the reporting date was EUR 5 million (previous year: EUR 0 million).

36 / Related parties

Related parties of ProSiebenSat.1 Group are persons and companies that control ProSiebenSat.1 Group, exercise significant influence over it, or are controlled or significantly influenced by ProSiebenSat.1 Group.

As of the reporting date, the members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media SE and associated companies or joint ventures of ProSiebenSat.1 Group were defined as related parties.

EXECUTIVE BOARD AND SUPERVISORY BOARD

The members of the Executive Board and Supervisory Board, including their membership in other statutory Supervisory boards and comparable controlling bodies, are listed in the Annual Report under → Members of the Executive Board and → Members of the Supervisory Board. The compensation system for the members of the Executive Board and Supervisory Board is explained in more detail in the → section “Compensation Report” in the Group Management Report.

In the reporting period, the compensation for Executive Board members who were in office in financial year 2020, including members who departed in the past financial year, amounted to EUR 8.3 million (previous year: EUR 10.0 million). Such compensation includes variable components in the amount of EUR 4.9 million (previous year: EUR 6.2 million) and fringe benefits in the amount of EUR 0.1 million (previous year: EUR 0.1 million). The variable compensation includes one-year and multi-year variable compensation payments. In financial year 2020, the total emoluments of former Executive Board members amounted to EUR 9.5 million (previous year: EUR 9.1 million). This includes the severance payments for the former CEO Max Conze and the former Deputy CEO and General Counsel Conrad Albert totaling EUR 7.0 million. Both former Executive Board members stepped down from the Executive Board in the first half of 2020 before the end of their regular term.

At the end of financial year 2020 active members of the Executive Board and those who departed in the financial year held a total of 519,569 PSUs (previous year: 371,978 PSUs) under the PSP and 30,019 PSUs (previous year: 131,287 PSUs) under the GSP. → see note 35 “Share- and performance-based payments” The total expenses for share-based payments in the reporting period was EUR 2.5 million (previous year: EUR 0.7 million).

As of December 31, 2020, ProSiebenSat.1 Media SE recognized pension provisions of EUR 4.4 million (previous year: EUR 4.2 million) for pension commitments to members of the Executive Board in office in the financial year 2020 and those who departed in the financial year. As of December 31, 2020, pension provisions for former members of the Executive Board amounted to EUR 27.9 million (previous year: EUR 26.6 million).

The total entitlement to pension benefits that have accrued as of December 31, 2020, amounts to EUR 5.6 million (previous year: EUR 4.6 million) for Executive Board members in office in financial year 2020 and EUR 6.7 million (previous year: EUR 6.7 million) for departed Executive Board members.

Benefits to the Executive Board are all due in the short term – except for PSP and pension entitlements.

The total compensation of Supervisory Board members included attendance fees amounted to EUR 1.6 million in the financial year 2020 (previous year: EUR 1.6 million).

As in the previous year, apart from the compensation for consulting services from Erik Huggers at Joyn in the first quarter of 2019, there were no other significant transactions between the Company and members of the Executive Board and Supervisory Board.

JOINT VENTURES AND ASSOCIATES

ProSiebenSat.1 Group maintains relationships with some of its joint ventures and associated companies in the ordinary course of business. In doing so, the Company generally buys and sells products and services on market terms.

VOLUME OF TRANSACTIONS WITH JOINT VENTURES AND ASSOCIATES in EUR m

	2020/December 31, 2020			2019/December 31, 2019		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Income statement						
Revenue from goods sold and services rendered	104	41	**145**	124	44	169
Expenses from goods purchased and services received	27	5	**32**	28	2	30
Statement of financial position						
Receivables	20	15	**35**	17	21	38
Payables	5	6	**11**	3	12	15

37 / Professional fees of the independent auditor

The following professional fees for services provided by the auditor Ernst & Young were incurred:

in EUR m

	2020	2019
Audit services	3.2	3.5
Other attestation services	0.2	0.2
Tax advisory services	0.0	0.1
Total	**3.4**	**3.8**

These disclosures relate exclusively to the legally independent entity of the appointed auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart.

38 / Corporate governance

In December 2020, the Executive Board and Supervisory Board of ProSiebenSat.1 Media SE jointly issued the annual declaration of compliance with the German Corporate Governance Code as required pursuant to section 161 of the German Stock Corporation Act (AktG) and made it permanently accessible to the public on ProSiebenSat.1 Group's website (→ www.prosiebensat1.com/en).

39 / Events after the reporting period

The notes listed at the regulated market of the Luxembourg Stock Exchange with a nominal amount of EUR 600 million and a contractual maturity until April 2021 were repaid on January 15, 2021, ahead of maturity.

For certain third-country income, some ProSiebenSat.1 Group companies in Germany are basically subject to taxation under the controlled foreign corporation (CFC) rules. The German Federal Tax Court decided on March 11, 2015, that the CFC income as part of the trade tax income of a domestic company is attributable to a non-domestic permanent establishment and thus not subject to German trade tax ("Gewerbesteuer"). Based on a decree dated February 4, 2021 the tax authorities apply this decision generally, beyond individual cases. Under current estimates, this could result in low double-digit EUR million tax reductions (including interest).

40 / List of subsidiaries and associated companies of ProSiebenSat.1 Group pursuant to section 313 (2) of the German Commercial Code (HGB)

(As of December 31, 2020)

Company	Location	Equity interest in %
ProSiebenSat.1 Media SE	Unterföhring	
SUBSIDIARIES		
Germany		
7Love Holding GmbH[1]	Unterföhring	95.60
9Live Fernsehen GmbH	Unterföhring	100.00
Aboalarm GmbH	Munich	100.00
AdClear GmbH	Berlin	100.00
ADITION technologies AG	Düsseldorf	100.00
AdTech S8 GmbH	Unterföhring	100.00
Alpina Grundstücksverwaltungs-gesellschaft mbH & Co. Objekt Unterföhring KG[2]	Mainz	0.00
be Around GmbH	Berlin	100.00
be Around Holding GmbH[3]	Berlin	80.00
BrightCat Agentur für Neue Medien UG (haftungsbeschränkt)	Berlin	100.00
DOSB New Media GmbH	Unterföhring	67.50
esome advertising technologies GmbH	Hamburg	100.00
eSports.com GSA GmbH	Unterföhring	100.00
Fem Media GmbH	Unterföhring	100.00
Flaconi GmbH	Berlin	100.00
Glomex GmbH[4]	Unterföhring	100.00
Hip Trips GmbH	Munich	100.00
i12 GmbH	Linden	100.00
Jochen Schweizer GmbH	Munich	100.00
Jochen Schweizer Leisure & Travel Holding GmbH	Munich	100.00
Jochen Schweizer mydays Holding GmbH[1]	Munich	89.90
Jochen Schweizer Technology Solutions GmbH	Munich	100.00
JSMD Event GmbH	Munich	100.00
Kairion GmbH	Frankfurt am Main	100.00
LOVOO GmbH	Dresden	100.00
Marketplace GmbH	Berlin	100.00
marktguru Deutschland GmbH	Munich	90.00
Masterpiece Gaming GmbH	Norderstedt	100.00
MMP Event GmbH	Cologne	100.00
moebel.de Einrichten & Wohnen AG	Hamburg	50.10
mydays GmbH	Munich	100.00
NCG – NUCOM GROUP SE	Unterföhring	71.59
NCG Commerce GmbH	Unterföhring	100.00
P7S1 SBS Holding GmbH[4]	Unterföhring	100.00
PARSHIP ELITE Service GmbH	Hamburg	100.00
Parship Group GmbH	Hamburg	100.00
ParshipMeet Holding GmbH	Hamburg	55.00
PE Digital GmbH	Hamburg	100.00
PEG Management GmbH & Co. KG[5]	Unterföhring	0.00
Preis24.de GmbH	Heidelberg	100.00
ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH[4]	Unterföhring	100.00
ProSiebenSat.1 Digital Content GmbH	Unterföhring	100.00
ProSiebenSat.1 Digital Data GmbH[4]	Unterföhring	100.00
ProSiebenSat.1 Digital GmbH[4]	Unterföhring	100.00
ProSiebenSat.1 Einundzwanzigste Verwaltungsgesellschaft mbH[4]	Unterföhring	100.00
ProSiebenSat.1 Entertainment Investment GmbH[4]	Unterföhring	100.00
ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH[4]	Unterföhring	100.00
ProSiebenSat.1 Fünfzehnte Verwaltungsgesellschaft mbH[4]	Unterföhring	100.00
ProSiebenSat.1 GP GmbH	Heidelberg	100.00
ProSiebenSat.1 GP II GmbH	Unterföhring	100.00
ProSiebenSat.1 Services GmbH	Unterföhring	100.00
ProSiebenSat.1 Tech Solutions GmbH[4]	Unterföhring	100.00
ProSiebenSat.1 Warehouse GmbH	Unterföhring	100.00
Pyjama Pictures GmbH	Berlin	55.00
Red Arrow Studios GmbH[4]	Unterföhring	100.00
Red Arrow Studios International GmbH[4]	Unterföhring	100.00
RedSeven Entertainment GmbH[4]	Unterföhring	100.00
Regiondo GmbH	Munich	100.00
SAM Sports – Starwatch Artist Management GmbH	Hamburg	100.00
Sat.1 Norddeutschland GmbH[4]	Hanover	100.00
Seven.One AdFactory GmbH[4]	Unterföhring	100.00
Seven.One Entertainment Group GmbH	Unterföhring	100.00
Seven.One Media GmbH[4]	Unterföhring	100.00
Seven.One Pay TV GmbH[4]	Unterföhring	100.00
Seven.One Production GmbH[4]	Unterföhring	100.00
Seven.One Sports GmbH	Unterföhring	100.00
SevenOne Capital (Holding) GmbH[4]	Unterföhring	100.00
SevenPictures Film GmbH[4]	Unterföhring	100.00
SevenVentures GmbH[4]	Unterföhring	100.00
SilverTours GmbH	Cologne	100.00
SMARTSTREAM.TV GmbH	Munich	91.00
Sonoma Digital GmbH	Berlin	100.00
Sonoma Internet GmbH	Berlin	97.82
Spontacts GmbH	Munich	100.00
Studio 71 GmbH	Berlin	100.00
Stylight GmbH	Munich	100.00
Tannhauser Media Group GmbH	Berlin	100.00
The ADEX GmbH	Berlin	100.00
THMMS Holding GmbH	Hamburg	100.00
TMG Holding Germany GmbH	Berlin	100.00
Toptarif Internet GmbH	Berlin	100.00
tv weiss-blau Rundfunkprogrammanbieter GmbH[4]	Unterföhring	100.00
Verivox Finanzvergleich GmbH	Heidelberg	100.00
Verivox GmbH	Heidelberg	100.00
Verivox Holding GmbH	Unterföhring	100.00
Verivox Versicherungsvergleich GmbH	Heidelberg	100.00
Virtual Minds AG	Freiburg im Breisgau	100.00
VVX Co-Investor GmbH & Co. KG[1]	Heidelberg	92.28
VX Sales Solutions GmbH	Heidelberg	100.00
wetter.com GmbH[4]	Konstanz	100.00
yieldlab AG	Hamburg	100.00
Armenia		
Marktguru LLC	Yerevan	100.00
Australia		
eHarmony Australia Pty Limited	Sydney	100.00
Denmark		
Snowman Productions ApS	Copenhagen	100.00

Company	Location	Equity interest in %
Israel		
July August Communications and Productions Ltd.	Tel Aviv	100.00
The Band´s Visit LP	Tel Aviv	55.00
Italy		
Studio71 Italia S.r.l.	Milan (MI)	51.00
Mexico		
Quepasa.com de Mexico, S.A. de C.V.	Hermosillo	100.00
The Netherlands		
P7S1 Broadcasting Holding I B.V.	Amsterdam	100.00
SNDC8 B.V.	Amsterdam	100.00
Austria		
ATV Privat TV GmbH	Vienna	100.00
ATV Privat TV GmbH & Co KG	Vienna	100.00
ProSieben Austria GmbH	Vienna	100.00
ProSiebenSat.1Puls 4 GmbH	Vienna	100.00
Puls 4 TV GmbH	Vienna	100.00
PULS 4 TV GmbH & Co KG	Vienna	100.00
PULS4 Shopping GmbH	Vienna	100.00
SAT.1 Privatrundfunk und Programmgesellschaft m.b.H.	Vienna	51.00
SevenVentures Austria GmbH	Vienna	100.00
Visivo Consulting GmbH	Vienna	51.05
Romania		
MyVideo Broadband S.R.L.	Bucharest	100.00
Regiondo Software S.R.L.	Sibiu	100.00
Sweden		
Snowman Productions AB	Stockholm	100.00
Snowman Scripted AB	Stockholm	100.00
Switzerland		
ADITION Schweiz GmbH	Locarno	100.00
Jochen Schweizer mydays CH AG	Küsnacht (ZH)	100.00
ProSiebenSat.1 Puls 8 TV AG	Zürich	100.00
Sat.1 (Schweiz) AG	Küsnacht (ZH)	100.00
Seven.One Media (Schweiz) AG	Küsnacht (ZH)	100.00
SevenVentures (Schweiz) AG	Küsnacht (ZH)	100.00
Verivox Schweiz AG in liquidation	Zürich	100.00
Serbia		
esome advertising technologies d.o.o. Beograd	Belgrade	100.00
Spain		
SilverTours Technology S.L.	Alicante	100.00
Turkey		
Karga Seven Pictures Yapım Anonim Şirketi	Istanbul	100.00
Ukraine		
Glomex TOV	Kiev	100.00
United Kingdom		
ADITION UK Limited[1]	Cullompton	74.00
CPL Good Vibrations Limited	London	100.00
CPL Productions Limited	London	100.00
CPL Tiny Beast Limited	London	100.00
eHarmony UK Limited	London	100.00
Endor (DS2) Limited	London	100.00
Endor (Max) Limited	London	100.00
Endor (TDO) Limited	London	100.00
Endor (Vienna 2) Limited	London	100.00
Endor (Vienna) Limited	London	100.00
Endor Productions Limited	London	100.00
Glomex Limited	Birmingham	100.00
LHB Limited[1]	London	84.13
P7S1 Broadcasting (UK) Limited	London	100.00

Company	Location	Equity interest in %
ProSiebenSat.1 Digital Content GP Limited[1]	London	91.25
ProSiebenSat.1 Digital Content LP[1]	London	90.51
Red Arrow Studios Limited	London	100.00
Spider Pictures Limited	London	100.00
Studio 71 UK Limited	London	100.00
United States of America		
44 Blue Productions, LLC	Wilmington, DE	100.00
44 Blue Studios, LLC[1]	Wilmington, DE	65.00
8383 Productions, LLC	Beverly Hills, CA	100.00
95 Ends LLC	New York, NY	100.00
ASM Inc.	Castle Rock, CO	100.00
Boxcar Studios, LLC	Los Angeles, CA	100.00
Brady 44, LLC	Los Angeles, CA	100.00
By Dint Productions, LLC	New York, NY	100.00
Champ 44 Music Publishing, LLC	Wilmington, DE	100.00
Code D TV, LLC	Wilmington, DE	100.00
Collected Labs LLC	Wilmington, DE	100.00
Collective Digital Studio GP, LLC	Wilmington, DE	100.00
Crow Magnon, LLC[1]	Wilmington, DE	62.40
Delirium TV, LLC	Wilmington, DE	100.00
Digital Air LLC	Beverly Hills, CA	100.00
Digital Atoms, LLC	Beverly Hills, CA	100.00
Digital Bytes, LLC	Beverly Hills, CA	100.00
Digital Cacophony, LLC	Beverly Hills, CA	100.00
Digital Demand LLC	Wilmington, DE	100.00
Digital Diffusion, LLC	Beverly Hills, CA	100.00
Digital Echo, LLC	Beverly Hills, CA	100.00
Digital Fire, LLC	Beverly Hills, CA	100.00
Dogs Top Ten LLC	Castle Rock, CO	100.00
Dorsey Entertainment LLC	Castle Rock, CO	100.00
Dorsey Multimedia LLC	Castle Rock, CO	100.00
Dorsey Pictures, LLC[1]	Dover, DE	60.00
Driving Force TV, LLC	Wilmington, DE	100.00
eHarmony, Inc.	Wilmington, DE	100.00
Fabrik Entertainment, LLC	Wilmington, DE	100.00
Fortitude Production Services, LLC	Dover, DE	100.00
Fourteenth Hour Productions, LLC	Beverly Hills, CA	100.00
Gravitas Ventures LLC[1]	Wilmington, DE	62.50
GTG Production Services LLC	Los Angeles, CA	100.00
Half Yard Productions, LLC[1]	Wilmington, DE	91.25
HI5 Inc.	Wilmington, DE	100.00
Ifwe Inc.	Wilmington, DE	100.00
Initech, LLC	Olympia, WA	100.00
Jot It Down Productions, LLC	Wilmington, DE	100.00
K OPS TV Louisiana, LLC	Baton Rouge, LA	100.00
Karga Seven Pictures, LLC	Los Angeles, CA	100.00
Keep it Down Music Publishing, LLC	Los Angeles, CA	100.00
Kenilworth Productions Inc.	Dover, DE	100.00
Kinetic Content Publishing LLC	Wilmington, DE	100.00
Kinetic Content, LLC	Wilmington, DE	100.00
Kinetic Operations LLC	Wilmington, DE	100.00
Kingdom TV Productions, LLC	Wilmington, DE	100.00
KinPro Music Publishing LLC	Wilmington, DE	100.00
Kinpro LLC	Wilmington, DE	100.00
Left/Right Holdings, LLC[1]	Dover, DE	90.00
Left/Right, LLC	Dover, DE	100.00
Move Along Music Publishing, LLC	Los Angeles, CA	100.00
Moving TV LLC	Wilmington, DE	100.00
NAR Pictures, LLC	Los Angeles, CA	100.00
New Kinetic, LLC	Wilmington, DE	50.22

Company	Location	Equity interest in %
New Picture Perfect, LLC	Wilmington, DE	100.00
Next of Kin TV, LLC	Los Angeles, CA	100.00
Node Productions, LLC	Beverly Hills, CA	100.00
Ovrture, LLC	Los Angeles, CA	100.00
Pacific View TV, LLC	Wilmington, DE	100.00
ParshipMeet US Holding Inc.	Wilmington, DE	100.00
Pave Network, LLC	Beverly Hills, CA	100.00
PBP, LLC	Baton Rouge, LA	100.00
Prank Film, LLC	Beverly Hills, CA	100.00
Presidio Post, LLC	Los Angeles, CA	100.00
Production Connection LLC	Wilmington, DE	100.00
Ranger Media, LLC	Wilmington, DE	100.00
Red Arrow Studios International, Inc.	Wilmington, DE	100.00
Skout, LLC	Wilmington, DE	100.00
Studio 71 (Canada), Inc.	Beverly Hills, CA	100.00
Studio 71, LP	Wilmington, DE	100.00
Stylight Inc.	Lewes, DE	100.00
The Fred Channel, LLC	Beverly Hills, CA	70.00
The Meet Group, Inc.	Wilmington, DE	100.00
The Weekly, LLC	New York, NY	100.00
Third Voice Productions, Inc.	Dover, DE	100.00
Three Tables Music LLC	Wilmington, DE	100.00
WDSP LLC	New York, NY	100.00
ASSOCIATES		
Germany		
AGF Videoforschung GmbH	Frankfurt am Main	16.66
BuzzBird Beteiligungsgesellschaft mbH	Berlin	42.92
eFashion Boulevard GmbH	Georgsmarienhütte	30.00
koakult GmbH	Berlin	33.33
Sportority Germany GmbH	Munich	40.00
SPREE Interactive GmbH	Nuremberg	19.55
VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Sendeunternehmen und Presseverlegern mbH	Berlin	27.66
France		
Studio 71 SAS	Boulogne-Billancourt	49.00
Canada		
Mad Rabbit Productions, Inc.	Toronto	25.00
Switzerland		
Goldbach Audience (Switzerland) AG	Küsnacht (ZH)	24.95
Goldbach Media (Switzerland) AG	Küsnacht (ZH)	22.96
Swiss Radioworld AG	Küsnacht (ZH)	22.96
United Kingdom		
Cove Pictures Limited	London	25.00
United States of America		
Remagine Media Ventures, L.P.	Wilmington, DE	30.51
JOINT VENTURES		
Germany		
AdAudience GmbH	Munich	16.67
d-force GmbH	Freiburg im Breisgau	50.00
Joyn GmbH	Munich	50.00
United Kingdom		
European Broadcaster Exchange (EBX) Limited	London	25.00
Nit Television Limited	London	50.01

Company	Location	Equity interest in %	Currency	Equity in thousands	Net income in thousands
OTHER MATERIAL INVESTMENTS					
Germany					
Crosslantic Fund I GmbH & Co. KG[6]	Düsseldorf	24.45	EUR	67,915	—
Gibraltar					
Sportority Limited[6]	Gibraltar	3.79	GIP	—	—
Luxembourg					
FRIDAY Insurance S.A.[6]	Bartringen	12.35	EUR	89,611	–35,516

1 Due to option rights in the reporting year consolidated at 100%.
2 Control due to contractual agreements to direct the relevant activities.
3 Due to option rights in the reporting year consolidated at 90%.
4 Company meets the requirements of Section 264 (3) of the German Commercial Code (HGB) and exercises the option to be exempted from certain requirements on the preparation, auditing and disclosure of the annual financial statements and the management report.
5 A subsidiary of ProSiebenSat.1 Media SE is the general partner of this company.
6 Values according to the latest available annual financial statements (according to local accounting standards), if published.

INFORMATION

EXPLANATORY NOTES ON REPORTING PRINCIPLES

CONTENT AND FORM OF THE GROUP MANAGEMENT REPORT

This Annual Report 2020 contains the ProSiebenSat.1 Group Management Report. The Compensation Report and the Takeover-Related Disclosures pursuant to 315a (1) HGB can be found in the section → To Our Shareholders of this Annual Report; they are also part of the audited Group Management Report.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Significant events after the end of the reporting period are explained in the → Notes, note 39 "Events after the reporting period". The publication date of the Annual Report 2020 is March 4, 2021.

PREDICTIVE STATEMENTS ON FUTURE PERFORMANCE, FINANCIAL POSITION AND EARNINGS

Our forecasts are based on current assessments of future developments. In this context, we draw on our budget planning and comprehensive market and competitive analyses. The forecasted values are calculated in accordance with the reporting principles used in the financial statements and are consistent with the adjustments described in the Management Report. However, forecasts naturally entail some uncertainties that could lead to positive or negative deviations from planning. If imponderables occur or if the assumptions on which the predictive statements are made no longer apply, actual results may deviate materially from the statements made or the results implicitly expressed.

Developments that could negatively impact this forecast include, for example, lower economic momentum then expected at the time this report was prepared. These and other factors are explained in detail in the Risk and Opportunity Report. There we also report on additional growth potential; opportunities that we have not yet or not fully budgeted for could arise from corporate strategy decisions, for example. Potential risks are accounted for regularly and systematically as part of the Group-wide risk management process. → Risk and Opportunity Report → Outlook

ROUNDING FINANCIAL FIGURES

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

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Unterfoehring, February 25, 2021

Rainer Beaujean
Chairman of the Executive Board & CFO

Wolfgang Link
Member of the Executive Board &
CEO Seven.One Entertainment Group

Christine Scheffler
Member of the Executive Board & CHRO

INDEPENDENT AUDITOR'S REPORT

To ProSiebenSat.1 Media SE

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

OPINIONS

We have audited the consolidated financial statements of ProSiebenSat.1 Media SE, Unterföhring, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the fiscal year from 1 January 2020 to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of ProSiebenSat.1 Media SE for the fiscal year from 1 January 2020 to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the management declaration (group statement on corporate governance) pursuant to Sec. 315d HGB which is published on the website stated in the group management report and is part of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2020 and of its financial performance for the fiscal year from 1 January 2020 to 31 December 2020, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the management declaration (group statement on corporate governance) referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January 2020 to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

[1] IMPAIRMENT TESTING OF GOODWILL

Reasons why the matter was determined to be a key audit matter

The executive directors of ProSiebenSat.1 Media SE test goodwill for impairment annually as of 31 December of each fiscal year and ad hoc, as was the case in fiscal year 2020 due to the COVID-19 pandemic, to determine any potential need to recognize impairment losses. The result of these valuations is highly dependent on the executive directors' estimate of future cash flows and the respective discount rates used.

In light of the complexity of the valuation process due to the use of assumptions and the judgment by the executive directors, the impairment testing of goodwill was a key audit matter. Assumptions and judgment include the expected development of business and earnings of the cash-generating units over the next five years, and the growth and discount rates used.

Auditor's response

As part of our procedures, we analyzed the process implemented by the executive directors of ProSiebenSat.1 Media SE and the accounting policies for determining the recoverable amounts of cash-generating units or groups of units for those units to which goodwill has been allocated to identify any risks of material misstatement and obtained an understanding of the process steps.

We analyzed the budgets and forecasts underlying the valuation by comparing them with the results actually achieved in the past and the current development of business figures, taking into account potential implications from the COVID-19 pandemic. We also referred to the forecast market development of comparable entities in our analysis. In considering the underlying budgets and forecasts, we discussed the expected business and earnings development with those responsible for planning and compared them with the budgets and forecasts prepared by the Executive Board and approved by the Supervisory Board and with the current business development.

With the aid of our internal valuation specialists, we assessed the valuation model and appraised the other significant valuation assumptions such as the discount rate and growth rate on the basis of an analysis of the general market indicators. We evaluated the determination of the risk-adjusted capitalization rate by scrutinizing peer companies, comparing market data with external evidence and checking the arithmetical accuracy.

In order to identify a potential impairment risk, we additionally conducted our own sensitivity analyses on the results of the impairment test to determine which changes in specific valuation inputs would lead to a different assessment about the need to recognize an impairment loss the level of the cash-generating unit. In so doing, we considered both exogenous and endogenous changes in the planning assumptions in the various scenarios.

In addition, we assessed the information provided in the notes to the consolidated financial statements on significant accounting judgments, estimates and assumptions used in impairment testing of goodwill in respect of the requirements of IAS 1 and IAS 36.

Our procedures did not lead to any reservations relating to impairment testing of goodwill.

Reference to related disclosures

With regard to the accounting policies applied for goodwill, refer to the disclosure in note (2) "Accounting principles" in chapter (E) "Recognition and measurement" in the section on "Intangible assets and goodwill" of the notes to the consolidated financial statements. For the related disclosures on judgments by the executive directors and sources of estimation uncertainty as well as the disclosures on goodwill, refer to note (17) "Goodwill" which also contains information on the sensitivity of the valuation results.

[2] REVENUE RECOGNITION

Reasons why the matter was determined to be a key audit matter

Revenues are a key financial performance indicator for the Group and are shaped by diverse business models in the various segments. In the Seven.One Entertainment Group and NuCom Group segments, a risk of material misstatement exists especially in relation to the existence and timely recognition of revenues. In the Seven.One Entertainment Group segment, there is a risk relating in particular to the transfer and processing of campaign data from the upstream systems, while in the NuCom Group segment there are estimation uncertainties, especially due to cancellation or return rights. In the Red Arrow Studios segment, a substantial portion of revenues is recognized over time using the percentage of completion method. In this context, the estimates made by the executive directors with regard to the expected total costs or the project progress have a significant effect on the recognition and measurement of revenues.

In light of the significance and complexity of revenues, we consider revenue recognition to be a key audit matter.

Auditor's response

During our procedures, we considered, based on the criteria defined in IFRS 15, the accounting policies applied in the consolidated financial statements of ProSiebenSat.1 Media SE for the recognition of revenues.

We examined the existence of revenues for significant consolidated entities by, among other things, determining the correlation with the related trade receivables and related incoming payments and analyzed any deviations.

In order to assess the existence of advertising revenues, in the Seven.One Entertainment Group segment we tested in particular application controls and interfaces between the ERP system and the upstream systems used to capture advertising services. In addition, we tested on a sample basis revenue recognition for certain advertising campaigns by reference to the corresponding agreements. In the NuCom Group segment, we analyzed the assumptions made by management relating to the cancellation and return rates on the basis of historical experience.

In the Red Arrow Studios segment, we assessed, on a sample basis, the expected total costs on the basis of the budgets for commissioned productions and reconciled the total contract value with the underlying contracts. We checked the expenses incurred until the reporting date on a sample basis by reference to incoming invoices and time sheets and analyzed how they were allocated to the respective commissioned productions. In addition, we recalculated the recognition of revenues from contracts according to the percentage of completion method in accordance with IFRS 15. We analyzed the contracts contained in reported revenues to determine whether the planned and actual margins from the contracts were in line with our expectations of the progress of the project in question. We also referred to the development of comparable projects for this purpose.

Our procedures did not lead to any reservations relating to revenue recognition.

Reference to related disclosures

Information about the accounting policies with regard to revenues is provided in note (2) "Accounting principles" in chapter (E) "Recognition and measurement" in the section on "Revenues" of the notes to the consolidated financial statements. Information about the components of revenues is provided in note (6) "Revenues" of the notes to the consolidated financial statements.

[3] IMPAIRMENT OF PROGRAMMING ASSETS

Reasons why the matter was determined to be a key audit matter

Owing to their immense significance for the Group, programming assets, which would normally be included in other intangible assets, are presented as a separate item in the statement of financial position.

When examining both the individual program titles and the genre-based programming groups for indications of impairment, the executive directors apply a significant degree of judgment with regard to planning the future use of programming assets and estimating their revenue potential. Indications are, for example, if a program title or a group of program titles is no longer likely to be broadcast due to a lack of marketability or a strategic realignment of programming content. The consolidated financial statements, as a whole, are therefore subject to a risk that impairments of programming assets are not recognized to a sufficient extent.

In light of their relevance in terms of strategy and value and the use of judgment in their measurement, we consider programming assets to be a key audit matter.

Auditor's response

As part of our procedures, we discussed the executive directors' assessment of indications that the future use of programming assets could be restricted with the persons responsible. We also performed our own analyses of the number of available broadcasts in view of the license periods of the program titles and their last date of broadcast to identify potential reductions in the usability of the program titles in the portfolio.

In addition, we reviewed the impairment test performed by ProSiebenSat.1 Media SE's executive directors at the level of genre-based programming groups. To this end, we recalculated the expected net cash inflows and discussed the underlying assumptions with those responsible for the programming assets and compared the results with the current earnings and market development.

Our procedures did not lead to any reservations relating to the impairment of the programming assets.

Reference to related disclosures

Information about the accounting policies with regard to programming assets is provided in note (2) "Accounting principles" in chapter (E) "Recognition and measurement" in the section on

"Programming assets" of the notes to the consolidated financial statements. The related disclosures on the assumptions and estimates used by the executive directors and information on the development of the value of programming assets is provided in note (18) "Programming assets" of the notes to the consolidated financial statements.

OTHER INFORMATION

The Supervisory Board is responsible for the Report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the German Corporate Governance Code, which is part of the management declaration (group declaration on corporate governance). In all other respects, the executive directors are responsible for the other information. The other information comprises the management declaration (group statement on corporate governance) referred to above. The other information also comprises other parts to be included in the annual report, of which we obtained a version prior to issuing this auditor's report, in particular:

- the Responsibility Statement pursuant to Sec. 297 (2) Sentence 4 HGB;
- the Report of the Supervisory Board pursuant to Sec. 171 (2) AktG;
- the information in the sections "Occupational health and safety," "Accessible offerings" and "Energy, emissions, waste" in the sustainability report; and
- the sections "Our Results and Ambitions," "Our Executive Board," "Our Strategy," "Members of the Supervisory Board," "Members of the Executive Board," "ProSiebenSat.1 Media SE Share," "Explanatory Notes on Reporting Principles," "Group Key Figures: Multi-Year Overview," "Segment Key Figures: Multi-Year Overview," "Key Figures: Reconciliation New Segment Structure," and "Financial Calendar";

but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE IN ACCORDANCE WITH SEC. 317 (3B) HGB ON THE ELECTRONIC REPRODUCTION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES

Opinion

We have performed assurance work in accordance with Sec. 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file ProSiebenSat.1_Media_SE_KA+ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 January 2020 to 31 December 2020 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above.

Basis for the opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file in accordance with Sec. 317 (3b) HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Our responsibilities under that standard are further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the standards for the quality assurance system set forth in IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and the audited group management report as well as other documents to be published to the operator of the Bundesanzeiger [German Federal Gazette].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

FURTHER INFORMATION PURSUANT TO ART. 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the Annual General Meeting on 10 June 2020. We were engaged by the Supervisory Board on 20 February 2020 subject to the approval by the Annual General Meeting. We have been the auditor of ProSiebenSat.1 Media SE since fiscal year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or entities controlled by it the following services that are not disclosed in the consolidated financial statements or in the group management report: audit-related services not required by law pertaining to financial information and compliance assessments.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Nathalie Mielke.

Munich, 25 February 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Hayn	Mielke
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

INDEPENDENT AUDITOR'S REASONABLE ASSURANCE REPORT[1]

To ProSiebenSat.1 Media SE, Unterföhring

We have performed a reasonable assurance engagement on the non-financial report of ProSiebenSat.1 Media SE according to § 289b HGB ("Handelsgesetzbuch": German Commercial Code), which is combined with the non-financial report of the group according to § 315b HGB, consisting of the disclosures in the chapter "Sustainability" of the annual report 2020 marked by a grey line on the left or right edge of the page next to the text and the section "Organization and Group Structure" in the group management report being incorporated by reference for the reporting period from 1 January 2020 to 31 December 2020 (hereafter combined non-financial report). Our engagement did not include other references to information outside the combined non-financial report as well as disclosures for prior years.

MANAGEMENT'S RESPONSIBILITY

The legal representatives of the Company are responsible for the preparation of the combined non-financial report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility includes the selection and application of appropriate methods to prepare the combined non-financial report as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a combined non-financial report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S DECLARATION RELATING TO INDEPENDENCE AND QUALITY CONTROL

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a reasonable assurance opinion on the combined non-financial report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain reasonable assurance about whether the combined non-financial report of the Company has been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

The reasonable assurance of the combined non-financial report includes performing assurance procedures and obtaining assurance evidence for the qualitative and quantitative disclosures in the combined non-financial report, that are sufficient and appropriate to provide a basis for our assurance opinion.

We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. Moreover, our assurance procedures include:

- Obtaining an understanding regarding the selection of topics for the combined non-financial report, the risk assessment and the concepts of ProSiebenSat.1 Media SE and the group for the topics that have been identified as material,

[1] The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German version of the combined non-financial report 2020 of ProSiebenSat.1 Media SE. The following text is a translation of the original German Independent Assurance Report

- Identifying and assessing the risks of material misstatement of the combined non-financial report, whether due to fraud or error, designing and performing assurance procedures responsive to those risks and obtaining evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or the override of internal control,
- Obtaining an understanding of internal control relevant to the assurance of the combined non-financial report in order to design and perform assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems,
- Obtaining sufficient appropriate evidence for the sustainability disclosures of the entities within the group,
- Evaluating the appropriateness of methods used to prepare the combined non-financial report and the reasonableness of estimates and related disclosures made by the legal representatives and
- Evaluating the presentation of disclosures in the combined non-financial report.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our assurance opinion.

ASSURANCE OPINION

In our opinion, on the basis of the knowledge obtained in the assurance engagement, the combined non-financial report of ProSiebenSat.1 Media SE for the period from 1 January 2020 to 31 December 2020 has been prepared, in all material respects, in accordance with §§315c in conjunction with 289c to 289e HGB.

INTENDED USE OF THE ASSURANCE REPORT

We issue this report on the basis of the engagement agreed with ProSiebenSat.1 Media SE. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

ENGAGEMENT TERMS AND LIABILITY

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 25 February 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter Wirtschaftsprüferin (German Public Auditor)	Annette Johne Wirtschaftsprüferin (German Public Auditor)

GRI CONTENT INDEX

The ProSiebenSat.1 Group Sustainability Report published as part of the Annual Report 2020 has been prepared in accordance with the standards of the Global Reporting Initiative (GRI): Core option. All of the standards applied refer to the version published by the GRI in 2016. The links to the Annual Report always relate to the start of the section that includes information on the relevant standard disclosures . At the same time, the Content Index provides information on how we contribute to the UN Sustainable Development Goals (SDGs). SDGs that we consider particularly relevant in the context of our sustainability management are bold.

UNIVERSAL STANDARDS

Universal Standards		Link/reference	Comment	SDG
ORGANIZATIONAL PROFILE				
GRI 102-1	Name of the organization	→ Reporting standards and material topics		
GRI 102-2	Activities, brands, products, and services	→ Organization and Group Structure		
GRI 102-3	Location of headquarters	→ Reporting standards and material topics		
GRI 102-4	Location of operations	→ Reporting standards and material topics → Organization and Group Structure		
GRI 102-5	Ownership and legal form	→ Reporting standards and material topics → ProSiebenSat.1 Media SE share → Organization and Group Structure		
GRI 102-6	Markets served	→ Reporting standards and material topics → Organization and Group Structure	The ProSiebenSat.1 Group does not publish any further information on revenues by market beyond the breakdown by segments and regions.	
GRI 102-7	Scale of the organization	→ Organization and Group Structure → Report on Economic Position: The Financial Year 2020		
GRI 102-8	Information on employees and other workers	→ Employees → Diversity	The ProSiebenSat.1 Group uses its contractual partners' employees or staff bound by instructions only to a very minor extent in comparison to its overall workforce.	8, 9
GRI 102-9	Supply chain	→ Organization and Group Structure → Report on Economic Position: The Financial Year 2020		
GRI 102-10	Significant changes to the organization and its supply chain	→ Organization and Group Structure → Significant events and changes in the scope of consolidation		
GRI 102-11	Precautionary Principle or approach	→ Environment		
GRI 102-12	External initiatives	→ Sustainability strategy → Talent acquisition → Diversity management		
GRI 102-13	Membership of associations		Selected memberships: AGF Videoforschung, Arbeitsgemeinschaft Media-Analyse (agma), Arbeitsgemeinschaft Online Forschung (AGOF), BITKOM, Bundesverband Digitale Wirtschaft (BVDW), Deutscher Industrie- und Handelskammertag (DIHK), European Group of Television Advertising (egta), Freiwillige Selbstkontrolle Fernsehen (FSF), Freiwillige Selbstkontrolle Multimedia-Dienstanbieter (FSM), Initiative D21, Initiative for a Competitive Online Marketplace (ICOMP), Verband österreichischer Privatsender (VÖP), Verband Privater Medien (VAUNET)	

STRATEGY				
GRI 102-14	Statement from senior decision-maker	→ Our Executive Board		
ETHICS AND INTEGRITY				
GRI 102-16	Values, principles, standards, and norms of behavior	→ Sustainability strategy → Employees → Society → Diversity → Environment → Governance & Compliance → Management Declaration		**16**
GOVERNANCE				
GRI 102-18	Governance structure	→ Organization and Management → Management Declaration → Organization and Group Structure		
STAKEHOLDER ENGAGEMENT				
GRI 102-40	List of stakeholder groups	→ Sustainability strategy		
GRI 102-41	Collective bargaining agreements		For all decisions that affect our employees, we work closely with the legal representation of the employees. Since 2015, there has also been a European Employee Board (EEB) at ProSiebenSat.1. The corresponding indicator is not yet reported at present.	8
GRI 102-42	Identifying and selecting stakeholders	→ Reporting standards and material topics		
GRI 102-43	Approach to stakeholder engagement	→ Reporting standards and material topics		
GRI 102-44	Key topics and concerns raised	→ Reporting standards and material topics → Employees		
REPORTING PRACTICE				
GRI 102-45	Entities included in the consolidated financial statements	→ Reporting standards and material topics → List of subsidiaries and associated companies		
GRI 102-46	Defining report content and topic boundaries	→ Reporting standards and material topics		
GRI 102-47	List of material topics	→ Reporting standards and material topics		
GRI 102-48	Restatement of informations		The report does not include any material restatements in comparison to the previous year.	
GRI 102-49	Changes in reporting		There were no material changes in reporting in comparison to the previous year.	
GRI 102-50	Reporting period		January 1, 2020 until December 31, 2020	
GRI 102-51	Date of most recent report		June 25, 2020	
GRI 102-52	Reporting cycle		annual	
GRI 102-53	Contant point for questions regarding the report	→ Editiorial information		
GRI 102-54	Claims of reporting in accordance with the GRI Standards	→ Reporting standards and material topics		
GRI 102-55	GRI Content index			
GRI 102-56	External assurance	→ Independent auditor's report: Sustainability Report	The Sustainabiliy Report was subjected to an independent audit with limited assurance by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. Such audits are based on the relevant ISAE 3000 (Revised) standard.	

Topic-specific Standards		Link/reference	Comment	SDG
Economic				
ECONOMIC PERFORMANCE				
GRI 103-1/2/3	Management approach disclosures	→ Management Declaration → Report on Economic Position: The Financial Year 2020 → Risk and Opportunity Report		
GRI 201-1	Direct economic value generated and distributed	→ Group Key Figures → Group earnings → Group Financial Position and Performance → Notes, note 16, Other disclosures		8, 9
ANTI-CORRUPTION				
GRI 103-1/2/3	Management approach disclosures	→ Governance & Compliance → Anti-corruption and antitrust law		
GRI 205-3	Confirmed incidents of corruption and actions taken	→ Anti-corruption and antitrust law		**16**
ANTI-COMPETITIVE BEHAVIOUR				
GRI 103-1/2/3	Management approach disclosures	→ Governance & Compliance → Anti-corruption and antitrust law		
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	→ Anti-corruption and antitrust law		**16**
Environmental				
ENERGY				
GRI 103-1/2/3	Management approach disclosures	→ Environment		
GRI 302-1	Energy consumption within the organization	→ Energy		7, 8, 12, **13**
GRI 302-2	Energy consumption outside the organization	→ Energy		7, 8, 12, **13**
GRI 302-3	Energy intensity	→ Energy		7, 8, 12, **13**
EMISSIONS				
GRI 103-1/2/3	Management approach disclosures	→ Environment		
GRI 305-1	Direct (Scope 1) GHG emissions	→ Emissions	Detailed inormation on the assessment of greenhouse gas emissions can be found in the → „Explanatory Notes on the Carbon Footprint.	3, 12, **13**, 14, 15
GRI 305-2	Energy indirect (Scope 2) GHG emissions	→ Emissions		3, 12, **13**, 14, 15
GRI 305-3	Other indirect (Scope 3) GHG emissions	→ Emissions		3, 12, **13**, 14, 15
GRI 305-4	GHG emisssions intensity	→ Emissions		**13**, 14, 15
WASTE				
GRI 103-1/2/3	Management approach disclosures	→ Environment		
GRI 306-2	Waste by type and disposal method	→ Waste		3, 6, 12, 15
Social				
EMPLOYMENT				
GRI 103-1/2/3	Management approach disclosures	→ Employees → Employee retention and people development		
GRI 401-1	New employee hires and employee turnover	→ Employee retention and people development → Overview of key employee figures		**5**, 8, **10**

LABOR/MANAGEMENT RELATIONS

GRI 103-1/2/3	Management approach disclosures	→ Employees		
GRI 402-1	Minimum notice periods regarding operational changes		The deadline for notification of operational changes is usually one month. Essentially, all companies at the Unterföhring location, the PULS 4 station in Vienna, ATV Privat TV GmbH & Co. KG in Vienna, the sales offices of Seven.One Media and Seven.One AdFactory, the Freiburg site of SilverTours GmbH and Sat.1 Norddeutschland are represented by an employee representative body. In addition, the European Employee Board (EEB) represents the Group's employees at European level. Moreover, the Unterföhring joint operation has also a representative body for severely disabled persons.	8

OCCUPATIONAL HEALTH AND SAFETY

GRI 103-1/2/3	Management approach disclosures	→ Occupational health and safety		
GRI 403-3	Workers with high indience or high risiks of diseases related to their occupation	→ Occupational health and safety		8

TRAINING AND EDUCATION

GRI 103-1/2/3	Management approach disclosures	→ Employees → Employee retention and people development		
GRI 404-1	Average hours of training per year per employee	→ Overview of key employee figures		**4**, **5**, 8, **10**

DIVERSITY AND EQUAL OPPORTUNITY

GRI 103-1/2/3	Management approach disclosures	→ Employees → Diversity management		
GRI 405-1	Diversity of governance bodies and employees	→ Overview of key diversity figures		**5**, 8, **10**

NON-DISCRIMINATION

GRI 103-1/2/3	Management approach disclosures	→ Anti-discrimination		
GRI 406-1	Incidents of discrimination and corrective actions taken	→ Anti-discrimination		**5**, 8, **10**

PUBLIC POLICY

GRI 103-1/2/3	Management approach disclosures	→ Taking Responsibility → Social Responsibility → Media regulation		
GRI 415-1	Political contributions		As a media company, political independence is of the utmost importance to us. Party donations and sponsorships in favor of political parties are therefore not permitted; the Executive Board of ProSiebenSat.1 Media SE descides on exceptions. The same applies for political events on company sites and all other forms of support for political parties or partly-related foundations, as well as support for party officials or candidates for office. In 2020, as in the previous year, ProSiebenSat.1 Group made no donations in cash or in kind to political parties.	**16**

CUSTOMER HEALTH AND SAFETY

GRI 103-1/2/3	Management approach disclosures	→ Product governance → Media regulation		
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	→ Media regulation		**16**

MARKETING AND LABELING

GRI 103-1/2/3	Management approach disclosures	→ Product governance		
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling		In 2020, one violation (previous year: five) of regulations and voluntary codes relating to product and service labeling information was identified.	**16**
GRI 417-3	Incidents of non-compliance concerning marketing communications		In 2020, twelve cases (previous year: 21) of violations of integrity, GTC, and advertising in the promotion of own products were identified.	**16**

CUSTOMER PRIVACY

GRI 103-1/2/3	Management approach disclosures	→ Product governance → Data protection		
GRI 418-1	Substantiated complaints concerning breaches of cusomer privacy and losses of customer data	→ Data protection	The previous year's figure for substantiated complaints regarding the violation of customers' privacy did not yet include any cases relating to cease-and-desist declarations for methodological reasons.	**16**

GROUP KEY FIGURES: MULTI-YEAR OVERVIEW

GROUP KEY FIGURES: MULTI-YEAR OVERVIEW

in EUR m

	2020	2019	2018	2017	2016
Revenues	**4,047**	4,135	4,009	4,078	3,799
Adjusted EBITDA[1]	**706**	872	1,013	1,050	1,018
Adjusted EBITDA margin (in %)	**17.4**	21.1	25.3	25.8	26.8
EBITDA	**801**	838	570	1,084	982
Operating result (EBIT)	**553**	578	348	820	777
Result before income taxes	**370**	572	344	646	658
Net income attributable to shareholders of ProSiebenSat.1 Media SE	**267**	413	248	471	402
Adjusted net income[2]	**221**	387	541	550	536[5]
Adjusted earnings per share (in EUR)	**0.98**	1.71	2.36	2.40	2.47[5]
Payments for the acquisition of programming assets	**1,063**	1,072	1,070	1,048	992
Free cash flow before M&A	**235**	339	244	468	485
Free cash flow	**120**	207	–78	728	–4
Cash flow from investing activities	**–1,391**	–1,396	–1,536	–894	–1,623

	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Programming assets	**1,213**	1,204	1,113	1,198	1,312
Equity	**1,687**	1,288	1,070	1,252	1,432
Equity ratio (in %)	**23.8**	19.5	16.5	19.1	21.7
Cash and cash equivalents	**1,224**	950	1,031	1,552	1,271
Financial debt	**3,192**	3,195	3,194	3,185	3,185
Leverage ratio[3]	**2.8**	2.6	2.1	1.6[6]	1.9
Net financial debt	**1,968**	2,245	2,163	1,632[6]	1,913
Employees[4]	**7,307**	7,253	6,583	6,483	6,565

1 EBITDA before reconciling items.
2 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-options and earn-out 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.
3 Ratio net financial debt to adjusted EBITDA in the last twelve months.
4 Full-time equivalent positions as of reporting date.
5 Adjusted due to changes in reporting practices for non-IFRS figures from the beginning of financial year 2017. The Annual Report 2016 comprises more detailed information on pages 73 and 74.
6 After reclassification of cash and cash equivalents of assets held for sale.

SEGMENT KEY FIGURES: MULTI-YEAR OVERVIEW

SEGMENT KEY FIGURES – MULTI-YEAR OVERVIEW

in EUR m

	2020	2019	2018
Seven.One Entertainment Group			
External revenues	**2,286**	2,518	2,626
Adjusted EBITDA[1]	**571**	787	971
Adjusted EBITDA margin (in %)[2]	**24.0**	30.2	35.4
ParshipMeet Group			
External revenues	**333**	209	143
Adjusted EBITDA[1]	**80**	44	40
Adjusted EBITDA margin (in %)[2]	**23.9**	21.0	28.0
NuCom Group			
External revenues	**807**	756	688
Adjusted EBITDA[1]	**32**	54	62
Adjusted EBITDA margin (in %)[2]	**3.9**	7.0	8.8
Red Arrow Studios			
External revenues	**620**	652	552
Adjusted EBITDA[1]	**42**	48	31
Adjusted EBITDA margin (in %)[2]	**6.2**	6.6	5.1
Reconciliation (Holding & other)			
Adjusted EBITDA[1]	**–19**	–62	–91

[1] EBITDA before reconciling items.
[2] Based on total segment revenues, see Notes, Note 34 “Segment reporting”.

KEY FIGURES: RECONCILIATION NEW SEGMENT STRUCTURE

FULL-YEAR FIGURES 2020 – PREVIOUS STRUCTURE in EUR m

	Red Arrow Studios	Seven.One Entertainment Group	NuCom Group	ParshipMeet Group	Holding/Other
External revenues	620	2,286	807	333	
Adjusted EBITDA	42	571	32	80	–19
Adjusted EBITDA margin[1] (in %)	6	24	4	24	

RECONCILIATION in EUR m

	Red Arrow Studios	Entertainment-related businesses	Less Entertainment-related businesses	NuCom Group	ParshipMeet Group	Holding/Other
External revenues	620	2,148	138	807	333	
Adjusted EBITDA	42	519	52	32	80	–19
Adjusted EBITDA margin[1] (in %)	6	23	36	4	24	

FULL-YEAR FIGURES 2020 – NEW STRUCTURE[2] in EUR m

	Entertainment	Commerce & Ventures	Dating	Holding/Other
External revenues	2,768	945	333	
Adjusted EBITDA	561	84	80	–19
Adjusted EBITDA margin[1] (in %)	19	9	24	

[1] In % of segment revenues.
[2] As of January 1, 2021.

FINANCIAL CALENDAR

PRESENTATIONS & EVENTS 2021

Date	Event
04/03/2021	**Publication of the Annual Report 2020** Press Conference/Conference Call with Analysts on Figures 2020
12/05/2021	**Publication of the Quarterly Statement for the First Quarter of 2021**
01/06/2021	**Annual General Meeting 2021**
05/08/2021	**Publication of the Half-Yearly Financial Report of 2021**
04/11/2021	**Publication of the Quarterly Statement for the Third Quarter of 2021**

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This report 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 report. 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 report is an English translation; in case of any discrepancies, the German authoritative version of the report shall prevail over the English translation.