PASSIONATE CREATORS

DIGITAL ATTACK • CONSUMER FOCUSED
• TOTAL REACH & MONETIZATION

ProSiebenSat.1 Media SE
Annual Report 2019

KEY FIGURES OF PROSIEBENSAT.1 GROUP

in EUR m

	2019	2018
Revenues	4,135	4,009
Revenue margin before income taxes (in %)	13.8	8.6
Total costs	3,592	3,710
Operating costs[1]	3,297	3,027
Consumption of programming assets	958	1,319
Adjusted EBITDA[2]	872	1,013
Adjusted EBITDA margin (in %)	21.1	25.3
EBITDA	838	570
Reconciling items[3]	-34	-443
Operating result (EBIT)	578	348
Adjusted EBIT	684	850
Financial result	-6	-4
Result before income taxes	572	344
Adjusted net income[4]	387	541
Net income	412	250
Net income attributable to shareholders of ProSiebenSat.1 Media SE	413	248
Net income attributable to non-controlling interests	-1	1
Adjusted earnings per share (in EUR)	1.71	2.36
Payments for the acquisition of programming assets	1,072	1,070
Free cash flow	207	-78
Cash flow from financing activities	-294	-468
Free cash flow before M&A	339	244
	12/31/2019	12/31/2018
Employees[5]	7,253	6,583
Programming assets	1,204	1,113
Equity	1,288	1,070
Equity ratio (in %)	19.5	16.5
Cash and cash equivalents	950	1,031
Financial debt	3,195	3,194
Leverage ratio[6]	2.6	2.1
Net financial debt	2,245	2,163

[1] Total costs excl. expense adjustments, depreciation, amortization, and impairments.
[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, as well as valuation effects from interest rate hedging transactions. Moreover, the tax effects resulting from such adjustments are also adjusted. Annual Report 2018, page 85.
[5] Full-time equivalent positions as of reporting date.
[6] Ratio net financial debt to adjusted EBITDA in the last twelve months.

PASSIONATE CREATORS

DIGITAL ATTACK • CONSUMER FOCUSED • TOTAL REACH & MONETIZATION

ANNUAL REPORT 2019

Passion goes further than a brief burst of excitement. Day in, day out, it motivates us, driving us on. It's what sets us apart. Everyone at ProSiebenSat.1 puts heart and soul into what we do. And that passion is infectious, spreading to viewers, clients and employees. We provide the best entertainment — anywhere, any time and on any device. We develop and produce thrilling, local content. We expand our digital reach and create smart advertising solutions for even better monetization. We drive NuCom Group's growth in order to further diversify our company. Our people, numbering over 7,000 across the globe, pour their creativity and dedication into achieving these things. Always with the goal of securing sustainable and profitable growth. And making ProSiebenSat.1 a leading digital entertainment and commerce champion.

OUR AMBITIONS & RESULTS

OUR AMBITIONS

While we are continuing our transformation to become a leading digital entertainment and commerce champion, our strategic priorities remain the same – focusing on local content, expanding our digital reach, improving the monetization of our reach through intelligent advertising products and accelerating the growth of NuCom Group. At the same time, we are setting up our organization future-ready.

OUR RESULTS

LOCAL CONTENT

ProSiebenSat.1 broadcast over 160 new local shows in 2019. These powerful, local productions thrilled audiences and earned the Group an annual market share of **28.2%** – the best since 2015. This is also reflected on the digital side, where viewtime grew by 30% in 2019.

EUR **4,135** **million**

GROUP REVENUES

DIGITAL REACH

Since the launch of the advertising-financed version of **Joyn** in June 2019, the streaming platform has recorded continuous growth: By the end of 2019, Joyn already had more than 7 million monthly users across all available devices.

+38%

REVENUE GROWTH IN THE DIGITAL AND SMART ADVERTISING BUSINESS

INTELLIGENT ADVERTISING PRODUCTS

Addressable advertising is becoming increasingly relevant to viewers and taps into potential additional revenue sources. By launching the **Addressable TV Spot** and establishing **d-force**, our AdTech joint venture with Mediengruppe RTL, we reached two important milestones in this business area in 2019.

+16%

GROWTH IN COMMERCE REVENUES

GROWTH OF NUCOM GROUP

In 2019, once again the Commerce portfolio drove the Group's revenues. And we intend to accelerate this development. Two of the businesses that will play an important role in achieving this are US online matchmaking provider **eharmony**, which is now fully integrated into our Parship Group, and online beauty retailer Flaconi.

52%

SHARE OF NON-TV ADVERTISING IN GROUP REVENUES

ORGANIZATION

Our transformation is also reshaping the way the Group is organized. This is why we have established an efficient **Holding structure** and a more independent **Entertainment organization**. That means content, platforms and monetization will be even more closely interlinked.

OUR AMBITIONS & RESULTS

OUR MID-TERM OBJECTIVES

ProSiebenSat.1 Group aims to further diversify its revenues and is concentrating on a continuous value growth. Our objectives are reflecting the Group's strategy to expand ProSiebenSat.1 into a diversified digital company.

DIGITAL AND SMART ADVERTISING BUSINESS

25%

SHARE OF ENTERTAINMENT REVENUES

DIGITAL BUSINESS

> 50%

SHARE OF GROUP REVENUES

LEVERAGE RATIO

1.5 - 2.5 x

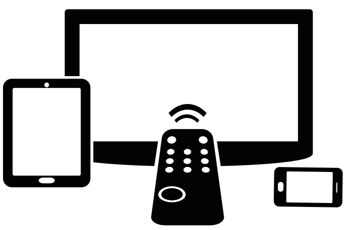
RATIO OF NET FINANCIAL DEBT TO LTM ADJUSTED EBITDA OF THE GROUP

P7S1 ROCE (RETURN ON CAPITAL EMPLOYED)

> 15%

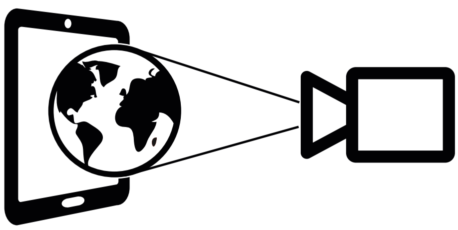
OUR SEGMENTS

ENTERTAINMENT



The Entertainment business includes our free TV stations, digital platforms as well as their marketing and distribution.

CONTENT PRODUCTION & GLOBAL SALES



The Content Production & Global Sales segment is an umbrella for the program production and distribution network of Red Arrow Studios as well as our local production business and digital studio Studio71.

COMMERCE

We bundle our commerce companies in NuCom Group. The portfolio focuses on four areas: consumer advice, matchmaking, experiences as well as beauty & lifestyle.

CONTENTS

MAX CONZE

ON OUR STRATEGIC FOCUS

2019 was a decisive year in the transformation of ProSiebenSat.1, as we made significant progress and achieved fundamental successes in implementing our strategy. We are focusing on setting-up our Entertainment business future-ready, offering more local content and distributing it digitally as well as better monetarizing our total reach through smart advertising technologies. To harness synergies, we combine this business with a fast-growing Commerce portfolio. As a result, we are on our way to attaining our goal of creating sustainable growth and added value.

How does that translate into figures? We launched over 160 local formats in 2019, welcomed seven million users to our streaming platform Joyn by the end of the year, aired over 800 Addressable TV advertising campaigns and once again achieved double-digit revenue growth with NuCom Group. Despite a difficult market environment, we thus achieved what we set out to do.

Transformation is a marathon, even if we are of course not satisfied with our current share price development. That is why we continue to drive fully focused our strategic priorities in 2020:

... CONSUMER FOCUSED

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Our customers' wishes and needs are central to what we do. **NuCom Group** directed its efforts primarily at tailoring its Commerce business portfolio to our customers' needs even better in 2019: Online perfumery Flaconi expanded its product range by more than 700 brands and now also serves customers in Austria and Poland. A success: Flaconi's revenues grew by 48 percent in 2019. On the matchmaking services front, we introduced the Parship Group's technology at our US provider eharmony in order to make our customers search for love easier and more user-friendly. In 2020, we expect significant growth impetus from the group's new international positioning.

Content is at the heart of our strategy in the Entertainment business. We aim to air programs that our viewers not only love but also regard as relevant and authentic. After all, we reach 60 million people in Germany every month with our offerings. This is why we are increasingly investing in **local formats** and prioritizing entertainment, infotainment and sports. In 2019, we aired 33 percent more in-house productions during prime time on ProSieben alone. For evidence of this strategy's success, look no further than hits such as "The Masked Singer," which attracted an average of seven million TV viewers per episode and more than 26 million video views across all platforms. Those are ratings usually only seen for the FIFA World Cup — and proof positive that live television still has an incomparable force. Over the full-year, we achieved the highest TV audience share since 2015, while our programs' digital viewing time has increased by over 30 percent.

... DIGITAL ATTACK

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At the same time, we are expanding our **digital reach** by all means in order to more than compensate for reach decline in the linear TV market. And this is possible! Our ProSieben in-house production "Late Night Berlin" recently reached the majority — 59 percent — of its viewing time via online platforms, while simultaneously achieving record figures in traditional TV broadcasting. This validates our strategy: People want strong and original content anytime, anywhere, irrespective of end device, but without letting go of this one special TV moment.

We are also systematically pursuing this path with our streaming platform **Joyn**. Joyn went live in June. So in less than a year, we have built a completely new product, making it very much a milestone project. Incidentally, accomplishing this in such a short time is unique anywhere else in Europe. That's true of the product, too. As Joyn is an explicitly open aggregator platform, the advertising-financed version bundles live streams from 60 stations in addition to offering original local content and TV programs as previews and in catch-up. Furthermore, November saw the launch of the subscription version Joyn PLUS+, which offers even more exclusive productions as well as pay TV stations and HD quality. In short, it is Germany's biggest freemium offer in a single app. Here, too, our focus is squarely on users. With Joyn, each customer is free to choose whether they want to pay or not, whether they want to watch live TV or video-on-demand content. This is what sets us apart on the market. We are not a German Netflix and have no intention of becoming one. With just a half-year in, we have already gained seven million monthly Joyn users — something we are incredibly proud of.

… TOTAL REACH & MONETIZATION

More local and digital content extends our total reach. By making it addressable via innovative advertising technologies, we are able to better monetize that reach. With our **Addressable TV** products, advertising is customized to each specific target group, enabling us to attract advertisers we didn't reach previously and consequently address a market volume beyond the traditional TV advertising business. As for its potential, we expect the combined market for Addressable TV and online video in Germany to be in the single-digit billion range by 2022.

This explains why we are working intensively on a large number of projects in the targeting and Addressable TV sector. In the summer, we took an important step with the market launch of the Addressable TV Spot. This allows us to overlay an addressable spot over a linear self-promotion TV commercial on all channels. At the same time, we launched the **d-force** joint venture with Mediengruppe RTL. This means that, for the first time, the German advertising market has a shared, fully automated booking platform for Addressable TV and online video. The figures prove we're on the right track: In 2019, our revenues from digital and smart advertising rose by 38 percent – a pace we intend to maintain.

800

ADDRESSABLE TV CAMPAIGNS HAVE BEEN AIRED IN 2019.

… PASSIONATE CREATORS

We are redoubling our efforts when it comes to advancing our transformation into a more diversified, digital group. Our passionate **ProSiebenSat.1 team** is the engine behind this change. That's why I would like to thank each and every one of you for the passion and commitment you devote daily to new services, products and content that are driving ProSiebenSat.1 forward. Transformation can only succeed if everyone pulls their weight and has the courage to rethink longstanding practices.

With this mindset at the heart of our organization, our Group structure has already become more agile since January 2020: Now concentrating purely on strategic tasks, the Holding company is transferring its previous operational functions to the respective business segments. This serves to make the segments more independent and responsive. We are confident that this positioning will allow us to react in the best possible way to the ongoing changes in our industry.

As also in 2020, the market environment in the TV advertising business will remain challenging, we are staying the course and will keep focusing all our energy on our **future initiatives**: more and mainly local content and its digital distribution, smart advertising offerings and, of course, the synergies between our Entertainment and Commerce business. So we will continue to invest in these areas. At the same time, we aim to expand the technology platforms behind Joyn and d-force to other European countries. Partnerships and cooperations play an important role in this – such as with General Atlantic in the case of NuCom Group, Discovery with Joyn, RTL with d-force, and TF1 and Mediaset with Studio71. As always, the crucial factor here is that these arrangements create growth and lasting value.

While we still have a way to go, we are making headway in all key strategic areas – and most importantly, we're doing it faster than most of our European competitors. Our non-TV advertising business grew by 12 percent in 2019 and now accounts for 52 percent of our Group revenues. That makes us **one of Europe's most diversified media companies**. If there was one thing 2019 showed, it was that our decision to invest in future initiatives is the right one. This is the only possible path to implementing our transformation and securing long-term revenue and earnings growth for ProSiebenSat.1. And it's the path we will resolutely continue to follow in 2020 to also meet our responsibility to our shareholders. In 2020, we aim to continue our revenue growth and to stabilize our adjusted EBITDA. The development of our Entertainment advertising revenues will play a decisive role in this regard. This outlook does not take into account the possible effects that a further propagation of the coronavirus could have on advertising customers' investment decisions.

WE REACH

60

MILLION PEOPLE EVERY MONTH WITH OUR TV OFFERINGS IN GERMANY.

OUR EXECUTIVE COMMITEE

RAINER BEAUJEAN
CFO

MAX CONZE
CEO

CONRAD ALBERT
Deputy CEO, Group General Counsel

DIGITAL ATTACK

JOYN – AN APP WITH SOMETHING FOR EVERYONE.

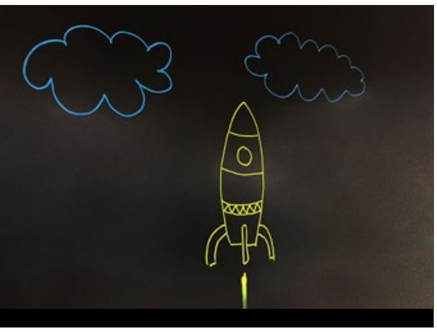
KATJA HOFEM, CCMO & MANAGING DIRECTOR, JOYN

With the June 2019 launch of Joyn, Germany's largest freemium platform, Discovery Communications and ProSiebenSat.1 are stirring up the German streaming market with a unique offering that spans live TV and on-demand content, local hit series and top international films, plus subscription and free services. In this interview, Managing Director and Chief Commercial & Marketing Officer Katja Hofem talks about challenges and opportunities.

●●● How did the idea of building a streaming platform for Germany come about?

Joyn emerged from the idea of creating a local platform that aggregates German-language channels and content. About two years ago, ProSiebenSat.1 entered into a joint venture with Discovery Communications for this purpose. Much like ProSiebenSat.1, Discovery was also working toward a solution of this kind. Our shared goal was to establish a new home for local users.

A flying start: Within the space of just a few months, the monthly user numbers soared to over seven million. With its wide range of offerings, the app is now a home base for local users – and the Joyn office is a home away from home for Katja's dog, Tilly.



●●● What makes Joyn different from other platforms?

Before Joyn, the German market was divided into either all-digital TV extensions or providers of video-on-demand content. Why does it have to be either-or? After all, users simply want the best German-language mix on one platform. With Joyn, we give them exactly that – traditional live TV, previews and catch-up content before and after the TV broadcast, entertaining and gripping original productions as well as a comprehensive movie library. Joyn is now a hub for 60 channels and over 30,000 pieces of video content. What's more, we are continuously expanding this offering. As Joyn is an open platform, we can always bring new content and even partners on board – just as we have already done with the public stations.

●●● How has the public responded to Joyn so far?

Joyn has definitely made a splash on the market and the figures reflect that: In 2019 alone, the app was downloaded more than six and a half million times and the monthly user numbers reached over seven million at the end of the year. While the mobile version in particular has experienced heavy use, live TV and on-demand content are equally popular. This is proof positive for us that our combination of offerings is right on the mark. In addition to local and international series as well as the major TV formats, it's the offbeat, slightly provocative programs that are especially successful.

●●● Joyn was developed in less than a year. What was the biggest challenge?

CEO Alexandar Vassilev and COO Tassilo Raesig were really the ones involved from the very beginning. You could say the biggest challenge was putting together a team capable of channeling their passion into accomplishing this mammoth task in the shortest possible time. Don't forget, the competition to attract top talent is especially fierce on the tech market. And we made it happen. Today, almost two years later, a staff of 300, including external employees, form the heart of Joyn.

●●● In November 2019 you introduced a premium version, Joyn PLUS+, in addition to the free offer. What do you hope to get out of it?

Joyn PLUS+ is a way to offer an even broader range of elaborately produced content. With our freemium model, the customer gets to choose. Many users want the full program and are happy to pay a token price for it. Others prefer the complimentary, ad-funded version. This means we are active in two areas with great potential.

●●● In what way?

Current research shows that both the number of subscribers to paid video-on-demand offerings and the advertising revenues from free streaming are expected to double by 2023. Thanks to our freemium approach, we tap into both these growth opportunities.

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WE DON'T JUST 'EXTEND' TV CONTENT TO THE ONLINE WORLD. WHAT WE DO IS KEEP TELLING NEW STORIES THAT ARE NOT ON TV AND PRESENT THE SHOW IN A DIFFERENT WAY ON EACH CHANNEL. THAT GENERATES ENDLESS POSSIBILITIES FOR ONLINE-ONLY FEATURES THAT MAKE US A FIRST MOVER IN THE DIGITAL ARENA.

Dominik Stahl

Senior Social Media Strategist, ProSiebenSat.1 TV Deutschland

Germany's most successful music show is also breaking records online: Season 9 of "The Voice of Germany" reached more than 266 million video views across all digital platforms in autumn 2019 – three times the number achieved in 2018. An average of 10 million people saw the show each week during the season on Facebook alone. Behind-the-scenes material and web-exclusive formats such as "Voice Stories," "The Voice: Comeback Stage by SEAT," own Instagram filters and GIFs make TVOG the Group's digital flagship while giving the show an even greater reach.

Digital is in their DNA: As one of the world's leading digital studios and multi-platform networks which is all about creators, Studio71 works with the most renowned social influencers. Together, they come up with customized concepts for advertising partners, tailored products for their target markets, and top-flight entertainment for millions of viewers. At the same time, numerous popular ProSiebenSat.1 TV shows are available on YouTube addressing new audience groups. For example in 2019, "Galileo" was Germany's most successful TV show on YouTube, with 605 million video views in German-speaking countries.

Sebastian Romanus

Managing Director, Studio71

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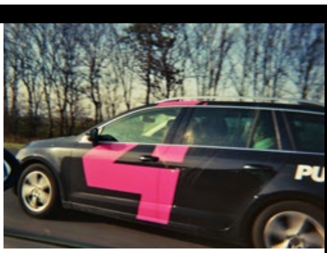
OUR CREATORS STAND OUT OF THE VAST RANGE OF OFFERINGS ON THE WEB, THANKS TO THEIR CREATIVITY, PASSION, AND PROFESSIONALISM. THEY INSPIRE MILLIONS OF PEOPLE EVERY DAY – NOT JUST WITH THEIR AUTHENTIC DIGITAL CONTENT, BUT ALSO WITH THEIR SPECIALLY DESIGNED PRODUCT LINES AND APPEARANCES ON SUCCESSFUL PROSIEBENSAT.1 SHOWS.

LIVE, LOCAL, RELEVANT: PULS 24

CORINNA MILBORN, HEAD OF INFORMATION, PULS 4 & STEFANIE GROISS-HOROWITZ, CHANNEL MANAGER, PULS 4 & PULS 24

ProSiebenSat.1 further expanded its infotainment activities in 2019. The offering of PULS 24 was launched in September under the motto “Digital First”. The goal: to become the news reference number one in Austria. Two months after the launch, the app of the 360-degree project has already been downloaded over half a million times — a promising start.

On May 17, 2019 at 6 p.m., when the Ibiza video with Heinz-Christian Strache and Johann Gudenus of Austria’s Freedom Party was released, the event triggered not only the premature end of the governing Freedom Party/Austrian People’s Party coalition, but also a new beginning in Vienna’s 3rd district. The project that had been so long in the making suddenly had just a few weeks to get off the ground: a cutting-edge news network that would be more local, closer to the action, and more relevant than anything that had ever been seen before in Austria. “The launch was originally scheduled for a much later date, but then this video landed. With the decision to hold new elections, it was crystal clear to everyone that we definitely had to start before that,” says ProSiebenSat.1 PULS 4 Head of Information Corinna Milborn, who is the driving force behind PULS 24 together with Channel Manager Stefanie Groiss-Horowitz.



ProSiebenSat.1 PULS 4 CEO Markus Breitenecker has long been committed to public value content for the private broadcasting group. So an individual news channel was an obvious goal. The video and news app PULS 24 on the Austrian streaming platform ZAPPN had already been providing news 24/7 since May 2019. What makes it so special: Using artificial intelligence, it searches online German-speaking media and customizes the most relevant news to match users’ preferences. Despite their dedication to digital, Milborn, Groiss-Horowitz and their team quickly realized that it was television that generated the power behind the news, made it relevant, and signaled reliability. “It’s essential to think digital. Many viewers don’t watch linear television during the day, but TV programs are still important to them. Launching in digital form meant we could do things like test extended news programs in connection with the Ibiza affair,” Corinna Milborn says. So conceiving of PULS 24 in any other way than on all channels and platforms was never an option.

“This was a special moment for us as TV creators!”

Support from the management knew no bounds. “Markus is a real torchbearer. His ability to sweep everyone up in the excitement is something you really have to experience,” Stefanie Groiss-Horowitz recalls enthusiastically. Even though the decision to move the launch date forward was a shock to many, the team nonetheless managed to build up an entire channel, set up two new TV studios, hire 35 employees, and install all the technology within just three months. It all came together on September 1: PULS 24 went on air for the first time in the brand-new studio. None other than Austria’s president Alexander Van der Bellen pressed the start button. Moderator Corinna Milborn interviewed Sebastian Kurz, leader of the Austrian People’s Party, on prime time. It was a truly magical moment for all TV professionals — seeing their idea come to life. The vision? To be the largest news broadcaster in Austria that offers viewers of linear TV and digital users good, in-depth information and relies on live reporting. What’s behind it? A team in the Media Quarter Marx giving their all to make it happen.

Dynamic duo of daily news: Corinna Milborn (l.) and Stefanie Groiss-Horowitz live for local, live content. With the Media Quarter Marx in Vienna as their home base, the PULS 24 teams report daily from all over Austria.

CON SUMER FOCUSED

PERFECT MATCH

TIM SCHIFFERS, CEO, PARSHIP GROUP

It's nothing short of a fairytale: They share the same beliefs, work on different continents, and finally tied the knot in fall 2018. We are talking about the Parship Group and eharmony – the iconic online matchmaking company. So what has life been like since the acquisition?

It's autumn 2018, and the Parship Group, known for its Parship and ElitePartner brands, has achieved what no other German online company before it has – the acquisition of its American role model eharmony, which was instrumental to establishing the US online matchmaking market in 2000. Shortly afterwards, on Valentine's Day 2001, Parship introduced a matchmaking service using scientific methods in Germany and Europe.

Seventeen years down the line, the peas are sharing a pod: After all, Parship and ElitePartner on one side of the Atlantic and eharmony on the other were almost identically positioned. Their mission? Love. Both offerings appeal to singles who are looking for a partner to start a serious relationship. To begin with, singles complete a questionnaire to determine specific features of their partnership personality. Based on the results, they are matched with potential partners. "This focus on seriousness is something we take to heart. It's clearly embedded in the three brands' DNA," emphasizes Tim Schiffers, CEO of Parship Group. "eharmony embodies the same values as our Parship and ElitePartner brands." That's just one of the reasons why eharmony was a perfect match for us." By acquiring the American icon, the Parship Group is also systematically extending its international reach: "With the help of a company that is a perfect fit for us, we are expanding our offerings into a new language market and tapping into the US, the UK, Canada and Australia."

Together with fellow members of management, Henning Rönneberg and Marc Schachtel, Schiffers was the driving force in integrating the US role model last year: "The Paship Group has developed successfully. Acquiring and integrating ElitePartner in 2016 was a great chapter in this success story. Before we purchased eharmony, they were no longer able to make the most of their high profile and the brand had lost a lot of its relevance." So the first order of business was to breathe new life into the company. Thanks to eharmony's brand recognition – which notably on the US market is on a par with the likes of Twitter, Instagram, Budweiser or American Airlines – this was well within reach. Additionally, the Parship Group was able to harness the team's expertise already acquired integrating ElitePartner. To ensure that eharmony also offers singles the best service going forward, the group opted to integrate the US brand into a joint technical platform with Parship and ElitePartner. "That sounds easy enough. But in fact it was a huge project that the entire team worked on in the first twelve months following the acquisition," says Tim Schiffers. All the effort paid off: Exactly a year after the purchase and on schedule to the day, the platform integration was completed in November 2019. While keeping a firm eye on the goal, the team is already lining up the next steps: "We want eharmony to once again be unquestionably perceived as the go-to matchmaking brand for serious relationships, just as Parship and ElitePartner are in the German-speaking and Benelux regions." So for the new, expanded Parship Group, 2020 is clearly marked by innovation and progress in providing people with just the help they need to find the right partner. Call it a love story to be continued.

200

Love is in the air: More than 200 couples who met on eharmony tie the knot every day in the US alone.

THE ART OF STORYTELLING

JOLANDA FEIGL, DIRECTOR CONCEPTION & BRAND COOPERATION, SEVENONE ADFACTORY

Advertising that doesn't feel like advertising? That's an art Jolanda Feigl has mastered. As Director Conception & Brand Cooperation at SevenOne AdFactory, she works with her team to develop creative 360° campaigns that authentically dovetail advertising partners' brand worlds and stories with ProSiebenSat.1 shows. The result: innovative advertising formats and great entertainment for viewers.

●●● What's so special about advertising concepts like product placement and special ads?

These innovative forms of advertising are more in demand than ever, because they give advertisers a way to address their target group authentically within our shows. At the same time, they let us tap into new sources of revenue in marketing our entertainment content. We develop a concept for each client that is perfectly tailored to their brand, and can also be harmoniously woven into the plot of one of our shows. With these customized forms of advertising, we succeed in maximizing advertisers' proximity to viewers. To achieve that, we coordinate closely with the show's writers and its producers, and actively approach our preferred advertising partner. For the 2019 edition of "The Voice Kids," for example, we set ourselves the goal of featuring lifestyle and fashion more prominently, since music and fashion are closely linked. With H&M as a partner, we even succeeded in launching the first "The Voice Kids" merchandise collection, which we advertised with a 360° campaign.

●●● What role do viewers play in the development of new advertising concepts?

With every concept, we ask ourselves how to entertain our viewers best. So it's crucial that the advertising concepts integrate into the storyline of each show in a way that feels harmonious and native. Our product placement execution with PENNY supermarkets and "Promi Big Brother" (Celebrity Big Brother) shows how brands, despite their advertising nature, can authentically dovetail with native storytelling. A key feature of the "Promi Big Brother" concept is the residents' total isolation, which means that everyday things like going to the supermarket suddenly take on greater significance. When a campground was chosen as the setting for the show in 2019, that was the chance to place a food retailer center stage as the main advertising component in a reality show for the first time. Since "neighborhood" as a concept plays an important role in PENNY's branding strategy, we approached them with our idea of integrating a supermarket.

400

Jolanda and her team are proud of their product: the eight-piece "The Voice Kids" merchandise collection comprising clothing and accessories for children was available in over 400 H&M stores in Germany, Austria and Switzerland in 2019.

Together, we introduced the first-ever product placement that was a constant throughout the 14-day run, and opened the world's smallest PENNY store. The celebrities could earn money in challenges and then shop at the camp's own supermarket.

●●● **How did the audience respond to the product placement?**

By introducing the PENNY store, we established the most emotional event in the "Promi Big Brother" residents' daily lives – and the #pennychallenge also turned out to be a stealth hit among our viewers. Thanks to this special embedding, #Penny was even among the top ten hashtags trending on Twitter on a regular basis... We are delighted that the idea was so well received by the viewers!

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WE PRODUCED 'QUEEN OF DRAGS' CONSISTENTLY FOR ALL CHANNELS AND TOLD THE RIGHT STORY FOR EACH TARGET GROUP. THAT WAY, WE NOT ONLY GAVE OUR AMAZING DRAG QUEENS THE STAGE THEY DESERVE AT LAST; EVEN MORE IMPORTANTLY, WE TRAINED A STRONGER SPOTLIGHT ON THE SOCIAL MESSAGE OF THE SHOW – AND SENT A CLEAR SIGNAL FOR DIVERSITY AND TOLERANCE IN THESE TIMES OF HATE SPEECH. IT'S AN ENTERTAINMENT FORMAT THAT WAS LONG OVERDUE ON GERMAN TV."

Christiane Heinemann

Managing Director, Redseven Entertainment

Time to shine! As the first drag show on German television, "Queen of Drags" was a hit with critics and fans alike. Redseven Entertainment worked with ProSieben to develop and produce the show – and also created customized digital formats to go with it. Weekly IGTV reviews and the online-only "Who's that Queen?" supplied the community with omnichannel updates from the "Queen of Drags" universe.

TOTAL REACH & MONETIZATION

TEAMING UP WITH A COMPETITOR: THE D-FORCE FLAGSHIP PROJECT

JENS MITTNACHT, MANAGING DIRECTOR,
SEVENONE MEDIA

How can reach be further monetized? Dr. Jens Mittnacht, Managing Director of SevenOne Media, dedicates himself to answering this question every day. Thanks to the d-force flagship project – a ProSiebenSat.1 and Mediengruppe RTL joint venture – his team made significant strides in 2019. In this interview, Jens explains how they came to team up with a direct competitor.

●●● What exactly is the story behind d-force?

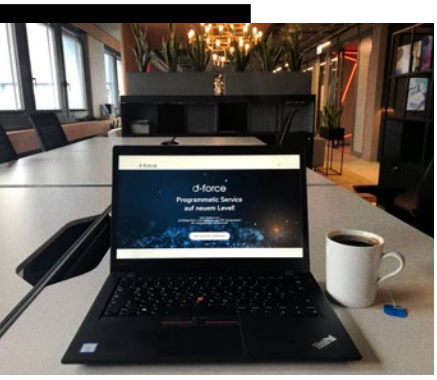
d-force is an ad-tech joint venture between ProSiebenSat.1 and Mediengruppe RTL. The centerpiece is the Active Agent technology – a fully automated platform that, for the first time, allows companies to book Addressable TV and online video advertising via a single interface serving both media houses. In short: We are making our customers' lives easier! No advertising cooperation this comprehensive has ever been seen on the German – or for that matter the European – market. It is truly unique.

●●● How did the partnership between Germany's two leading TV networks come about?

The real driving force was, in fact, the market. More and more advertisers were asking us for a shared booking platform. Since RTL has been as active as we have in advancing advertising technologies, and we had invested in complementary companies, the synergies were obvious. So we entered into discussions. Both sides agreed that although we are competitors in terms of content, ratings, advertising inventory and its marketing, that doesn't extend to technology. The big moment arrived in June 2019, when we set up d-force. In August, we got the go-ahead from the cartel office, and in September, we launched our first campaigns. It was a very special moment!

●●● How has the advertising market reacted to your offering?

Right from the start, we got a lot of positive feedback from customers, especially with regards to the comprehensive service and ease of booking – all it takes is a few clicks to order tailor-made advertising. But that's only the beginning: In 2020, we're launching programmatic configuration of Addressable TV commercials and integration of the cross-device bridge. This means that by linking different devices in the household – such as TV, smartphone and tablet – we can run a campaign across all of them using a target group-specific approach. All in all, we have received a tremendous response not only from clients – international broadcasters and marketers are also very interested.



●●● In what way? Are you planning on integrating international partners into the booking platform, too?

In February 2020, we already brought our booking platform to Austria and integrated the advertising inventories of our subsidiary ProSiebenSat.1 PULS 4 and the Austrian marketer of RTL. And we are also in contact with media companies from Switzerland. Our goal is to offer the largest possible advertising portfolio on the platform. Looking beyond the German-speaking countries, we are rather aiming to establish our offering as an independent tech solution in each country's official language. This task is now being driven by the new d-force management team, which took office on January 1.

●●● What does ProSiebenSat.1 expect to get out of d-force in the long term?

On the one hand, d-force is testimony to our innovation leadership in the field of advertising technology. After all, the core technology, Active Agent, is part of our ad tech subsidiary Virtual Minds. On the other hand, we also want to accelerate growth in our Addressable TV business, as this very area not only offers huge potential for monetizing our reach, but is also our absolute core competency.

Such comprehensive cooperation as d-force has never been seen before in the German advertising market, and is even unique in Europe. Since January 1, 2020, Ralf Hammerath, Alen Nazarian and Jens Pöppelmann (from left to right) on the management board have been driving the lighthouse project forward.

Stefanie Fröhner

SVP Business Intelligence Entertainment

Stefanie Fröhner, SVP Business Intelligence Entertainment, and her team developed the new internal metric of Total Video Viewtime (TVV). Its benefit? TVV vividly describes in minutes the time users spend consuming entertainment offerings overall and across platforms, and renders a direct comparison between TV and streaming data possible. The metric ties in neatly with established figures in the field of advertising metrics, as TVV converts familiar measures into minutes, such as video views and ratings. What counts after all is that our content reaches people – no matter on which platform.

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BY USING TOTAL VIDEO VIEWTIME, WE MAKE SENSE OF THE SEA OF NUMBERS AND ENABLE CROSS-PLATFORM COMPARISON. WE MEASURE HOW LONG VIEWERS SEE OUR CONTENT – IN BOTH LINEAR AND DIGITAL FORMS.

WINNING NEW ADVERTISERS WITH THE ADDRESSABLE TV SPOT

THOMAS WAGNER, CHAIRMAN OF THE MANAGEMENT BOARD, SEVENONE MEDIA

It's 8.15pm on a Saturday: The comedians Joko and Klaas' show "Das Duell um die Welt" (Duel Around the World) is about to begin. Miriam, 27, is sitting on her couch in front of her smart TV. The wait is almost over. Before the show starts, a commercial for the new MAC cosmetics collection airs. At exactly the same time, Peter is also waiting for the show to come on. Unlike Miriam, the 53-year-old sees the TV commercial for an electronics retailer, promoting a new-generation smartphone.

Two different target audience groups watch two different commercials on a single channel at the same time. This is possible thanks to the new Addressable TV Spot, which the ProSiebenSat.1 Group's sales subsidiary SevenOne Media launched in August 2019 after a roughly one-year-long beta phase.

> 100

> 100 Addressable TV Spots were sold by SevenOne Media in 2019. Plenty of market research, meetings with customers and teamwork went into them.

"We developed the unique technology behind the Addressable TV Spot in-house and registered it for a Europe-wide patent," says Thomas Wagner, Chairman of the Management Board of SevenOne Media. "Advertisers can define audience characteristics, such as age, gender, interests or net income, in advance and precisely tailor the content of their commercials to that target group. Overlayed over the standard commercial, the Addressable TV Spot is served exclusively to the preselected audience. Only ProSiebenSat.1's own advertising is overlayed. Viewers who fall outside the predefined target group see the standard commercial. The technology is only supported on Internet-enabled TVs. The offer is available for all ProSiebenSat.1 stations and in all time slots, from morning shows to prime time.

"Addressable TV is one of the key sales growth areas," says Wagner of the new offering's potential. "In coupling precision of delivery with TV's great reach, we are combining the best of the digital and linear worlds." The advantages are obvious: "Thanks to the highly targeted nature of our Addressable TV Spot, it attracts maximum audience attention and perfectly complements our linear reach. This opens the door for advertisers who didn't previously consider TV advertising an option. So we are appealing to a whole new segment of the advertising market."

According to Wagner, the clients' response has been positive: "In 2019 alone, we ran more than 100 campaigns for clients such as Nestlé, Opel and Vodafone. And the market potential for the coming years is huge." By 2022, the combined market for Addressable TV and online video in Germany, Austria and Switzerland is expected to be in the single-digit billion range. There are currently some 18 million internet-enabled TV sets in the German-speaking countries, which can be targeted with personalized advertising options. Today, 36 percent of the German television audience can already be reached via smart TVs.

PASSIO NATE CREATORS

“THESE 15 MINUTES ARE AN ABSOLUTE THRILL”

DAISY ROSEMEYER-ELBERS,
EXECUTIVE PRODUCER,
CONTENT CREATION PROSIEBEN

Two perennial rivals have now teamed up. Their adversary: Big, red and stronger than ever. In May 2019, rather than going head to head as usual, Joko and Klaas joined forces and took on their employer. In the prime-time show “Joko & Klaas gegen ProSieben” (Joko & Klaas vs. ProSieben), the two entertainers competed in a string of challenges, playing to win a 15-minute live broadcast slot to fill as they wished. Daisy Rosemeyer-Elbers helped develop and produce the show. As the woman who once shared the studio with Michael “Bully” Herbig and brought home the Eurovision Song Contest victory with Stefan Raab, she understands what makes this new format so unique. And why German television needs more home-grown shows.

Between school and studio: For Daisy, a mother of two, the day starts early. And, like the first 15 minutes of Joko and Klaas’s TV show, it often ends late (photo: Pia Klemp, captain of a rescue vessel, reports on her day-to-day efforts on search-and-rescue missions). “As every mother knows, coordinating work and family can be challenging. In my job at ProSieben, I can manage both.”

●●● How did you develop the idea for this show?

After the success of “Duell um die Welt,” we wanted to try something new with Joko and Klaas. And we were aiming for something that had broader appeal and was more family-friendly than other programs the duo had done. Then, while we were talking with the production company Florida TV, someone said, “Why don’t they compete against ProSieben?” Everyone liked the idea right away. But we quickly realized that there is no single individual who is the face of ProSieben. The red seven is a brand, an attitude – so we went with the abstract figure “Mister ProSieben,” which we had already established in “Duell um die Welt.” We worked with Joko and Klaas and, step by step, we created a concept in which the two of them form a team for the first time. And then we “sweetened the pot” with an unheard-of prize: 15 minutes of live broadcasting time on ProSieben. In prime time.

●●● They gave away the very first 15 minutes they won to “people who have more to say than we do,” as Klaas put it. What those people offered were strong statements on search-and-rescue missions at sea, right-wing extremism and homelessness. That surprised quite a few viewers – you too?

The guys wanted to do something nobody could have expected – and that’s exactly what they did. Giving people a platform who don’t otherwise occupy this space was a stroke of genius. Of course, we were delighted to have generated social value with an entertainment program and, as a TV company that reaches so many millions of people every day, that’s also part of our responsibility. Even though everyone already knew before this show how outspoken Joko and Klaas are in public, we found their courage admirable – especially since the negative reactions to their taking such a clear stance on controversial issues did not fail to appear. So those 15 minutes were also a surprise to us, the showrunners – a fantastic one! Even just the setting: one person in a chair in the spotlight, the camera circling them. It was so focused, so incredibly intense. Definitely a very special on-screen moment. The kind of moment that only happens on live television.

●●● Is that what you find so unique about the show?

This show illustrates the enormous appeal that linear television still has. Live TV is especially powerful: These 15 minutes are an absolute thrill. Nobody knows what to expect, but everyone wants to be there, wants to know what all the buzz will be about afterwards around the water cooler, in the schoolyard or in the media. With this, we proved yet again that we can do strong, local programs. Just good TV. Preferably self-made. “Joko & Klaas gegen ProSieben” was developed for the German-language market and is perfectly adapted to this channel and audience – “tailor-made,” as it were. Our own shows are always best for that. But they’re also the hardest part of my job. Sure, we know what suits ProSieben – but you don’t just pull a successful new show out of your hat. The fact that we are now distributing the show internationally as “Beat the Channel” is a nice affirmation that shows the huge potential our idea has, and not only in Germany.

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WE TELL STORIES FROM UNUSUAL ANGLES, ALWAYS ATTEMPTING TO DELIVER A GOOD MIX OF TOPICAL, ENTERTAINING, AND INVESTIGATIVE REPORTS. IN THE PAST YEAR, WE GREW TOGETHER TO A DYNAMIC AND DETERMINED EDITORIAL TEAM. AND WE HAVE BIG PLANS FOR 2020, TOO. ALL WE CAN SAY RIGHT NOW IS: IT'S GOING TO GET LOUD!"

Nadja Pia Wagner

Chief reporter, "akte."

Investigative, bold, emotional: "akte." has been telling the stories that move Germany for a quarter century. In 2019, SAT.1 set up its own editorial team for the magazine, and has been producing "akte." itself in Unterföhring since August. This has only enhanced the Group's journalistic profile.

eSports is booming. With almost 10 million fans, this is the fastest growing sports trend in Germany. In no time at all, Stefan Zant has made ProSiebenSat.1 subsidiary 7Sports the leading address in this field and has established traditional editorial coverage of both TV and online broadcasts. Following the acquisition of eSports.com, 7Sports now wants to push its activities internationally: Global turnover in the eSports market is expected to grow from USD 1.1 billion in 2019 to USD 1.8 billion by 2022.

»

IN ORDER TO ATTRACT NEW TARGET GROUPS, ESPORTS NEEDS EXPLAINING. WE ARE THE FIRST IN GERMANY TO WORK WITH AN EDITORIAL TEAM AND EXPERTS IN THE STUDIO, WHO HELP MAKE SENSE OF MOVES, UNPACK TACTICS AND REPLAY KEY MOMENTS – JUST AS YOU WOULD EXPECT IN SPORTS REPORTING. IN THIS WAY, WE ARE GROWING THE MARKET BIT BY BIT AND MAKING ESPORTS AS POPULAR AS MAINSTREAM SPORTS.

Stefan Zant

Managing Director, 7Sports

THE MAN BEHIND THE MASKS

DANIEL ROSEMANN,
CHANNEL MANAGER, PROSIEBEN

"We all have to be strong now! Welcome to the very, very, very last edition of 'TV total.'" When Daniel Rosemann sits in the ProSieben team meeting room, a piece of television history hangs behind him: the last announcer's cue card from the 2,303rd and final "TV total" show. Down in the lower right-hand corner, it bears a little message from the master in black felt-tip pen: "Dear Daniel, Thanks for everything! Best, Stefan." It's the cue-card version of a medal of honor from Stefan Raab, the king of German TV. A cue card that speaks volumes: ProSieben chief Daniel Rosemann is the man the stars trust.

Shortly after the end of "TV total," Daniel the Head of Entertainment became Daniel Rosemann, Channel Manager of ProSieben. And the onetime editor responsible for the first season of "The Voice of Germany" faced a Herculean task: how to replace the person young TV fans were tweeting about as "the Man of ProSieben."

By the summer of 2019, the Twitterverse had long forgotten the subject. Suddenly everyone was feverishly tweeting: Who's the cute Monster? Who moves as gracefully as a Grasshopper? And what Astronaut can sing such a heavenly version of "What a Wonderful World"? The finale of "The Masked Singer" set records. Germany had never seen more tweets about a TV show in a single evening. The moment when Max Mutzke took off his Astronaut mask brought as many Germans to the edge of their seats as a penalty shoot-out in the Champions League. With a 54-percent market share (14- to 49-year-olds), the event drew the nation to their screens – all except Daniel Rosemann, who was ensconced in his favorite professional spot: the control room, i.e. the engine room of television.

Together with his ProSieben team, he fought harder for the rights to "The Masked Singer" than anything he or the station had ever pursued before: "We were positive that 'The Masked Singer" would be a big hit," Daniel Rosemann says. "But I must admit, we didn't expect it to be this huge. It fits right in with our strategy, though: we're expanding the share of programming that we produce in Germany, for Germany."

What was the biggest challenge that came with this show? "Keeping quiet." Keeping quiet? "Yes. I usually talk to lots of colleagues about the details involved in any show and all the things related to it. I couldn't really do that in this case." Why not? "There were only eight people altogether who knew the identities of the stars behind the masks. Even the director didn't know what star he was showing in close-up at any given moment. That was crucial. When the whole team is guessing too, that's the best way to tell the story from the viewers' perspective."

"The Masked Singer" earned Rosemann major kudos in the international arena. ProSieben was the first station in the world to broadcast "The Masked Singer" live. "Big shows deliver a special thrill when they're live. For the station, sure – and, more importantly, among viewers. There is no substitute for that feeling," Rosemann says. His eyes light up as he talks about "The Masked Singer." "In the US, they said we were crazy to do it live." What he said to his team was, "We're ProSieben. We have to do it live."

Note: The day the finale of "The Masked Singer" aired, marked ProSieben's highest daily ratings in 20 years – thanks to a passionate team. And thanks to Daniel Rosemann, the man behind the masks.

54

With Raab's autographed cue card occupying a place of honor in the office, everything goes like clockwork. And a market share of 54 percent at the moment Max Mutzke was unmasked made for plenty of smiling faces.

THE YEAR AT A GLANCE

2019

Q1

JAN

NUCOM GROUP ACQUIRES MAJORITY STAKE IN AROUNDHOME

Aroundhome

ProSiebenSat.1 continues to expand its commerce portfolio: The worldwide operating growth equity investor General Atlantic sells shares in Aroundhome, Germany's largest online broker for home related products and services, to NuCom Group, and, in return, increases its NuCom stake to 28.4 percent. At the same time, NuCom Group increases its voting stake in Aroundhome from 42 percent to 94 percent and thereby holds a majority stake in all its portfolio companies.

FEB

PROSIEBENSAT.1 ESTABLISHES NEW MANAGEMENT STRUCTURE

The Group adapts its management structure as of April 1: An Executive Committee consisting of the CEO, CFO, and Deputy CEO/Group General Counsel is established on Holding level. At the same time, the three pillars Entertainment, Content Production & Global Sales as well as Commerce are led by two co-CEOs respectively. All co-CEOs as well as some executive department leaders become part of the Executive Board. By shifting operative decision-making processes to the individual pillars, ProSiebenSat.1 becomes much more agile, expanding the autonomy of the segments and consistently pushing ahead with its transformation.

Q2

JUN

d-force

PROSIEBENSAT.1 AND MEDIENGRUPPE RTL DEUTSCHLAND ESTABLISH ADTECH JOINT VENTURE

Read more on page 21

PROSIEBENSAT.1 AND FACEBOOK SIGN COOPERATION AGREEMENT

ProSiebenSat.1 is the first European TV Group to agree a comprehensive cooperation with Facebook on Facebook Watch: From latest content relating to TV formats to archive content to exclusive clips – the video destination within Facebook now offers its users a comprehensive catalogue of video material from ProSiebenSat.1. This content is exploited via the digital studio Studio71. The partnership increases the Group's digital reach and generates additional revenues in the content and production business.

ANNUAL GENERAL MEETING RESOLVES RE-ELECTION OF ENTIRE SUPERVISORY BOARD

At the 2019 Annual General Meeting, the shareholders confirmed all nine members of the Group's Supervisory Board with a clear majority in office. The Supervisory Board had unanimously stood for re-election. In addition, the Annual General Meeting resolves to distribute a dividend of EUR 1.19 per share for the 2018 financial year. This corresponds to a total payout of around EUR 269 million and a payout ratio of around 50 percent based on adjusted net income.

STREAMING SERVICE JOYN GOES LIVE

joyn

Read more on page 13

Q3

AUG

SEVENONE MEDIA ROLLS OUT COMPREHENSIVE ADDRESSABLE TV SPOT OFFER

Read more on page 23

SEP

PULS 24 LAUNCHES IN AUSTRIA

PULS 24

On September 1, PULS 24, the fourth purely Austrian TV channel of ProSiebenSat.1 PULS 4 Group, and its independent new app are launched. The 360-degree project offers viewers added value to national and international TV offerings, with local and live content. With PULS 24, ProSiebenSat.1 is both expanding its information expertise and driving the digital transformation of the Group forward.

Q4

OCT

7SPORTS FURTHER EXPANDS ESPORTS COMMITMENT

Next step in the eSports offensive of ProSiebenSat.1: 7Sports, the umbrella brand for the Group's sports business, increases its stake in eSports GSA GmbH from 50 percent to 100 percent. The brand and domain of the news portal www.eSports.com are thus also transferred to 7Sports. After Germany, Austria and Switzerland, 7Sports is now also stepping up its international activities with the complete takeover of eSports.com. Since 2016, 7Sports has been consistently expanding its involvement in the eSports sector, which is considered the fastest-growing segment in the sports and entertainment environment.

NOV

PROSIEBENSAT.1 ESTABLISHES PRODUCTION COMPANY PYJAMA PICTURES WITH CHRISTIAN ULMEN AND CARSTEN KELBER

ProSiebenSat.1 establishes the Berlin-based production company Pyjama Pictures with the two renowned content production experts Christian Ulmen and Carsten Kelber, thereby further expanding the Group's expertise in the field of content production in Germany. In the future, the new creative set-up will produce fiction content for all ProSiebenSat.1 platforms as well as for external partners. Its focus will be on German-language and local content. As the first project, the newly founded production company will produce the fourth season of the hit series "jerks." for the streaming platform Joyn and subsequent free-TV broadcasting on ProSieben.

HIGHLIGHT NUMBERS

395

HOURS OF REPORTING

AIRED ON PULS 24 NEWS DURING AUSTRIA'S NATIONAL COUNCIL ELECTIONS.

34,000

PIECES OF VIDEO CONTENT WERE AVAILABLE TO JOYN USERS IN 2019.

59%

OF TOTAL VIDEO VIEWTIME (TVV)

DURING THE FOURTH SEASON OF "LATE NIGHT BERLIN" CAME FROM DIGITAL CHANNELS, WHILE 41% WAS GENERATED WITH THE TV BROADCAST. THAT MADE IT THE FIRST OF PROSIEBEN'S ORIGINAL PRODUCTIONS TO GAIN A HIGHER TVV VALUE ON ALL ONLINE CHANNELS THAN VIA LINEAR TV, WHICH ALSO SAW GROWING MARKET SHARES.

THERE WERE

33%

MORE ORIGINAL PRODUCTIONS DURING PRIME TIME IN 2019 ON PROSIEBEN ALONE.

12

OF GERMANY'S TOP 30 YOUTUBE CHANNELS (MEASURED IN VIDEO VIEWS) ARE MANAGED BY STUDIO71.

4,000

HOURS OF WORK WENT INTO MAKING THE COSTUMES FOR "THE MASKED SINGER".

A

700%

INCREASE IN FACEBOOK VIEWS WAS ACHIEVED FOR THE NINTH SEASON OF "THE VOICE OF GERMANY."

MORE THAN

160

NEW LOCAL SHOWS WERE LAUNCHED ON OUR CHANNELS IN 2019 AND WE INVESTED OVER EUR 1 BILLION IN OUR PROGRAM.

2,000

TRUCKLOADS OF SOIL (AROUND 15,000 M^3) WERE MOVED FOR THE FOUNDATIONS AND STRUCTURAL WORK FOR THE NEW CAMPUS BUILDING.

8,274

EXTRA PACKAGES WITH A TOTAL OF 16,962 PRODUCTS WERE BOXED BY 120 FLACONI EMPLOYEES DURING A FIVE-HOUR NIGHT SHIFT THE WEEK BEFORE CHRISTMAS.

TO OUR SHARE HOLDERS

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In 2019, digitalization was once again the central challenge facing the media industry as a whole. Constantly changing competitive conditions do give rise to new growth opportunities, but they also call for innovative, agile, and far-sighted entrepreneurial activity. One example of this was the successful launch of the Joyn streaming platform in June 2019, when ProSiebenSat.1 took another major step toward a digital and diversified future.

2019 was a critical year of transformation for the Group, and it is starting to bear fruit. The Company is ahead of many of its European peers in terms of revenue growth and also key content initiatives such as streaming and AdTech. ProSiebenSat.1 now generates over half of its revenue from non-TV-advertising business. The capital market recognized these elements of progress and also the investments of the Mediaset Group and Czech Media Invest (CMI). Although the share price performance is not at a satisfactory level, ProSiebenSat.1 Media SE share made gains again at the end of the year. The Supervisory Board has intensively and critically assessed and monitored all the important strategic decisions, both in meetings of the Board as a whole and in the Capital Markets Committee.

It is essential for the Company to have the capacity to respond quickly and flexibly to market challenges moving forward. With this aim in mind, in 2019 the Group continued its transformation efforts with the reorganization of its holding and entertainment structure; the Supervisory Board emphatically supports this strategy.

COOPERATION BETWEEN THE EXECUTIVE COMMITTEE AND THE SUPERVISORY BOARD

We, the Supervisory Board of ProSiebenSat.1 Media SE, provide the Executive Committee[1] with comprehensive advice and ongoing support. In financial year 2019, 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 (GCGC) (Deutscher Corporate Governance Kodex – DCGK).

In financial year 2019, the Supervisory Board regularly advised the Executive Committee on its management of the Company in a spirit of close and trusting cooperation, and diligently and continuously oversaw the Executive Committee 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 Committee 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 Committee 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 Committee. Closed sessions, in which the members of the Supervisory Board meet without the Executive Committee 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 Committee. The Supervisory Board was supported in this process by the competent Board committees, and it also discussed the proposals with the Executive Committee.

[1] The Executive Board was renamed Executive Committee on April 1, 2019.

In addition to the Supervisory Board meetings, the Executive Committee kept us updated on the Company's key financial indicators in written monthly reports and also provided us with both financial information set up 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 me as the chairman of the Supervisory Board. In addition, I maintained an ongoing and close one-on-one dialog with Max Conze, the Company's CEO, and, where necessary, also with the other Executive Committee members.

Based on the reports submitted by the Executive Committee, 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 Committee's reporting activities.

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

In financial year 2019, 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.

In 2019, ProSiebenSat.1 Group systematically enhanced its management structure, establishing a new Executive Committee, which exclusively includes the CEO, CFO, and Deputy CEO/Group General Counsel as the highest decision-making body. There are now also two Co-CEOs below Executive Committee level who are responsible for the Entertainment, Red Arrow Studios, and NuCom Group segments.

Since January 1, 2020, the Group has also been working to establish a more independent Entertainment organization in which the content areas, the digital platform businesses, and their monetization are more closely integrated under one roof. The objective is to strengthen the Entertainment segment and streamline Group-wide structures.

The ProSiebenSat.1 management team coordinated at length with the Supervisory Board on all areas of the strategic realignment. All in all, the Supervisory Board of ProSiebenSat.1 Media SE held five regular meetings in person and seven extraordinary meetings in 2019. But for a few exceptions, all members of the Supervisory Board attended all meetings. An individual breakdown of meeting participation is presented in the Corporate Governance Report, which can be found online at → www.prosiebensat1.com/en/investor-relations/corporate-governance/corporate-governance-report and in the Annual Report.

- In an extraordinary meeting on February 26, 2019, the Supervisory Board was given comprehensive information on the financial performance expected at the end of financial year 2018 and in the first quarter of financial year 2019. We were also given another presentation of the provisional budget for financial year 2019. This extraordinary meeting also included an in-depth presentation on the joint venture with Discovery Communications for the joint streaming platform Joyn, which was launched successfully in June 2019. The Supervisory Board was also given an extensive report on the planned strategic reorganization of the Company.

- At the financial statements meeting held on March 5, 2019, the Supervisory Board approved the Annual and Consolidated Financial Statements, the Combined Management Report, the Corporate Governance Report, and the Compensation Report for financial year 2018 as well as the Declaration of Compliance. Having regard to the recommendation of the Audit and Finance Committee, the Supervisory Board also decided to propose the audit firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, with its registered office in Stuttgart, to the next Annual General Meeting on June 12, 2019, for election as the statutory auditor. We also approved the other agenda items for the Annual General Meeting on June 12, 2019, with the corresponding proposed resolutions, which the Presiding Committee had extensively prepared in advance.

- The Supervisory Board also followed the recommendations of the Compensation Committee and approved topics relating to Executive Committee remuneration, i.e. payment of a performance bonus for financial year 2018 as well as settlement of the 2015 Group Share Plan and the amounts of the related cash disbursements and target achievement for the 2018 Performance Share Plan. We also extensively discussed and approved the individual targets for the performance bonus to be received by Executive Committee members for financial year 2019.

- At the financial statements meeting, the Supervisory Board also approved the budget for 2019. We were moreover supplied with a detailed overview of the Company's current performance and were informed about possible M&A transactions. To conclude matters, we were given an extensive report on the planned implementation of the Company's reorganization.

- As a follow-up to the financial statements meeting, in an extraordinary meeting on April 1, 2019, the Supervisory Board resolved to propose to the Annual General Meeting in June 2019 the reelection of all existing Supervisory Board members, as the terms of office of all the members were due to expire from the end of the Annual General Meeting. At the meeting, the Supervisory Board also resolved to propose individual terms of office to the Annual General Meeting, i.e. to reappoint Erik Huggers, Marjorie Kaplan, and Ketan Mehta for another five years; to reappoint Lawrence Aidem, Angelika Gifford, and Dr. Marion Helmes for another four years; and to reappoint Dr. Werner Brandt, Adam Cahan, and Prof. Dr. Rolf Nonnenmacher for another three years. With each of its resolutions, the Supervisory Board followed the recommendations of the Presiding Committee. At this meeting, we were also again supplied with information on the Company's current performance and the share price.

- In an extraordinary meeting on June 3, 2019, the Supervisory Board discussed in detail the purchase of shares by the Mediaset Group. At that time, the Mediaset Group had acquired voting rights, as defined by the notification requirements of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), totaling 9.61% (thereof, shares with voting rights in the amount of 7.46%) in ProSiebenSat.1 Media SE.

- In our regular meeting on June 11, 2019, we were given a detailed report on issues relevant to the capital market and an outlook for financial year 2019. The provisional five-year plan was also presented to us. The meeting also dealt with the development of the new Joyn streaming platform and the d-force joint venture with Mediengruppe RTL. This shared advertising platform is designed to exploit the potential of Addressable TV and online video more effectively. The Supervisory Board was further given a comprehensive insight into the development of the Entertainment segment.

- Rainer Beaujean introduced himself to the shareholders as the new CFO at the Annual General Meeting on June 12, 2019. The constituent meeting of the reelected Supervisory Board was held after the Annual General Meeting. At this meeting, I was reconfirmed as chairman of the Supervisory Board and Dr. Marion Helmes was reconfirmed as my deputy. Prof. Dr. Rolf Nonnenmacher was also reappointed as chairman of the Audit and Finance Committee. Both Dr. Marion Helmes and Angelika Gifford (until January 13, 2020) remain members of this body. In addition to myself, Dr. Marion Helmes, Lawrence Aidem, and Ketan Mehta were reelected to the Presiding Committee. We appointed Marjorie Kaplan as a new additional member of the Presiding Committee. There were no changes to the previous composition of the Compensation Committee. Its members were confirmed as follows: Dr. Werner Brandt (chairman), Dr. Marion Helmes, Angelika Gifford (until January 13, 2020), and Prof. Dr. Rolf Nonnenmacher. The same applies for the Capital Markets Committee. There were no changes either to its composition of the following members: Dr. Werner Brandt (chairman), Dr. Marion Helmes, Ketan Mehta, and Prof. Dr. Rolf Nonnenmacher. At the conclusion of this meeting, we agreed that the self-commitment to invest in shares of the Company should continue to apply for each individual term of office and did not require any further approval.

- In a regular meeting of the Supervisory Board on September 10, 2019, the Board was given a comprehensive outlook for financial year 2019. We were also given detailed reports on business performance in the segments and another report on the planned reorganization of the Company, which entails plans to implement a more independent Entertainment organization and a strategic holding company. At this meeting, the Executive Committee also informed us on the expected market situation in financial year 2020 and presented the provisional multi-year plan for 2020 through 2024.

- After the new shareholder (as of May), the Mediaset Group, announced that it had increased its voting rights in the Company, as defined by the notification requirements of the German Securities Trading Act, to 15.11% (thereof, shares with voting rights in the amount of 7.40%), the Supervisory Board discussed the issue again on November 12, 2019.

- At our regular Supervisory Board meeting on December 10, 2019, we approved the 2020 budget for ProSiebenSat.1 Group, which had been presented and explained to us in detail. Furthermore, we acknowledged and approved the multi-year plan. We were also informed in full detail about the economic performance of the key business areas. At this meeting, we also approved the Declaration of Compliance and again set targets for the proportion of women on the Supervisory Board and Executive Committee.

In addition, the Supervisory Board – after extensive discussion at the regular Supervisory Board meetings – adopted three resolutions by way of written circular vote in 2019, including one on updating the allocation of responsibilities. This update maps out the three-pillar strategy in the rules of procedure and in the operating and managerial responsibilities within the Company.

REPORT ON THE WORK OF THE COMMITTEES

The Supervisory Board of the Company has formed various committees to support it in its work. In 2019, 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. An individual breakdown of participation at meetings of the Supervisory Board's committees is also provided in the Corporate Governance Report, which can be found online at → www.prosiebensat1.com/en/investor-relations/corporate-governance/corporate-governance-report as well as in the Annual Report.

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 marketing agreements. The committee met three times, and passed a total of four resolutions by way of circular vote.

In 2019, one of the priorities of the discussions in the Presiding and Nominating Committee were the election proposals for the appointment of the new Supervisory Board once the term of office expired at the end of the Annual General Meeting on June 12, 2019. This also involved implementing a corresponding skills profile for the Supervisory Board. Another matter of priority were discussions on the reorganization of the Company and the closer dovetailing of the business areas.

In a teleconference on March 1, 2019, the Presiding and Nominating Committee approved a contract extension with Constantin Film for several more years. The licensing rights include all national and international independent cinema productions and co-productions of Constantin Film with start of shooting commencing between January 2019 and December 2021. The two media companies thereby extended their longstanding successful partnership for the future. By way of written circulars, the Presiding and Nominating Committee also approved contract extensions with key media agencies.

The Compensation Committee prepares resolutions on personnel-related Executive Committee matters for plenary sessions of the Supervisory Board. This committee held one meeting in person and two meetings by teleconference in 2019. At an initial meeting on January 14, 2019, the committee dealt with the provisional target achievement of Executive Committee members under the 2015 Group Share Plan and the 2018 Performance Share Plan and Executive Committee members' provisional individual degrees of target achievement for the 2018 performance bonus.

At a further meeting, which was also held by teleconference, on February 20, 2019, these topics were discussed again and a corresponding recommendation to the full Supervisory Board was approved. The meeting also addressed the performance bonus targets for the individual Executive Committee members for financial year 2019. The committee agreed on a proposal to the full Supervisory Board including both collective and individual targets and sustainability targets. The Compensation Committee also adopted a resolution by way of circular vote.

The Audit and Finance Committee reviewed the Annual Financial Statements and the Consolidated Financial Statements, the Combined 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 committee held four meetings in the reporting year in the presence of the CFO (Dr. Jan Kemper until March 2019, then Ralf Peter Gierig in his capacity as Deputy CFO and finally Rainer Beaujean as the new CFO for the first time from July) and the auditor. The Audit and Finance Committee did not find any grounds for objections in its reviews. In addition, the Audit and Finance Committee discussed the quarterly statements and the Half-Year Financial Report with the Executive Committee prior to their publication, taking account of 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, 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 new auditor for financial year 2019 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 was involved in the selection procedure that was carried out in financial year 2018 in accordance with article 16 of Regulation (EU) No. 537/2014 (statutory auditor regulation) with regard to the appointment of the auditor for financial year 2019 and, as a result of the selection procedure, submitted an appropriate recommendation of candidates, including a preference for the audit firm Ernst & Young, to the Supervisory Board.

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 Committee 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 Committee 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 Chief Financial Officer, 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.

The Audit and Finance Committee adopted three resolutions by way of circular vote. They concerned the rental of new premises for Verivox GmbH in Heidelberg and for Flaconi GmbH in Berlin.

The Capital Markets Committee has the authority to decide in lieu of 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. There were five meetings of the Capital Markets Committee in financial year 2019, some of which took place by teleconference. These meetings dealt with the share acquisition of the Mediaset Group and the current economic situation of ProSiebenSat.1 Group.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2019

The Annual and Consolidated Financial Statements of ProSiebenSat.1 Media SE and the Management Report and Group Management Report for financial year 2019 were audited for the first time by the audit firm Ernst & Young (EY), with its registered office in Stuttgart, and were issued an unqualified audit report on February 26, 2020.

All documents relating to the financial statements, the Risk Report, and the EY 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 of the discussions was the Combined Separate Non-Financial Report in accordance with sections 315b, 315c, and sections 289b to 289e of the German Commercial Code (HGB). The documents were discussed in detail 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.

In addition to auditing services, the auditors performed other attestation services amounting to EUR 0.2 million (previous year: EUR 0.4 million), tax advisory services amounting to EUR 0.1 million (previous year: EUR 0.0 million), and other services amounting to EUR 0.1 million (previous year: EUR 0.1 million). Details of the services provided by the auditors and the amounts remunerated are presented in Note 37 of the Notes to the Consolidated Financial Statements.

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 Committee 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 Committee'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 EY. EY issued an unqualified audit opinion in this regard. This means that, according to the assessment by EY, 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 HGB 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 EY'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 2019, there were no indications of conflicts of interest due to certain members of the Supervisory Board simultaneously having seats on corporate bodies of competitors or business partners of ProSiebenSat.1 Media SE.

CORPORATE GOVERNANCE

The Executive Committee and the Supervisory Board have compiled a separate report on corporate governance. The Corporate Governance Report and the Management Declaration pursuant to sections 289f and 315d of the German Commercial Code can be found on our website at → https://www.prosiebensat1.com/en/investor-relations/corporate-governance/corporate-governance and in the Annual Report.

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

Jan David Frouman, Executive Board Member of ProSiebenSat.1 Media SE, left the Company at the end of his contract on February 28, 2019. He had been responsible since 2010 for establishing and successfully developing Red Arrow Studios. Jan David Frouman was a member of the Executive Board of ProSiebenSat.1 Media SE from March 1, 2016.

In February 2019, the Group announced further changes to the Executive Committee and established a new management structure, and, after 15 years, Sabine Eckhardt, Executive Committee Member Sales & Marketing, decided to leave ProSiebenSat.1 Group by mutual consent as of April 30, 2019.

Dr. Jan Kemper, CFO and Executive Board Member Commerce, also left the Executive Committee by mutual consent as of March 31, 2019. His successor, Rainer Beaujean, took up office as ProSiebenSat.1's Chief Financial Officer (CFO) on July 1, 2019. During the transition period, Ralf Peter Gierig, the long-standing Deputy CFO of ProSiebenSat.1 Group, had taken over as interim CFO below Executive Committee level.

There were no changes to the composition of the Company's Supervisory Board in financial year 2019. In January 2020, Angelika Gifford informed us that she was taking on an operating role as Vice President at Facebook. No longer able to continue in office due to conflicts of interest, she consequently resigned her seat on the Supervisory Board with effect from January 13, 2020. I would like to thank Ms. Gifford, whose expertise, particularly in digital transformation, and whose dedication were a huge support to the Board. Ms. Gifford had been a member of the Supervisory Board since May 2015.

THANK YOU FROM THE SUPERVISORY BOARD

On behalf of the Supervisory Board, I would like to thank the members of the Executive Committee for their hard work.

I would also like to take this opportunity to especially thank all ProSiebenSat.1 employees for their great commitment in financial year 2019. Their passion, creativity, and innovativeness form the cornerstones for the Group's success.

I would also like to thank Sabine Eckhardt, Jan David Frouman, and Dr. Jan Kemper for what they achieved as members of the Company's Executive Committee. On behalf of the Supervisory Board, I wish them all the best for the future.

In conclusion, I would like to convey my thanks to you, our esteemed shareholders, for your confidence in the Company and in the company stock of ProSiebenSat.1. 2019 was a challenging year in which the Group laid important foundations for its digital and diversified future and already made some headway in this regard. It is now up to us to systematically press ahead with this strategy in the coming year.

Unterföhring, March 2020
On behalf of the Supervisory Board

Werner Brandt

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 IN 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 Member of various supervisory boards	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 of various supervisory boards	Domestic Mandates: Siemens Healthineers AG, Erlangen, Uniper SE, Düsseldorf 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/Hannover, Thyssenkrupp AG, Essen Foreign Mandates: Rothschild & Co SCA, 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 Mandates: 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 Mandates: The Grierson Trust, Peterborough, United Kingdom
Ketan Mehta	Member of the Supervisory Board of ProSiebenSat.1 Media SE since November 24, 2015 Allen & Company LLC (Managing Director)	Mandates: none
Prof. Dr. Rolf Nonnenmacher	Member of the Supervisory Board of ProSiebenSat.1 Media SE since May 21, 2015 Auditor	Domestic Mandates: Continental AG, Hannover, 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.

CORPORATE GOVERNANCE REPORT

In the following, the Executive Committee[1] and Supervisory Board present their annual report on corporate governance at the Company in accordance with the recommendation given in item 3.10 of the German Corporate Governance Code (GCGC) (Deutscher Corporate Governance Kodex – DCGK) in the version of February 7, 2017, and give their view on the Code's proposals.

The Executive Committee and Supervisory Board regard good corporate governance as an essential component of responsible, transparent management and control geared toward long-term value creation. The German Corporate Governance Code establishes a standard for transparent control and management of companies that is particularly aligned to the interests of shareholders. Many of the principles contained in the German Corporate Governance Code have already been standard practice at ProSiebenSat.1 Group for a long time.

Specific issues relating to corporate governance at ProSiebenSat.1 Media SE and ProSiebenSat.1 Group are presented in more detail in the Management Declaration in accordance with sections 289f and 315d of the German Commercial Code (Handelsgesetzbuch – HGB); this includes in particular the annual Declaration of Compliance with the German Corporate Governance Code and stipulations on the equal participation of women in management positions at the two management levels below the Executive Committee. Supplementary statements such as information on relevant corporate governance practices and the compliance management system (CMS), a description of the working procedures of the Executive Committee and Supervisory Board, stipulations on the equal participation of women in management positions on the Executive Committee and the Supervisory Board, a presentation of the composition and working procedures of the committees, and supplementary information regarding capital market communications and accounting principles can be found in this Corporate Governance Report.

In the Combined Separate Non-Financial Report in accordance with sections 315b, 315c, and sections 289b to 289e of the German Commercial Code (HGB), ProSiebenSat.1 Group also reports on the main non-financial aspects for financial year 2019 with the corresponding information needed in order to understand the Company's business development, results, and position as well as the effects of its business activities on the non-financial aspects.

FUNDAMENTALS OF CORPORATE GOVERNANCE

ProSiebenSat.1 Media SE is a listed European stock corporation (Societas Europaea – SE), with its registered office located in Germany. Thus, in addition to the German Corporate Governance Code, 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.

INFORMATION ON CORPORATE GOVERNANCE PRACTICES

The Executive Committee is convinced that sustainable economic success in a competitive environment can be achieved only by ensuring that all action taken is in compliance with the applicable laws. Therefore, preventing corruption and other breaches of law are key success factors with regard to strengthening our market position and achieving our corporate targets. In addition to preventing corruption, the Company particularly focuses on antitrust legislation and media law as well as data protection due to increasing digitalization of the Group's activities.

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 law and thus to prevent law- and rule-breaking from the start. 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 Board and the Group's Chief Compliance Officer (CCO), who are assisted in the performance of their duties by experts from other areas, such as the Legal Department. The Compliance Board and the CCO support and advise the Executive Committee in implementing, monitoring, and updating the CMS. The CCO is entrusted with implementing the CMS in the Group, carries out risk analyses and training, and advises the Executive Committee 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 Committee 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 Committee, 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.

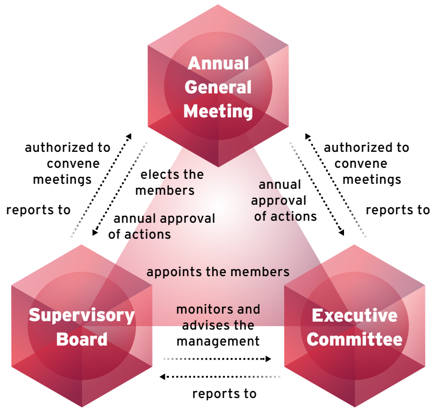
THE COMPANY'S GOVERNING BODIES

As a European Company (Societas Europaea – SE), 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 Committee (managing body). Those bodies' duties and powers are governed by Council Regulation (EC)

[1] The Executive Board was renamed Executive Committee on April 1, 2019.

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.

FIGURE 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 Committee, 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 Committee in close consultation with the Supervisory Board. To this end, open communication and close cooperation between the two bodies are of particular importance. This Corporate Governance Report describes the working procedures of the Executive Committee and Supervisory Board and the cooperation between them. The remuneration paid to the members of the Executive Committee and the Supervisory Board is described in the Compensation Report.

In 2019, a new Executive Committee was also established, which exclusively includes the CEO, CFO, and Deputy CEO/Group General Counsel as the highest decision-making body. There are now also two Co-CEOs below Executive Committee level who are responsible for the Entertainment, Red Arrow Studios, and NuCom Group segments.

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 are notified of the items on the agenda of the Annual General Meeting and the resolutions proposed by the Executive Committee and the Supervisory Board in a timely manner in the meeting invitation. The Executive Committee 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. In the event of a takeover offer, the Executive Committee may convene an Extraordinary General Meeting at which the shareholders will discuss the takeover offer and possibly adopt corporate law measures.

COMPOSITION OF THE EXECUTIVE COMMITTEE AND SUPERVISORY BOARD

According to the Company's articles of incorporation, the Executive Committee must be composed of one or more members. The number of Executive Committee members is determined by the Supervisory Board. As of December 31, 2019, the Executive Committee of ProSiebenSat.1 Media SE had three members (previous year: five members). Members of the Executive Committee 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 Committee members are appointed for a maximum period of five years. Reappointments are permitted for a maximum of five years respectively. In accordance with the recommendation of the GCGC, the Supervisory Board has set an age limit for members of the Executive Committee: Persons who would reach their 65th birthday before the expiration of their intended term of office shall not be appointed to the Executive Committee. ➜ Members of the Executive Committee ➜ Compensation Report ➜ Takeover-Related Disclosures

The articles of incorporation stipulate that the Supervisory Board must have nine members, all of whom are to be elected by the Annual General Meeting. As in the previous year, the Supervisory Board of ProSiebenSat.1 Media SE had nine members as of December 31, 2019. 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 EXECUTIVE COMMITTEE COMPOSITION

With the deadline for implementation due to expire on December 31, 2019, 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 Committee with the appointment of one woman. The new deadline for implementing this target is December 31, 2024. This target for the equal participation of women on the Executive Committee was met during the reporting period until Sabine Eckhardt stepped down as a member of the Executive Committee of ProSiebenSat.1 Media SE at the end of April 30, 2019. The Executive Committee in its current composition no longer meets the target, but the Supervisory Board will take into account the target that has been set when considering replacement appointments.

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 men and women at the Company and in management positions is a key diversity aspect for ProSiebenSat.1 Group. Besides the proportion of women, no other diversity aspects have yet been defined as targets for the Executive Committee as the Supervisory Board does not currently deem it a requirement for the purposes of appointing suitable candidates to the Executive Committee.

TARGETS FOR SUPERVISORY BOARD COMPOSITION AND DIVERSITY CONCEPT

Having thoroughly reviewed the recommendations of items 5.4.1(2) and (3) of the German Corporate Governance Code regarding the specific targets for its composition, the Supervisory Board has set targets for its composition that take account of the specifics of the Company pursuant to section 111(5) of the Stock Corporation Act in conjunction with article 9(1) lit. c) ii) of the SE Regulation, most recently on March 12, 2018. The Supervisory Board has accordingly set the following targets:

- the share of independent Supervisory Board members within the meaning of item 5.4.2 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 Committee of the Company in the Company's best interests in each individual case within the legal framework and taking into account the GCGC;
- the age limit of 70 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 Stock Corporation Act. The Supervisory Board considers all Supervisory Board members independent for financial year 2019.

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) 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 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 GCGC in the version of February 7, 2017, under item 5.4.1 (Composition of the Supervisory Board), the Supervisory Board of ProSiebenSat.1 Media SE also developed the skills profile described below for the Board as a whole and adopted this on March 12, 2018, so as to ensure qualified advice 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 topic 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 together.

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 the areas of accounting principles and internal controlling methods.

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, existing and prospective Supervisory Board members should comply with the limit recommended in item 5.4.5 of the GCGC with regard to mandates at listed companies outside the Group or on supervisory bodies of companies outside the Group that make comparable demands.

With regard to nominations by the Supervisory Board to the Annual General Meeting, all requirements (in relation to the articles of incorporation, the rules of procedure for the Supervisory Board, and the GCGC) 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 as a whole.

If a position is possibly to be restaffed, it should first be checked which of the corresponding areas of expertise are lacking or need to be strengthened on the Supervisory Board. Based on this requirements profile, candidates with the corresponding expertise or skills who can commit the time expected to be required should then be identified. With a view to continuous Supervisory Board work and sustainable, efficient succession planning, the specified age limit for members of the Supervisory Board should also be taken into account here.

WORKING PROCEDURES OF THE EXECUTIVE COMMITTEE AND SUPERVISORY BOARD

Each member of the Executive Committee is assigned an area of responsibility regarding which that member keeps his or her colleagues on the Executive Committee continuously updated. Rules of procedure enacted by the Supervisory Board for the Executive Committee and updated as necessary govern the cooperation between the Executive Committee members and the Executive Committee members' areas of responsibility. As a rule, the full Executive Committee has met on a weekly basis and since September on a monthly basis; the meetings are chaired by the CEO. One of the functions of the meetings is to adopt resolutions on measures and transactions that require the consent of the full Executive Committee under the Executive Committee's rules of procedure. When adopting resolutions, at least half of the Executive Committee members must participate in the vote. Resolutions of the full Executive Committee are adopted by simple majority. In the event of a tie, the CEO casts the deciding vote. When significant events occur, any Committee member may call an extraordinary meeting of the full Executive Committee; the Supervisory Board may likewise call such meetings. The Executive Committee 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 Committee and of every resolution adopted outside of the meetings are prepared and signed by the CEO or the chairman of the meeting. The minutes are then promptly forwarded to each member of the Executive Committee in writing or by text message; 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 within one week of dispatch, the minutes shall be deemed approved. In addition to the regular Executive Committee 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.

Further details on the working procedures of the Executive Committee are included in the rules of procedure defined by the Supervisory Board for the Executive Committee, which notably also govern the allocation of responsibilities and matters reserved for the full Executive Committee.

The Executive Committee 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 Committee 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 Committee 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 Committee and the Supervisory Board and on the significant matters on which they consulted in financial year 2019 is available in the 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. 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. The chairman of the Supervisory Board talks to investors about Supervisory Board-specific topics, within reasonable limits. As a rule, the Supervisory Board adopts its resolutions at the Supervisory Board meetings. However, on instruction of the Supervisory Board chairman, 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 deputy chairman.

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 Stock Corporation Act in conjunction with article 9(1) lit. c) ii) of the SE Regulation and item 5.3.2 sentences 2 and 3 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 Stock Corporation Act 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 Stock Corporation Act 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 5.6. of the German Corporate Governance Code states that the Supervisory Board should examine the efficiency of its activities on a regular basis. 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.

COMPOSITION AND WORKING PROCEDURES OF THE COMMITTEES AND MEETING PARTICIPATION

The Executive Committee has not formed any committees; the Supervisory Board established four committees in financial year 2019. The Supervisory Board decides on the composition of its committees. In selecting committee members, potential conflicts of interest involving Board members are taken into account, as are their professional qualifications.

COMPOSITION OF THE SUPERVISORY BOARD COMMITTEES AS OF DECEMBER 31, 2019

PRESIDING AND NOMINATION COMMITTEE
Dr. Werner Brandt (co-chairman), Dr. Marion Helmes (co-chairwoman), Lawrence Aidem, Marjorie Kaplan, Ketan Mehta

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 item 5.3.2 sentences 2 and 3 of the GCGC), Angelika Gifford (until January 13, 2020), Dr. Marion Helmes

COMPENSATION COMMITTEE
Dr. Werner Brandt (chairman), Angelika Gifford (until January 13, 2020), Dr. Marion Helmes, Prof. Dr. Rolf Nonnenmacher

CAPITAL MARKETS COMMITTEE
Dr. Werner Brandt (chairman), Dr. Marion Helmes, Ketan Mehta, Prof. Dr. Rolf Nonnenmacher

The committees of the Supervisory Board normally meet once per quarter. 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 of 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 week of dispatch. The committee chairmen report on the work of the committees at the meetings of the Supervisory Board.

The CFO, the Chief Legal Officer, 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 Committee 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 Supervisory Board sees it as part of good corporate governance to disclose an individual breakdown of participation in meetings of the plenary Supervisory Board and meetings of the Supervisory Board committees.

INDIVIDUAL BREAKDOWN OF MEETING PARTICIPATION IN FINANCIAL YEAR 2019

	Meeting participation	Attendance in %
PLENARY SUPERVISORY BOARD		
Dr. Werner Brandt, Chairman (since June 26, 2014)	12/12	100
Dr. Marion Helmes, Vice Chairwoman (since June 26, 2014, Vice Chairwoman since May 21, 2015)	12/12	100
Lawrence Aidem (since June 26, 2014)	12/12	100
Adam Cahan (since June 26, 2014)	12/12	100
Angelika Gifford (May 21, 2015, to January 13, 2020)	12/12	100
Erik Adrianus Hubertus Huggers (since June 26, 2014)	12/12	100
Marjorie Kaplan (since May 16, 2018)	12/12	100
Ketan Mehta (since November 24, 2015)	11[1]/12	91.66
Prof. Dr. Rolf Nonnenmacher (since May 21, 2015)	12/12	100
PRESIDING AND NOMINATION COMMITTEE		
Dr. Werner Brandt, Co-Chairman (since June 26, 2014)	2/2	100
Dr. Marion Helmes, Co-Chairwoman (since May 21, 2015)	2/2	100
Lawrence Aidem (since June 26, 2014)	2/2	100
Ketan Mehta (since June 30, 2016)	2/2	100
Marjorie Kaplan (attended as a guest)	1/1	100
AUDIT AND FINANCE COMMITTEE		
Prof. Dr. Rolf Nonnenmacher, Chairman (since May 21, 2015)	4/4	100
Dr. Marion Helmes (since June 26, 2014)	4/4	100
Angelika Gifford (May 16, 2018, to January 13, 2020)	4/4	100
Dr. Werner Brandt (attended as a guest)	4/4	100

COMPENSATION COMMITTEE		
Dr. Werner Brandt, Chairman (since June 26, 2014)	3/3	100
Angelika Gifford (May 21, 2015, to January 13, 2020)	3/3	100
Dr. Marion Helmes (since May 21, 2015)	2[1]/3	66,66
Prof. Dr. Rolf Nonnenmacher (since May 16, 2018)	3/3	100
CAPITAL MARKETS COMMITTEE		
Dr. Werner Brandt, Chairman (since September 7, 2016)	5/5	100
Dr. Marion Helmes (since September 7, 2016)	5/5	100
Ketan Mehta (since September 7, 2016)	5/5	100
Prof. Dr. Rolf Nonnenmacher (since September 7, 2016)	5/5	100

1 Attendance was not possible for scheduling reasons due to the short notice at which the meeting was convened.

COMMUNICATION AND TRANSPARENCY

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. In addition, the Company holds a Capital Market Day on a regular basis, normally once a year. The Company generally provides information simultaneously to all shareholders, 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 release dates of financial reports and statements 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 dedicated to the Annual General Meeting, 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 CEO'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 annual Corporate Governance Report, the current Management Declaration pursuant to section 289f HGB and sections 289f, 315d and 315e of the German Commercial Code (Handelsgesetzbuch – HGB), and the Declaration of Compliance with the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act, which includes an archive of previous declarations of compliance and the Company's articles of incorporation.

REGULAR REPORTING AND AD HOC DISCLOSURES

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. 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 ➜ https://www.prosiebensat1.com/en/newsroom/press-releases/ad-hoc-disclosures without delay.

SIGNIFICANT VOTING RIGHTS

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

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 2019, eight transactions in company stock or in financial instruments relating to company stock was 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, 2019, members of the Executive Committee held a total of 413,107 shares (previous year: 187,783) and members of the Supervisory Board a total of 84,710 shares (previous year: 63,543) in ProSiebenSat.1 Media SE. In financial year 2019, Max Conze invested EUR 1,295,673.29 (previous year: EUR 3,508,442) in purchasing ProSiebenSat.1 Media SE shares (thereof EUR 299,999.86 as call options with cash-settled payment), and Rainer Beaujean invested EUR 1,501,567.44. Conrad Albert did not make any additional investments in financial year 2019 (previous year: EUR 438,081).

INDIVIDUALIZED SHAREHOLDINGS OF THE EXECUTIVE COMMITTEE AND THE SUPERVISORY BOARD AS OF DECEMBER 31, 2019

	Number of shares
EXECUTIVE COMMITTEE	
Max Conze	265,505 (thereof 28,222 call options with cash-settled payment)
Conrad Albert	16,500
Rainer Beaujean	131,102 (thereof 1,102 before taking office)
SUPERVISORY BOARD	
Dr. Werner Brandt	40,000
Dr. Marion Helmes	6,605
Lawrence Aidem	3,494
Adam Cahan	3,372
Angelika Gifford	3,449
Erik Adrianus Hubertus Huggers	3,369
Marjorie Kaplan	757
Ketan Mehta	15,000
Prof. Dr. Rolf Nonnenmacher	8,664

As part of Executive Committee compensation, the Executive Committee members receive share-based payment in the form of the Performance Share Plan. The Performance Share Plan is designed as multi-year variable compensation in the form of virtual shares (performance share units or PSUs). To this end, they are allocated in annual tranches, each with a four-year performance period. Payout occurs in cash in year five, the year following the end of the respective performance period. The Company has the right, instead of cash payment, to alternatively choose a settlement in own shares and to deliver a corresponding number of shares of the Company 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 latter 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%. In financial year 2019, the members of the Executive Committee received 503,265 PSUs in total. ➡ Notes, note 35, "Share-based payment"

SHARE-BASED PLANS AND SIMILAR SECURITIES-BASED INCENTIVE SYSTEMS

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 Notes to the Consolidated Financial Statements and in the Group Management Report. ➡ Compensation Report ➡ Notes, note 26, "Shareholders' Equity"

ACCOUNTING AND AUDIT OF FINANCIAL STATEMENTS

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. For the first time, the financial statements for financial year 2019 were duly audited by the audit firm Ernst & Young (EY), with its registered office in Stuttgart, with Nathalie Mielke acting as the lead auditor. They were issued an unqualified audit opinion on February 26, 2020. Nathalie Mielke has been working with the Company as lead auditor at EY since financial year 2019. ➡ Report of the Supervisory Board

MANAGEMENT DECLARATION

In this Management Declaration, the Executive Committee[1] and Supervisory Board report on corporate governance pursuant to sections 289f and 315d of the German Commercial Code (Handelsgesetzbuch – 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 (Aktiengesetz – AktG). Supplementary information such as a description of the working procedures of the Executive Committee and the Supervisory Board, an overview of the composition and working procedures of the committees, a description of the diversity concept, and information on capital market communications and accounting principles can be found in the Corporate Governance Report.

DECLARATION OF COMPLIANCE OF THE EXECUTIVE COMMITTEE AND THE SUPERVISORY BOARD OF PROSIEBENSAT.1 MEDIA SE WITH THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT

The Executive Committee and the Supervisory Board of ProSiebenSat.1 Media SE hereby declare that ProSiebenSat.1 Media SE complies and has complied in principle with the recommendations of the "Government Commission on the German Corporate Governance Code" (GCGC) as amended on February 7, 2017, and published in the official section of the Federal Gazette (Bundesanzeiger) on April 24 and May 19, 2017, since their publication. Only the following Code recommendation has not been or is currently not being applied:

The D&O insurance contracts concluded for the Executive Committee and the Supervisory Board provide for payment of a deductible by the insured members of the Executive Committee 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 Committee nor the Supervisory Board regards a deductible as an effective way of enhancing committee/board members' motivation or sense of responsibility. Therefore, no deductible is currently agreed for Supervisory Board members, contrary to the recommendations of item 3.8 of the German Corporate Governance Code.

ProSiebenSat.1 Media SE intends to continue complying with the recommendations of the "Government Commission on the German Corporate Governance Code" (GCGC) as amended on February 7, 2017, and published in the official section of the Federal Gazette (Bundesanzeiger) on April 24 and May 19, 2017, also in the future, with the first exception mentioned above.

December 2019

Executive Committee and Supervisory Board of ProSiebenSat.1 Media SE

INFORMATION ON RELEVANT CORPORATE GOVERNANCE PRACTICES

The Executive Committee is convinced that sustainable economic success in a competitive environment can be achieved only by ensuring that all action taken is in compliance with the applicable laws. Therefore, preventing corruption and breaches of law are key success factors with regard to our market position and attainment of our corporate targets. This applies in particular to antitrust legislation and media law as well as to data protection and the associated preservation of privacy rights due to increasing digitalization of the Group's activities. For more information on the compliance management system (CMS) in effect at ProSiebenSat.1 Group for this purpose, as well as on the Code of Conduct applicable to ProSiebenSat.1 Group, please refer to the → Corporate Governance Report.

DESCRIPTION OF THE COMPOSITION AND WORKING PROCEDURES OF THE EXECUTIVE COMMITTEE AND THE SUPERVISORY BOARD, THE COMMITTEES, AND THE DIVERSITY CONCEPT

A general description of the working procedures of the Executive Committee and the Supervisory Board and their committees can be found in the Corporate Governance Report. The composition of the Executive Committee is presented in the Annual Report 2019; the composition of the Supervisory Board and its committees is shown under → Members of the Supervisory Board in the Annual Report 2019 and in the → Corporate Governance Report. The Corporate Governance Report also includes a description of the diversity concept and its goals, the way in which it is implemented, and the results achieved in the financial year in accordance with sections 289f(2) no. 6 and 315d HGB. The Corporate Governance Report is also publicly available at → www.prosiebensat1.com/en/investor-relations/corporate-governance/corporate-governance-report.

STIPULATIONS ON THE EQUAL PARTICIPATION OF WOMEN IN MANAGEMENT POSITIONS

Executive Committee and Supervisory Board. The Supervisory Board of ProSiebenSat.1 Media SE has established targets for the composition of the Executive Committee and the Supervisory Board with regard to the equal participation of women on both Boards 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. For more information on those targets and deadlines, please refer to the → Corporate Governance Report.

[1] The Executive Board was renamed Executive Committee on April 1, 2019.

Management levels below the Executive Committee. In a resolution dated June 30, 2017, with reference to section 76(4) of the German Stock Corporation Act in conjunction with article 9(1) lit. c) ii) of the SE Regulation, the Executive Committee 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 Committee level:

- First management level (Management Level 1): 15%
- Second management level (Management Level 2): 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: 42.9%). At the second management level, the percentage of women was 34.2% (previous year: 38.6%). This means that both targets for the proportion of women at the two management levels below Executive Committee level were exceeded in the reporting period.

COMBINED SEPARATE NON-FINANCIAL REPORT

(IN ACCORDANCE WITH SECTIONS 315B, 315C AND SECTIONS 289B TO 289E HGB)

We are aware of our corporate and social responsibility and perceive this as a comprehensive challenge. Success not only means sustainably increasing ProSiebenSat.1 Group's financial results. It also implies consistently enhancing the Group's sustainability performance and key non-financial figures and harmonizing the interests of our target groups, especially employees, shareholders, audiences, users and customers. The Group defines sustainable entrepreneurial activity as an integrated approach for improving both its economic as well as environmental and social performance. This means specifically that with the Group we want to operate inclusively, sustainably, and in an environmentally and socially responsible manner.

We adopted our "We love to sustain" sustainability strategy in 2019 and have since been implementing it in stages. The sustainability strategy is based on the UN Sustainable Development Goals (SDGs). They call on all enterprises to use their creativity and aptitude for innovation to overcome the challenges of sustainable development. In light of this, ProSiebenSat.1 Group has classified the following six goals as particularly relevant for its business activities: 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, the Group has defined four key areas of action for itself: society, diversity, environment, and governance & compliance.

In implementing the sustainability strategy, the Group has also taken measures to expand the sustainability organization and enhance the governance structures. A Sustainability Board was installed in the reporting period; in January 2020, a separate sustainability department led by the Chief Sustainability Officer was also established. The Sustainability Board is a central and interdisciplinary board for discussing, coordinating, implementing, monitoring and updating the Group's sustainability strategy. Its members – besides the Deputy CEO/Group General Counsel and the Corporate Sustainability Officer – are representatives from relevant central functions, the operating business units and the works council.

i The Deputy CEO and Group General Counsel is responsible for non-financial aspects, sustainability performance indicators, and ESG (environment, social, governance) information.

In this combined non-financial report (NFR) for financial year 2019, 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. The disclosures in this report relate to both the Group and the parent company, unless stated otherwise.

ProSiebenSat.1 Group uses the standards of the Global Reporting Initiative (GRI) as a basis when preparing the NFR. 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, Munich, to audit the content of the NFR with reasonable assurance. The audit opinion dated February 26, 2020, which describes the type, scope and findings of this audit, is reproduced in the Annual Report. 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.

MATERIAL NON-FINANCIAL ASPECTS AT PROSIEBENSAT.1 GROUP

Employee-related matters	Social matters	Respect for human rights	Anti-corruption and antitrust law
▸ Employee retention and people development ▸ Employer branding and recruiting ▸ Diversity	▸ Social responsibility ▸ Product governance	▸ Anti-discrimination	▸ Anti-corruption ▸ Antitrust law

We conducted a materiality analysis in 2017 due to the first-time application of the CSR Directive Implementation Act and have validated it every year since. For financial year 2019, we identified four non-financial aspects for ProSiebenSat.1 Group on which we make disclosures below in accordance with section 289c (3) HGB regarding the concepts followed, the due diligence processes used, the results, and the related key figures. The respect for human rights aspect is a new addition due in particular to the increased relevance of the topic of anti-discrimination in the media industry compared with the previous year. 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 part of the NFR.

i Information on corporate governance at the ProSiebenSat.1 Group can particularly be found in the Corporate Governance Report and the Management Declaration in the Annual Report 2019.

Although ProSiebenSat.1 Group as a media group does not operate in a manufacturing sector with high resource consumption and energy intensity, we are aware of our ecological responsibility as a company. Together with our employees and in dialog with our other stakeholders, we want to contribute to slowing climate change and protecting the environment, for example through the careful and efficient use of natural resources and the reduction of our energy consumption and CO_2 emissions. Nevertheless, 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.

SCOPE OF REPORTING AND DATA COLLECTION

The organizational reporting framework for the information on concepts and key figures for our sustainability performance as contained in the NFR essentially comprises all Group companies and corresponds to the financial scope of consolidation of ProSiebenSat.1 Group, 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 the individual defined aspects and data collection for key figures are described below or are indicated accordingly in the information on the individual aspects.

- In particular, parts of the international business in the Content Production & Global Sales segment are not included in the examination of the concepts or the data collection for the key non-financial figures for the employee-related matters aspect. For example, the employer branding & recruitment strategy and people development corporate functions are not implemented in this form at some individual investments due to the relatively small number of employees. Due to contract manufacturing, the number of employees in the production sector is characterized by high volatility.

- The information on ProSiebenSat.1 Group's public value within the social matters aspect particularly relates to the Group's business activities in the German TV program (Entertainment segment).

- With the compliance management system (CMS), ProSiebenSat.1 Group covers significant legal areas relevant for non-financial reporting (anti-corruption, antitrust law, data protection and media law) throughout the Group. The media law concepts relate only to selected Group companies due to different legal regulations in foreign countries and a lack of relevance to many companies, for example in the production sector. These selected companies primarily include the holding company ProSiebenSat.1 Media SE, ProSiebenSat.1 TV Deutschland GmbH, and the marketing companies SevenOne Media GmbH and SevenOne AdFactory GmbH.

- For reported key figures in connection with product governance and compliance, companies acquired by ProSiebenSat.1 Group are included in data collection no later than in the reporting period in which they have been consolidated in financial reporting for a whole financial year.

EMPLOYEE-RELATED MATTERS

The media industry is being transformed by the advance of digitalization more rapidly and fundamentally than many other industries. One of the most important keys to our future success is therefore to transform our Group into a modern and digitally successful business. Part of this transformation is adequate human resources management: It therefore forms part of our self-conception as an employer to create personnel-related conditions through our HR work that support this transformation process and cater to the individual interests of our employees. With our overall offer, which includes performance-based compensation, additional company benefits, personal development opportunities and an attractive working environment, we want to acquire, retain, and develop dedicated and qualified employees for ProSiebenSat.1 Group.

The Human Resources department supports the Executive Committee, managers and employees with a business-oriented portfolio of products, guidelines and processes in order to make 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 employee concerns. Teams of experts for all HR issues from recruitment, talent development, compensation & benefits and labor law to administrative and process issues complete our HR work.

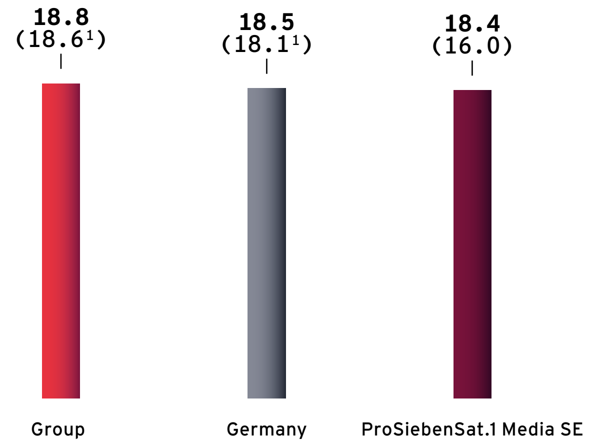
Employee Retention and People Development

Especially when undergoing a transformation process, we believe it is crucial to retain qualified and dedicated employees within the Company. The average duration of employment at ProSiebenSat.1 Group amounted to 5.7 years (previous year: 6.1 years). For ProSiebenSat.1 Media SE, it was 7.3 years after 7.2 years in the previous year. The turnover rate in the Group was 15.6% in financial year 2019 (previous year: 15.4%); at ProSiebenSat.1 Media SE, it was 17.7% after 19.9% in the previous year. The continuing relatively high fluctuation is due to the organizational restructuring of the Group.

i 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. Resignations due to fixed-term contracts, end of apprenticeship, retirement or death are not considered. Not including international investments in the Content Production & Global Sales segment except Studio71.

PROPORTION OF PART-TIME EMPLOYEES

average employees by head (HDC) in percent; 2018 figures in parentheses



[1] adjusted
Not including international investments in the Content Production & Global Sales segment except Studio71.

In order to provide an attractive working environment, we offer, among other things, various modules for the individual organization of working hours and location to support the best possible work-life balance. This also includes the possibility of part-time work. With management traineeships, trainee programs, apprenticeships recognized by the Industrie- und Handelskammer (IHK) (German Chamber of Commerce and Industry), and dual study programs, ProSiebenSat.1 Group offers talented young people several ways to join. 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. In 2019, 183 young talents (previous year: 168) were trained at ProSiebenSat.1 Group and 47 (previous year: 58) at ProSiebenSat.1 Media SE; as in the previous year, around three quarters were subsequently hired at Group and holding level.

To support their employees in today's professional tasks and to prepare for future challenges, especially through digitalization, ProSiebenSat.1 Group invested a total of EUR 4.5 million in its education and training programs in 2019 (previous year: EUR 3.5 million). Part of this was attributable to the courses offered by the P7S1 Academy, which offers the Group's employees technical and personal training. In 2019, a total of 492 events (with 5,849 participants) were held in the P7S1 Academy (previous year: 596 and 7,560), including 58 manager training courses with 371 participants (previous year: 87 and 758).

In the field of Management Development, we support the development of employees at the headquarters in Unterföhring through individual offers such as job rotation, mentoring, 360 degree feedback, and coaching. We want to use our manager development programs to strengthen the performance and development of managers at all levels. This includes mandatory training for first-time managers and seminars for managing directors. We also have an internal network for female managers ("LeadingWomen@P7S1").

Employer Branding and Recruitment

We take various measures to acquire the right talents for ProSiebenSat.1 Group. Success depends on the one hand on the dissemination of content for all target groups, such as our Faces of ProSiebenSat.1 campaign. On the other hand, we believe it is important to address target groups that are critical to success, such as talents in the tech sector through campaigns like Connect.Code.Create. With the "Global Digital Women" initiative, we also want to position ourselves as an attractive employer for women. In addition, the careers page (➡ www.karriere.prosiebensat1.com/en) went live as the central platform after an extensive relaunch in 2019. By combining the careers page with the jobs portal, we have improved the link between careers information and 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 and by hosting regular events for schoolchildren, such as Girls' Day, with our partners. In total, Group Recruiting received around 31,300 applications in 2019 (previous year: around 33,700); of which around 4,500 were for ProSiebenSat.1 Media SE (previous year: 8,500). In addition to application numbers, external employer rankings such as Potentialpark and Trendence are an important measure of the success of our HR marketing strategy in employer branding and recruitment.

SELECTED EMPLOYER RANKINGS

EMPLOYER BRANDING AWARD
HR Marketing & Recruitment – Global Player
GOLD for careers page karriere.prosiebensat1.com

POTENTIALPARK
13th place (previous year: 10th place)

TRENDENCE SCHOOL STUDENT BAROMETER
Total
12th place (previous year: 10th place)

TRENDENCE YOUNG PROFESSIONALS
Total
52nd place (previous year: 50th place)

TRENDENCE YOUNG PROFESSIONALS
Media/advertising
2nd place (previous year: 2nd place)

DIVERSITY

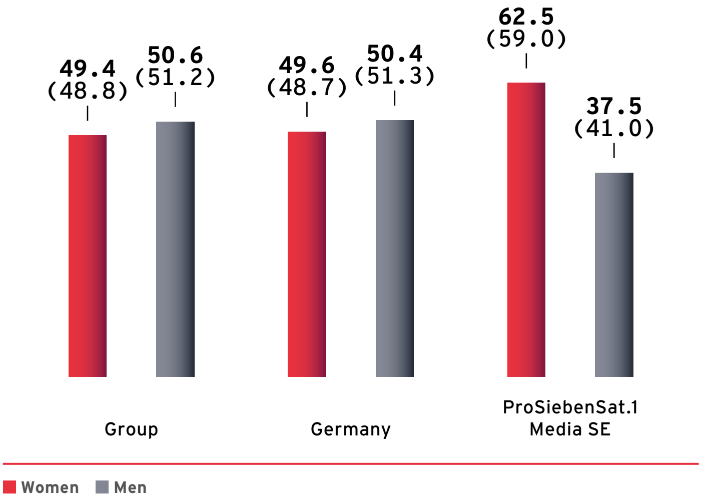
Social and economic trends are changing our working world. Demographic development, globalization, changing values, falling employment figures, a growing proportion of women in the working population, and more people from migrant backgrounds are the conditions under which businesses are operating today. We are convinced that diversity management will help us react to these trends. Our corporate culture is therefore to be defined by openness and appreciation. We appreciate the diversity of the workforce and aim to be an attractive employer for skilled workers and young talents. We are also confident that diversity management increases the satisfaction, loyalty and performance of employees and managers.

Against this backdrop, ProSiebenSat.1 Group signed the Diversity Charter in 2014 and strives to follow the guidelines specified in it. Thereby, we emphasize our commitment to creating a working environment free of prejudice and exclusion that specifically promotes diversity among employees. Our internal guidelines also stipulate that employees at all hierarchy levels must be hired exclusively according to objective criteria and promoted solely on the basis of their abilities. Other factors such as age, disability, ethnic background and nationality, sex and gender identity, religion and ideology, and sexual orientation and identity should not play a role.

i The average age of ProSiebenSat.1 Group employees as of December 31, 2019, was 36.8 (previous year: 37.1 years); at ProSiebenSat.1 Media SE, the average age was 39.2 years (previous year: 38.9 years). Not including international investments in the Content Production & Global Sales segment except Studio71.

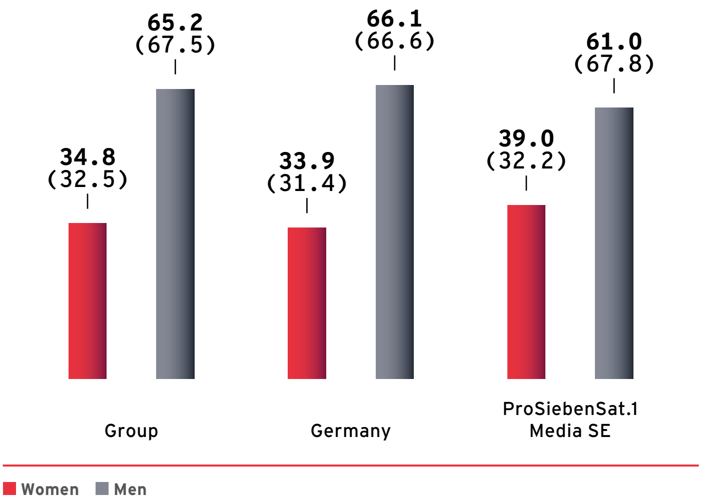
Diversity is aided in particular by the best possible balance ratio of men and women in the workforce and in management positions. In 2019, 49.4% (previous year: 48.8%) of employees in the Group were female. The proportion at ProSiebenSat.1 Media SE also increased slightly to 62.5% compared to 59.0% in 2018. Among managers, the proportion of women also increased from 32.5% to 34.8% (Group) and from 32.2% to 39.0% (ProSiebenSat.1 Media SE) in 2019 (not including international investments in the Content Production & Global Sales segment except Studio71).

PROPORTION OF MEN AND WOMEN IN THE WORKFORCE average employees by head (HDC) in percent; 2018 figures in parentheses



Not including international investments in the Content Production & Global Sales segment except Studio71.

PROPORTION OF MEN AND WOMEN IN MANAGEMENT POSITIONS average employees by head (HDC) in percent; 2018 figures in parentheses



Not including international investments in the Content Production & Global Sales segment except Studio71.

i For information on the percentage of women in the two management levels below the Executive Committee at ProSiebenSat.1 Media SE and the corresponding targets, please refer to the Management Declaration. Disclosures regarding diversity on the Executive Committee and the Supervisory Board can be found in the Corporate Governance Report.

SOCIAL MATTERS

Social Responsibility

We want to offer viewers and users entertainment on all screens with the right offers at the right time, no matter where. Moreover, the content distributed by the TV stations and digital platforms also contributes to pluralism and the diversity of information and helps to shape the opinions of viewers and users. This is a great privilege but also a special responsibility for ProSiebenSat.1 Group. As a media group, our reach gives us significant social and journalistic responsibility. In light of this, we aim to continue our sociopolitical engagement in the future and further increase the amount of informational and public value formats. We will try to focus on issues that are particularly relevant to young people. 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, and observe the principles of editorial freedom and journalistic independence.

ProSiebenSat.1 Group can reach around 45 million TV households with its stations in its TV markets in the GSA region (Germany, Austria and Switzerland). In Germany, the Group increased its combined audience share among 14- to 49-year-olds by 0.4 percentage points to 28.2% in 2019 (previous year: 27.8%). The Austrian broadcasting group ProSiebenSat.1 PULS 4 achieved a combined audience share of 28.4% among viewers aged between 12 and 49 years (previous year: 28.6%). In Switzerland, the ProSiebenSat.1 stations' audience share among 15- to 49-year-olds over the year as a whole was on a par with the previous year at 17.7%. At the end of 2019, the digital offerings managed by SevenOne Media GmbH, ProSiebenSat.1 Group's marketer, also had a monthly reach of around 36 million unique users (aged 16 and above) after around 34 million in the previous year. In addition, ProSiebenSat.1 Group's global digital studio Studio71 generated an average of 9.9 billion video views a month with its web channels in 2019 (previous year: 9.2 billion).

SOURCES FOR REACH FIGURES IN 2019

TELEVISION HOUSEHOLDS
G: AGF Videoforschung in cooperation with GfK / market standard TV / VideoScope 1.3 / households
A: AGTT / GfK TELETEST / Evogenius Reporting / weighted by household / including VOSDAL / timeshift / standard
S: Mediapulse TV Panel / German-speaking Switzerland (Instar Analytics)

AUDIENCE SHARES
G: AGF Videoforschung in cooperation with GfK / market standard TV / VideoScope 1.3 / January 1, 2018 – December 31, 2019
A: AGTT / GfK TELETEST / Evogenius Reporting / January 1, 2018 – December 31, 2019 / weighted by number of people / including VOSDAL / timeshift / standard
S: Mediapulse TV Data / January 1, 2018 – December 31, 2019 / German-speaking Switzerland

UNIQUE USERS
AGOF / TOP modular / version 2.13

VIDEO VIEWS
Google/YouTube

When choosing our measures and developing format ideas and corresponding program environments, we focus on socially significant issues with particular relevance for young target groups. Furthermore, the sustainability strategy and the action areas defined therein provide the framework for our projects and initiatives. For example, our annual, week-long series on the theme of sustainability is broadcast on ProSieben under the "Green Seven" brand. In the weeks before the 2019 European election, we also informed young people in particular via our programming and launched campaigns to encourage them to exercise their right to vote. In addition, we try to familiarize a large audience with topical and provocative content in order to raise awareness and educate. Our #WirZeigenHaltung formats from spring 2019, in which we discussed the topics of date-rape drugs, stalking and civil courage, were one example of this.

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 especially on topics such as education and culture. This includes communicating political information and encouraging political participation, especially among young viewer groups. In 2019, the Advisory Board met three times, including one extraordinary meeting regarding ProSiebenSat.1 Group's activities in the run up to the European election, which the Advisory Board considered particularly relevant in the context of the Group's public value measures. In addition to the Advisory Board members, these meetings were attended by members of the Executive Committee and other decision-makers in the Group.

Product Governance

We see product governance, with its central components of data protection and media law, 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 covered by the compliance management system (CMS).

ProSiebenSat.1 Group has implemented processes and measures to protect personal data against misuse. The aim is 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. In 2019, there were eight cases (previous year: seven) of substantiated complaints regarding the violation of customers' privacy at companies of ProSiebenSat.1 Group in Germany. Furthermore, there were 12 cases (previous year: seven) of data leaks, data theft, or data loss that had to be reported in accordance with the General Data Protection Regulation (GDPR).

DATA PROTECTION PROCESSES AT PROSIEBENSAT.1 GROUP

Data protection compliance	Performance of an initial risk analysis including a compliance check in the context of introducing/changing automated procedures for processing personal data in order to meet the requirements of data protection law (Articles 5, 6 GDPR).
Commissioned processing	Process for preparation of agreements under data protection law in order to meet the requirements of Articles 26, 28 GDPR.
Information to public authorities	Process for disclosure of personal data to public authorities.
Information to be provided and rights of the data subject	Information and processing of data subjects' requests for the fulfillment of articles: ‣ Transparent information (Articles 12 et seq. GDPR) ‣ Rights of access (Article 15 GDPR) ‣ Right to rectification and erasure (Article 16 GDPR) ‣ Right to erasure (Article 17 GDPR) ‣ Data portability (Article 20 GDPR) ‣ Rights to object (Article 21 GDPR)
Data breach notification	Process for reporting of data breaches (= third parties unlawfully obtaining personal data) in accordance with Articles 33, 34 GDPR.

The media law provisions of the CMS particularly deal with journalistic independence, the principles of the separation of advertising and programming, the requirements for product placement and protection of young people, and the prevention of surreptitious advertising and broadcasting of legally prohibited advertising. Individual issues also form part of the Code of Conduct.

- ProSiebenSat.1 Group is committed to differentiating between editorial reporting and broadcasts for advertising purposes. At corresponding compliance events, those responsible, such as TV editors, are trained on the bans in place and the legal consequences in the event of violations. In substantiated individual cases where the use of surreptitious advertising is suspected, an ad-hoc supervisory committee can take action. 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." 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.

- To ensure journalistic independence and comply with fundamental media regulations, the Group formulated guidelines which are binding for all of the Company's program makers in Germany. The "Guidelines for Ensuring Journalistic Independence" specify the understanding of the journalistic principles set forth in the Press Code of the German Press Council. In accordance with internal guidelines, journalists and editors working for ProSiebenSat.1 Group must follow the International Federation of Journalists' Principles on the Conduct of Journalists. According to these principles, they are essentially free to report as they see fit independently of social, economic or political interest groups. As a media company, political independence is of the utmost importance to us. Cash and non-cash donations to political parties are therefore not permitted unless the donation is approved by the Executive Committee of ProSiebenSat.1 Media SE in advance. Generally, the guidelines stipulate that editorial content must not be influenced by private or commercial interests of third parties or by personal or economic interests of employees.

- Youth protection officers at ProSiebenSat.1 Group 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 stipulates clear requirements for this. The Group's youth protection officers are autonomous in their work and are responsible for ensuring that content that is unsuitable for children and young people is broadcast 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. They assess scripts in advance, support productions, and prepare expert reports. Within the Company they perform an advisory role, while externally they are available to viewers and users as contact persons for complaints, for example. Independently from the work of the youth protection officers, TV and online editors receive regular training on youth protection regulations. In addition to training employees and providing internal guidelines, we also actively promote the protection of young people via various organizations.

For 2019, we recorded a total of 11 violations (previous year: 17) of program principles and journalistic due diligence as well as provisions for the protection of minors and personal rights.

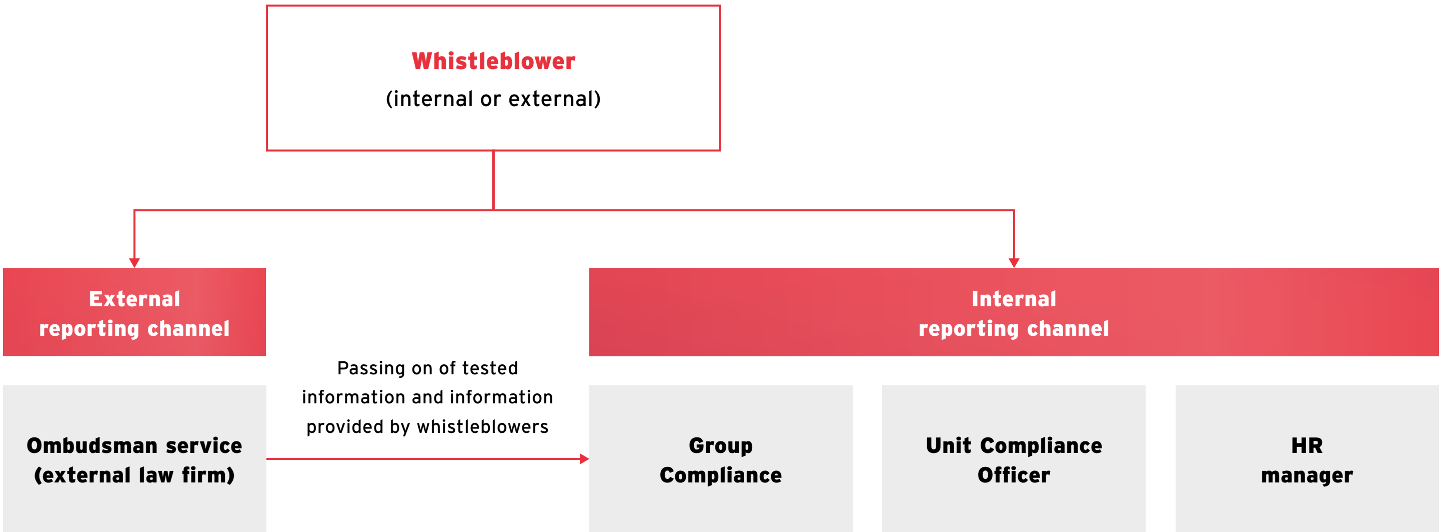
i For information on ProSiebenSat.1 Group's complaints mechanisms and whistleblower system, please refer to the Respect for human rights aspect.

RESPECT FOR HUMAN RIGHTS

We have identified respect for human rights as a material non-financial aspect for the Group as defined by the law. In light of our industry-specific value chain and the potential impact of our business activities, the priorities are the issues of anti-discrimination and combating sexual violence and the abuse of power.

i At the end of 2019, ProSiebenSat.1 Group applied to join the United Nations Global Compact and officially signed up in January 2020. The Group is therefore explicitly committed to its principles in the areas of human rights, labor standards, environment and climate, and preventing corruption.

PROSIEBENSAT.1 GROUP'S WHISTLEBLOWER SYSTEM



ProSiebenSat.1 Group 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. The Group promotes a corporate culture that forbids any type of sexual violence or abuse of power. For years, we have taken up a clear position against such behavior with our Code of Conduct. All employees are encouraged to report discrimination or violations of other principles set out in the Code of Conduct to the Company's Compliance Officers, for example. In addition, we provide the workforce all over Germany with mandatory training on the General Act on Equal Treatment (AGG). Via the private media association VAUNET, we 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 2019, a total of four cases (previous year: seven) were recorded in connection with sexual harassment and work climate. All procedures were concluded in the reporting period.

Moreover, based on a company agreement concluded in 2018, employees and third parties have the opportunity to report legal violations anonymously via an external Ombuds Office as part of the pre-existing reporting system with exclusively internal channels. The Ombuds Office 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.

ANTI-CORRUPTION AND ANTITRUST LAW

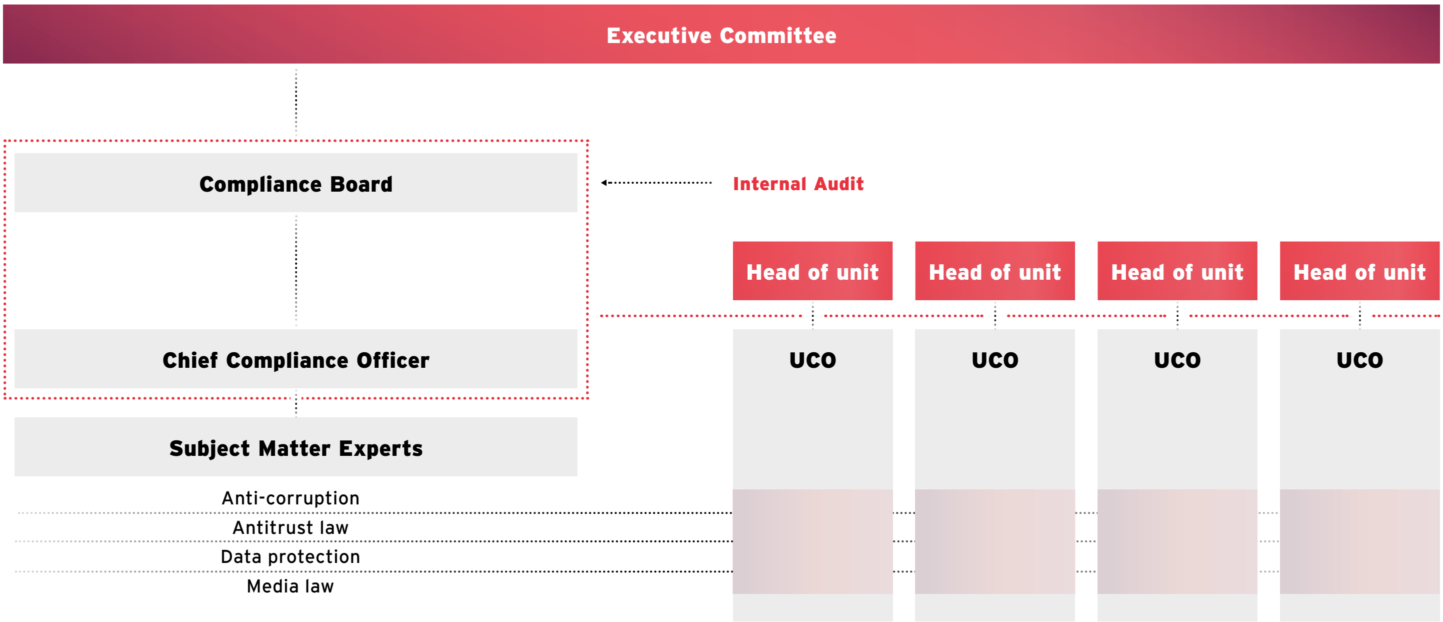
ProSiebenSat.1 Group believes that sustained economic success in a competitive environment can only be achieved by ensuring that all action taken is in compliance with the applicable laws. Therefore, preventing corruption and violations of antitrust law is highly relevant to business and represents an important success factor for achieving our corporate goals. In addition to the prevention of corruption, the Group's compliance management system organizationally encompasses the avoidance of antitrust violations as well as adherence to the data protection processes and media law requirements of the German Interstate Broadcasting Treaty (Rundfunkstaatsvertrag). The main objective is to ensure that all employees always think and act with integrity and in accordance with the law and thus to prevent law-and rule-breaking from the start.

Overall responsibility for the CMS lies with the Executive Committee of ProSiebenSat.1 Media SE as the parent company of ProSiebenSat.1 Group. The Executive Committee is supported in the implementation, monitoring, and updating of the CMS by the Compliance Board and the Group Chief Compliance Officer (CCO). The CCO is responsible for the implementation of the CMS in the Group, carries out risk analyses and trainings, and advises the Executive Committee on the development and implementation of appropriate measures to minimize risk. In addition, Unit Compliance Officers (UCOs) have been appointed who are responsible for the CMS at Group entities and have direct contact with the respective subject experts. The CMS is audited by Internal Audit; additionally an external audit was conducted in 2017. Moreover, the Executive Committee informs the Supervisory Board about compliance issues in quarterly Supervisory Board meetings.

In addition, the Group has laid down basic guidelines and policies in its Code of Conduct. The stipulations therein define the general standards for conduct in business, legal and ethical matters. They serve all members of the Executive Committee, the management, and the employees of the Group as a binding reference and regulatory framework for dealing with each other and with external stakeholders. Another central compliance instrument for ProSiebenSat.1 Group is the whistleblower system, which comprises internal and external reporting channels.

i Information on the whistleblower system at ProSiebenSat.1 Group can be found under the Respect for Human Rights aspect.

CENTRAL COMPLIANCE ORGANIZATION



In addition, ProSiebenSat.1 Group has implemented training in the fields of antitrust law, anti-corruption, data protection and media law, which includes both online and classroom training. The online training, which is offered in English and German 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, Corporate Information Security, the Data Protection Officer and the Youth Protection Officers for their individual areas. In addition, ProSiebenSat.1 Group offers all-day 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.

In 2019, as in the previous year, no investigations became known against the Group, its subsidiaries or employees of ProSiebenSat.1 Group with regard to corruption offenses or antitrust violations.

COMPENSATION REPORT[1]

The Compensation Report describes the main features of the compensation system for the Executive Committee[2] and Supervisory Board of ProSiebenSat.1 Media SE for financial year 2019. It explains the structure and level of compensation of the individual members of the Executive Committee and Supervisory Board. The Executive Committee 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 Committee employment contracts that have since been concluded already use the new compensation system; all Executive Committee employment contracts that existed at the time were converted to the new Executive Committee 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. It also takes into account the recommendations of the German Corporate Governance Code (GCGC) in the version of February 7, 2017 (see the December 2019 ➡ Declaration of Compliance).

COMPENSATION PAID TO THE EXECUTIVE COMMITTEE

Responsibility and procedure for determining Executive Committee compensation

In addition to their functions as directors and officers of the Company, the members of the Executive Committee 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 Committee. The employment contracts of Executive Committee 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 Committee'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 relationship between the personal performance and areas of work and responsibility of the individual members of the Executive Committee 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 Committee compensation to the compensation of senior management and the workforce as a whole and looks at the amount and structure of Executive Committee 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 subindex 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 Committee compensation. To date, the Supervisory Board has also had the Executive Committee compensation reviewed at regular intervals by independent external consultants with regard to common market practice. The last 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 increasingly entered into dialog with relevant capital market participants last year. The aim of the compensation system for the Executive Committee is to create an incentive for successful and sustainable company performance. The system is therefore geared toward a 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 Media SE share. The compensation system is intended to motivate the members of the Executive Committee to achieve the targets enshrined in ProSiebenSat.1 Media SE's business strategy and to avoid disproportionate risks.

DETERMINING EXECUTIVE COMMITTEE COMPENSATION

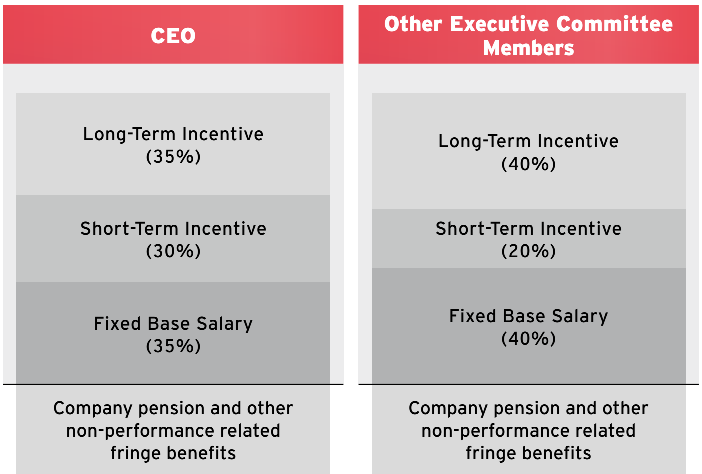
Compensation Committee	Supervisory Board	Annual General Meeting
Prepares resolutions on the compensation system and the amount of compensation and presents these to the Supervisory Board. →	Adopts resolution on the compensation system and the amount of compensation. The resolved compensation system is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

[1] This section is part of the audited Group Management Report.
[2] The Executive Board was renamed Executive Committee on April 1, 2019. For ease of reading, former Executive Board members are referred to as Executive Committee Members in this section.

Structure and components of Executive Committee compensation

The Executive Committee compensation system comprises three components: a fixed base salary, an annual and a multi-year variable compensation component. The weighting of the individual compensation components is 35:30:35 (fixed base salary to annual variable compensation to multi-year variable compensation) for the Chairman of the Executive Committee and 40:20:40 for the other Executive Committee members. The weighting for Jan David Frouman, who left the Executive Committee from the end of February 28, 2019, was slightly different at 41:20:39 because he had received a higher fixed base salary to compensate trips home; this higher percentage of fixed compensation was already part of his Executive Committee compensation before financial year 2018.

STRUCTURE OF THE COMPENSATION SYSTEM



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

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

OVERVIEW EXECUTIVE COMMITTEE COMPENSATION SYSTEM

BASE SALARY

	Fixed base salary
Scope	Oriented toward the respective area of competence and responsibility of the Executive Committee member.
Payment date	In monthly installments.

VARIABLE 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 Media SE'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 Media SE's shares over the 30 trading days preceding the end of the term of the respective tranche, plus cumulative dividend payments on each 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 as Executive Committee 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 Media SE shares.
	Shares must be held at least until the end of an Executive Committee member's appointment.
	Volume: _ Chairman of the Executive Committee: 200% of fixed gross base salary _ Other members of the Executive Committee: 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 FCF (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 Committee 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. 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.

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.

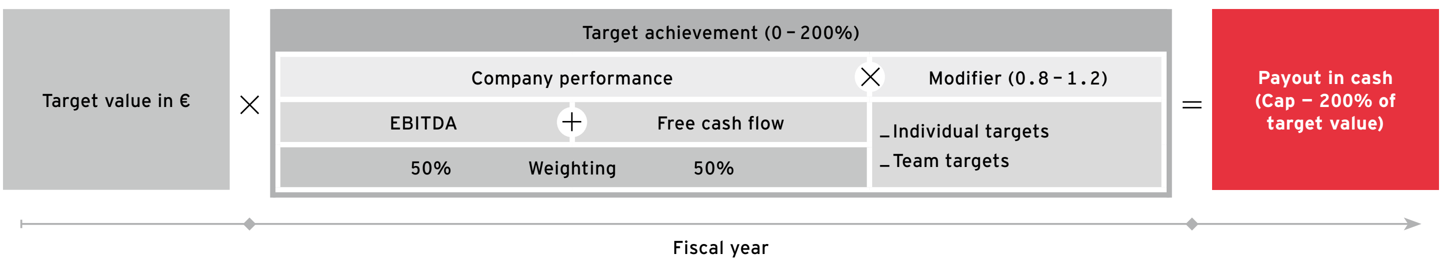
The EBITDA target value is set annually by the Supervisory Board in EUR and is derived from budget planning for ProSiebenSat.1 Group.

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.

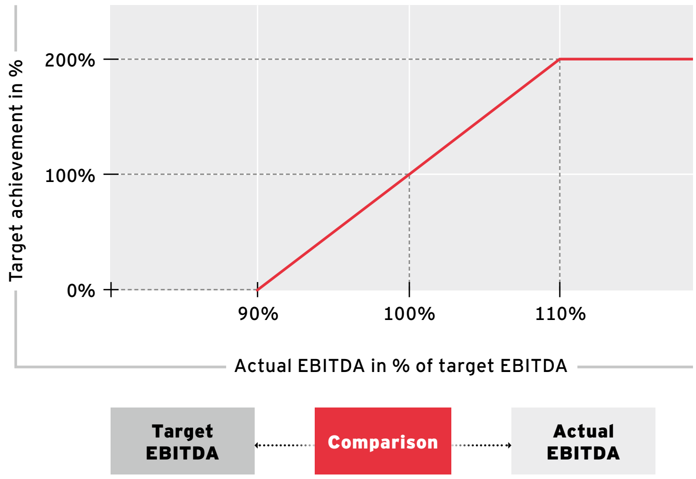
If the actual EBITDA corresponds to the target value, the target achievement is equal to 100%. The target achievement is equal to 0% if there is a negative deviation from the target EBITDA of 10% or more. To reach the maximum target achievement of 200%, the actual EBITDA must exceed target EBITDA by 10% or more. Intermediate

HOW THE SHORT-TERM INCENTIVE WORKS



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.

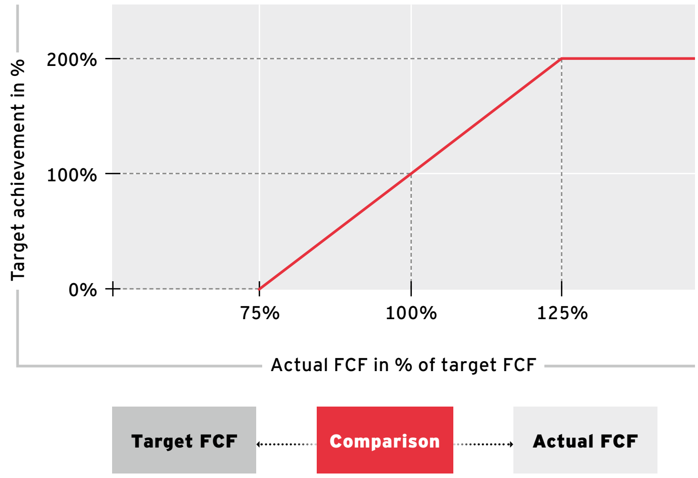
The FCF target value is set annually by the Supervisory Board in EUR and is derived from budget planning for ProSiebenSat.1 Group.

Where necessary, to determine the target achievement, the actual Group FCF reported by ProSiebenSat.1 Media SE will be adjusted for effects arising from significant changes in IFRS accounting standards and from M&A transactions. 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 Committee members, the Supervisory Board assessed both the achievement of individual targets and the Executive Committee 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 Committee, 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, instead of cash payment, to alternatively choose a settlement in own shares and to deliver a corresponding number of shares of the Company 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 Media SE 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 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 with the help of the relative TSR, since this ratio compares the return on ProSiebenSat.1 Media SE shares with the return on shares of a relevant group of peer companies and sets them into context. 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 employment contract for each member of the Executive Committee. With effect from the start of a financial year, a number of performance share units (PSUs) corresponding to the grant 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. 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 Media SE'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 Media SE share. It is limited to a maximum of 200% of the individual grant value per tranche (cap). In the case of a settlement in treasury shares, the amount paid out is converted into a corresponding number of treasury 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.

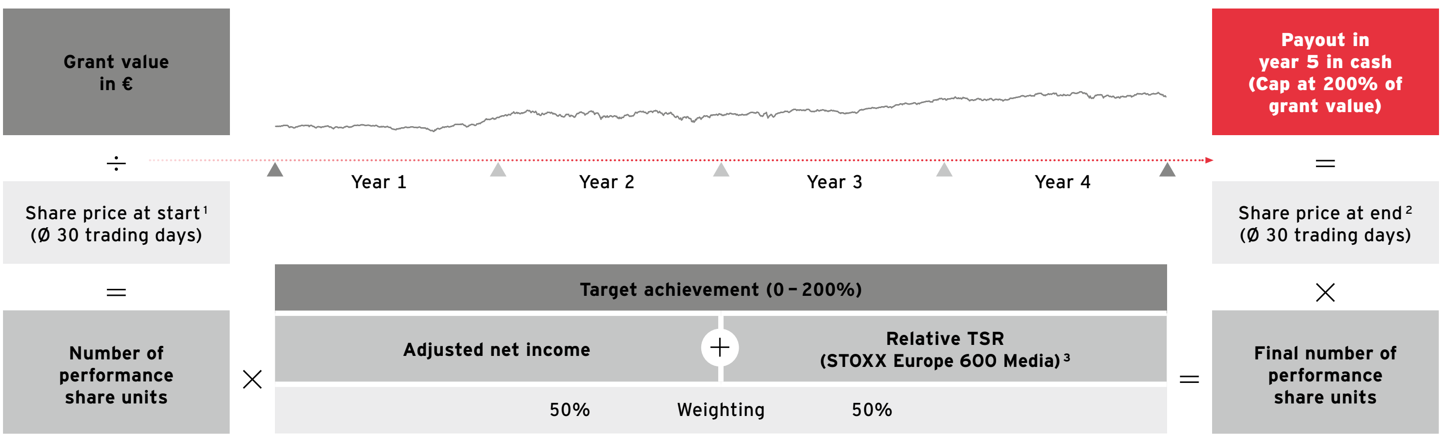
The average annual target achievement of the adjusted net income of the four-year performance period is used to determine the target achievement for the Group's adjusted net income at the end of the term of a tranche. The adjusted net income target value for each of the financial years within the performance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

Where necessary, to determine the target achievement, the actual Group adjusted net income reported by ProSiebenSat.1 Media SE will be adjusted for effects arising from significant changes in IFRS accounting standards and unplanned effects from M&A transactions conducted within the reporting period (alongside related financing effects).

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

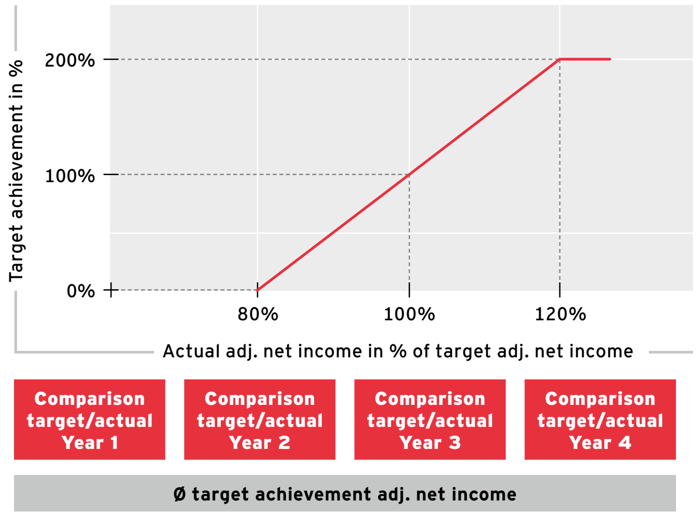
FUNCTION PERFORMANCE SHARE PLAN



[1] Volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE'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 Media SE'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 Media SE.
[3] Relative TSR of ProSiebenSat.1 Media SE's shares over the four-year performance period in comparison with STOXX Europe 600 Media companies.

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

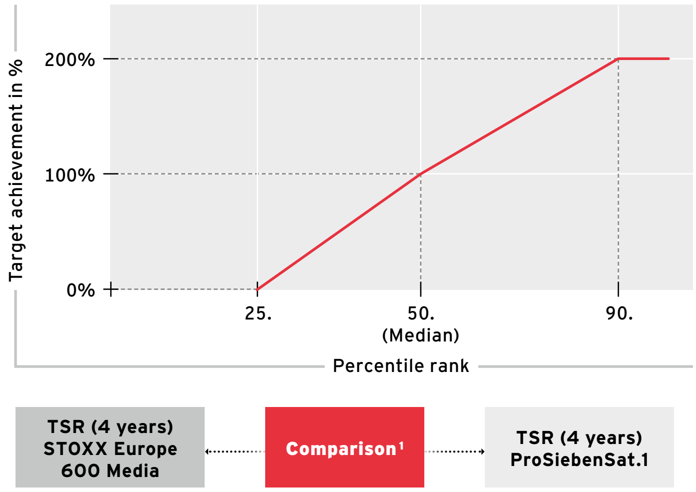


RELATIVE TOTAL SHAREHOLDER RETURN (TSR)

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 Media SE share relative to the stock return of these companies in the selected comparative index. 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.

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 in the case of 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-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 Committee and shareholders into even greater alignment, obligations to acquire and hold shares in the Company were introduced for the members of the Executive Committee. Each Executive Committee member is obliged to acquire shares in ProSiebenSat.1 Media SE with a value totaling 200% (chairman of the Executive Committee) or 100% (other Executive Committee members) 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 Committee. Until the required levels are reached, the Executive Committee 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 Media SE 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, 2019 is given below:

SHARE OWNERSHIP

Member of the Executive Committee	Number of shares	Investment at time of acquisition[3] in EUR	Investment obligation in EUR
Max Conze[1]	265,505	4,804,115.66	2,940,000.00
Conrad Albert	16,500	438,081.10	1,100,000.00
Rainer Beaujean[2]	131,102	1,501,567.44	980,000.00

[1] Thereof 28,222 in the form of derivatives
[2] Acquisition of 1,102 shares before appointment to the Executive Committee
[3] The Executive Committee member is obliged to invest in each fiscal year an amount corresponding to at least 25% of the annual gross payout from the performance bonus and the Performance Share Plan.

COMPANY PENSION

Pension agreements were signed for all members of the Executive Committee: 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 Committee 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 Committee member reaches the age of 62, or 60 in the case of Conrad Albert, and has been a member of the Executive Committee 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).

DEFERMENT OF VARIABLE COMPENSATION COMPONENTS/DAMAGE COMPENSATION

In the compensation system, all variable compensation components for Executive Committee members 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.

Moreover, the respective employment contracts clearly state that potential claims on the part of the Company against Executive Committee members from Section 93 (2) of the Stock Corporation Act are unaffected. According to this provision, Executive Committee 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 Committee members receive other non-performance-based fringe benefits (particularly, the provision of company cars, group accident insurance, insurance policy contributions and occasionally flights home and benefits for the maintenance of two households).

COMMITMENTS IN THE EVENT OF TERMINATION OF EXECUTIVE COMMITTEE EMPLOYMENT

Premature termination without good cause

If the employment contracts of Executive Committee 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 4.2.3 of the GCGC; 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 event of a change of control

The contracts of Executive Committee 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 Committee 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. In the event of a change of control, Executive Committee members have the right to terminate their employment contract with three months' notice at the end of the month and resign from the Executive Committee if the change of control significantly affects the position of these Executive Committee members. If this right of termination is exercised, the Executive Committee members shall receive a payment in cash that is to be added in full to any waiting allowances. Compensation in cash corresponds to three years' remuneration, but shall not exceed remuneration for the remainder of the employment contract discounted to the termination date. When determining this cash settlement, fixed remuneration for the last financial year that Executive Committee members are contractually entitled to, the performance bonus, multi-annual compensation components and pension contributions are to be regarded as annual compensation.

ONGOING COMPENSATION ELEMENTS FROM THE REPLACED COMPENSATION SYSTEM UP TO 2017

The compensation system for the Executive Committee members of ProSiebenSat.1 Media SE in place until the end of 2017 contained two multi-year variable compensation components, which have effects beyond the 2017 performance period.

GROUP SHARE PLAN

The Group Share Plan was granted to the Executive Committee members for the last time in financial year 2017. 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 Committee 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 2019, the Group Share Plans from 2016 (with the performance period 2016 – 2019) and from 2017 (with the performance period 2017 – 2020) are 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 Plans. The respective annual conversion factors are 105% for financial year 2016 (Group Share Plan 2016), 78% for financial year 2017 (Group Share Plans 2016 and 2017) and 56% for financial year 2018 (Group Share Plans 2016 and 2017). For financial year 2019, the annual conversion factor is 97% (Group Share Plans 2016 and 2017). 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 2016 thus comes to 84% now. The PSU conversion factor for the four-year performance period of the Group Share Plan 2017 cannot be calculated and reported until the end of financial year 2020. In the previous year, the PSU conversion factor of the Group Share Plan 2015 for the completed four-year performance period was 86%.

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

MID-TERM INCENTIVE PLAN

The Mid-Term Incentive Plan (MTI) had a three-year plan term from financial year 2016 to the end of financial year 2018 (MTI 2016 - 2018). It was a medium-term compensation instrument, payable in cash to members of the Executive Committee as well as selected other executives. The Mid-Term Incentive Plan had a three-year plan term starting in financial year 2016. Please refer to the 2017 Compensation Report for more details.

The MTI was the second multi-year compensation component and was canceled without replacement as part of the redesign of Executive Committee compensation from financial year 2018, so it was not reinstituted. For this reason, the MTI 2016 - 2018 was settled in cash. To this end, it was agreed that each Executive Committee member would receive a payment of 104% of the respective MTI 2016 - 2018 target bonus. The payment was made in May 2019 in accordance with the terms and conditions of the plan.

EXECUTIVE COMMITTEE COMPENSATION FOR FINANCIAL YEAR 2019

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.

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 Committee 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 2019 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 2019 (before adjustment)	Actual value in FY 2019 (adjusted)	Target achievement
EBITDA at Group level	50%	864.0	838.1	834.8	66.2%
Free cash flow (FCF) at Group level	50%	178.2	339.4	338.8	200.0%
Weighted target achievement	**100%**				**133.1%**

To calculate target achievement for financial year 2019 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 2019, the Supervisory Board set the achievement of the Group revenue target as a collective target for Executive Committee members. The establishment of a clear management structure was also agreed as a target, focusing in particular on strengthening the Entertainment business, ensuring an efficient holding structure and creating positive cultural change within the organization. Another collective target concerns implementation of the Group-wide sustainability strategy. The Executive Committee members' individual targets for the modifier included the successful introduction of the Joyn streaming platform and the development and evaluation of strategic options for changing market and competitive environments.

Based on the overall assessment of the individual and collective performance of the Executive Committee members, the Supervisory Board assessed the modifier for adjusting the performance bonus as follows: Max Conze 1.07, Conrad Albert 1.07 and Rainer Beaujean 1.07.

Taking the target achievement for EBITDA and FCF and the respective modifiers into account results in the following overall target achievement for the performance bonus in financial year 2019: Max Conze 142.4%, Conrad Albert 142.4% and Rainer Beaujean 142.4%. The Executive Committee members decided to forego 32.4 percentage points of their target achievement and reduce the overall target achievement from 142.4% to 110.0%. This means that Max Conze is foregoing EUR 0.4 million, Conrad Albert is foregoing EUR 0.2 million and Rainer Beaujean is foregoing EUR 0.1 million (because Rainer Beaujean was appointed to the Executive Committee on July 1, 2019, in financial year 2019 he is entitled only to a pro rata temporis reduced performance bonus for six months). The total amount of EUR 0.7 million that is released as a result is being used to adjust financial target achievement in the variable compensation of employees and managers of ProSiebenSat.1 Group.

Jan David Frouman, who left the Executive Committee from the end of February 28, 2019, receives a non-performance-based pro rata amount worth 2/12 of the target bonus as a performance bonus for financial year 2019. 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. To satisfy the entitlement to the performance bonus for financial year 2019, the Executive Committee members Dr. Jan Kemper and Sabine Eckhardt, who departed as of March 31, 2019, and April 30, 2019, respectively, received in full the payment that is fixed in their individual termination agreements, with the partial amount of the severance payment that accounted for the performance bonus for financial year 2019 calculated, in each case, on assumed target achievement of 100% and a modifier of 1 (for further information please refer to → "Notes on the compensation of departed Executive Committee members").

PERFORMANCE SHARE PLAN

The Performance Share Plan was granted to the Executive Committee 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 2019, the Performance Share Plans from 2018 (with the performance period 2018 to 2021) and from 2019 (with the performance period 2019 to 2022) are outstanding. The respective target achievement is 88% for financial year 2018 (Performance Share Plan 2018) and 68% for financial year 2019 (Performance Share Plans 2018 and 2019). 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 and 2019 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 COMMITTEE MEMBERS FOR FINANCIAL YEAR 2019 UNDER GAS 17

The following total compensation for Executive Committee members in office in financial year 2019 was determined under GAS 17:

COMPENSATION OF EXECUTIVE COMMITTEE MEMBERS FOR THE FINANCIAL YEAR 2019 IN ACCORDANCE WITH GAS 17 in EUR thousand

	Max Conze[5] Chairman of the Executive Committee (CEO) since June 1, 2018		**Conrad Albert** Deputy Chairman of the Executive Committee, Group General Counsel since October 1, 2011		**Rainer Beaujean** Chief Financial Officer (CFO) since July 1, 2019		**Dr. Jan Kemper**[6] CFO and Executive Board Member Commerce until March 31, 2019		**Sabine Eckhardt**[7] Executive Committee Member Sales & Marketing until April 30, 2019	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Fixed compensation	1,470.0	857.5	1,100.0	1,100.0	490.0	–	245.0	980.0	270.0	810.0
Fringe benefits[1]	39.3	47.6	10.3	9.7	16.2	–	9.5	53.0	2.7	8.2
Total fixed compensation	**1,509.3**	**905.1**	**1,110.3**	**1,109.7**	**506.2**	**–**	**254.5**	**1,033.0**	**272.7**	**818.2**
Annual variable compensation	1,386.0	735.0	605.0	422.4	269.5	–	–	423.0	–	321.0
Multi-year variable compensation										
Mid-Term incentive Plan (2016-2018)[2]	–	–	–	1,040.0	–	–	–	692.6	–	693.3
Performance Share Plan (2018-2021)	–	857.5	–	1,100.0	–	–	–	980.0	–	810.0
Performance Share Plan (2019-2022)	1,470.0	-	1,100.0	-	490.0	–	–	-	–	-
Other[3]	–	3,000.0	–	73.0	–	–	–	–	–	–
Total variable compensation	**2,856.0**	**4,592.5**	**1,705.0**	**2,635.4**	**759.5**	**–**	**0.0**	**2,095.6**	**0.0**	**1,824.3**
Total compensation	**4,365.3**	**5,497.6**	**2,815.3**	**3,745.1**	**1,265.7**	**–**	**254.5**	**3,128.6**	**272.7**	**2,642.5**
Increase of pension obligation (DBO)	312.2	142.9	555.0	777.4	95.6	–	–	172.6	–	175.2
thereof entitlements from deferred compensation	–	–	221.2	358.2	–	–	–	–	–	–
Amount of pension obligation (DBO)[4]	455.1	142.9	2,942.2	2,387.2	95.6	–	–	231.7	–	260.2
thereof entitlements from deferred compensation	–	–	1,393.9	1,172.6	–	–	–	–	–	–

	Jan David Frouman[8] Executive Board Member until February 28, 2019		Thomas Ebeling[9] Group CEO until February 22, 2018		Christof Wahl[10] COO Entertainment until July 31, 2018		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Fixed compensation	142.5	855.0	–	166.7	–	297.5	3,717.5	5,066.7
Fringe benefits[1]	2.1	9.7	–	11.0	–	5.5	80.1	144.7
Total fixed compensation	**144.6**	**864.7**	**–**	**177.7**	**–**	**303.0**	**3,797.6**	**5,211.4**
Annual variable compensation	66.7	215.6	–	–	–	–	2,327.2	2,117.0
Multi-year variable compensation								
Mid-Term Incentive Plan (2016-2018)[2]	–	1,040.0	–	1,500.0	–	1,000.0	–	5,966.0
Performance Share Plan (2018-2021)	–	810.0	–	–	–	–	–	4,557.5
Performance Share Plan (2019-2022)	810.0	–	–	–	–	–	3,870.0	–
Other[3]	–	–	–	–	–	–	–	3,073.0
Total variable compensation	**876.7**	**2,065.6**	**–**	**1,500.0**	**–**	**1,000.0**	**6,197.2**	**15,713.5**
Total compensation	**1,021.3**	**2,930.3**	**–**	**1,677.7**	**–**	**1,303.0**	**9,994.8**	**20,924.8**
Increase of pension obligation (DBO)	113.8	211.4	–	1,404.1	–	141.7	1,076.5	3,025.3
thereof entitlements from deferred compensation	41.5	-2.9	–	1,024.1	–	–	262.7	1,379.4
Amount of pension obligation (DBO)[4]	735.9	622.1	–	11,279.3	–	293.4	4,228.8	15,216.9
thereof entitlements from deferred compensation	276.8	235.3	–	9,009.0	–	–	1,670.6	10,416.9

[1] Includes lease payments for use of company car and insurance premiums (excluding D&O). Thomas Ebeling's fringe benefits include additional benefits for chauffeur services and flights home. Max Conze's and Rainer Beaujean's fringe benefits include additional benefits for the maintenance of two households and relocation costs. In Dr. Jan Kemper's case, they include additional benefits for the maintenance of two households.
[2] The Mid-Term Incentive Plan was settled at 104% of the target bonus; the payment was made in May 2019 in accordance with the terms and conditions of the plan.
[3] Max Conze received a one-time sign-on bonus of EUR 3 million in financial year 2018 and was obliged to use the net amount of the sign-on bonus, less the statutory deductions, to acquire shares in the Company worth EUR 1.5 million. Conrad Albert received one-time compensation for his special services in connection with the CEO transition phase in financial year 2018.
[4] Defined benefit obligation (DBO) as of December 31 of the period under review.
[5] Max Conze received a pro rata, non-performance-based amount of EUR 735,000 as annual variable compensation for financial year 2018.
[6] Dr. Jan Kemper left the Executive Committee effective March 31, 2019; his employment contract also ended effective March 31, 2019. To satisfy his entitlement to the performance bonus for financial year 2018, Dr. Jan Kemper received a payment of EUR 423,000. 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 Committee as of April 30, 2019. The termination of her employment contract also took effect on April 30, 2019. To satisfy her entitlement to the performance bonus for financial year 2018, Sabine Eckhardt received a payment of EUR 321,000. 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 Committee 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.
[9] Thomas Ebeling left the Executive Committee effective February 22, 2018; his employment contract ended effective February 22, 2018. The fixed and annual variable compensation shown relate to January to February 2018; in accordance with the termination agreement, the pension obligations relate to the period up to and including June 2019. Thomas Ebeling's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment. The Mid-Term Incentive Plan was settled prematurely for the plan years 2016 to 2018 via a payment equal to the target value, i.e. EUR 1.5 million.
[10] Christof Wahl left the Executive Committee effective July 31, 2018; his employment contract ended effective July 31, 2018. The fixed and annual variable compensation shown relate to January to July 2018; in accordance with the termination agreement, the pension obligations relate to the period up to and including April 2019. Christof Wahl's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment. The Mid-Term Incentive Plan was settled prematurely for the plan years 2016 to 2018 via a payment equal to the target value, i.e. EUR 1.0 million.

NOTES ON THE COMPENSATION OF DEPARTED EXECUTIVE COMMITTEE MEMBERS

Jan David Frouman left the Executive Committee as of February 28, 2019. His employment contract, which had a term until February 28, 2019, also ended effective February 28, 2019, and was not extended. Jan David Frouman did not receive a severance payment. The performance bonus for 2018 was calculated and paid out based on the actual targets achieved in accordance with the provisions contained in his employment contract. Jan David Frouman received a non-performance-based pro rata amount worth 2/12 of the target bonus for the performance bonus (EUR 66,667) as a performance bonus for 2019. 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. The PSUs issued to Jan David Frouman under the Group Share Plan (GSP) in 2016 and 2017 and the PSUs issued from the Performance Share Plan (PSP) in 2018 were vested at 75% (GSP 2016), 50% (GSP 2017) and 100% (PSP 2018) when he left the Company and will be settled as planned after the end of the respective four-year performance period. All PSUs that were not vested upon departure expired without compensation. In accordance with his employment contract, Jan David Frouman received a grant from the Performance Share Plan in financial year 2019, which was vested at 2/12 upon his departure. All PSUs that were not vested upon departure expired without compensation. The Mid-Term Incentive Plan was settled at 104% of the MTI target bonus, i.e. EUR 1.04 million. In addition, the Company waived the post-contractual non-competition clause, so Jan David Frouman was owed a waiting allowance totaling EUR 0.3 million for the months of March and April 2019.

Dr. Jan Kemper left the Executive Committee as of March 31, 2019. The termination of his employment contract, with a remaining term until May 31, 2020, also took effect on March 31, 2019. According to the termination agreement, in addition to the regular fixed compensation up to and including March 2019, Dr. Jan Kemper received further payments totaling EUR 3.5 million, which were made up as follows: The regular fixed compensation for the remaining term of the employment contract (April 2019 to May 2020) of EUR 1.1 million was granted as part of the severance payment. To satisfy his entitlement to the performance bonus for financial year 2018 Dr. Jan Kemper received a payment of EUR 0.4 million. For the full year 2019 and pro rata temporis for the period up to and including May 2020, the performance bonus was paid on the basis of assumed target achievement of 100% and a modifier of 1 as severance totaling EUR 0.7 million. In addition, Dr. Jan Kemper still received pension contributions of EUR 228,667 for April 2019 to May 2020, whereby for the purposes of the provisions of the pension agreement with regard to vesting Dr. Jan Kemper was treated as if the employment relationship had not ended until the regular end of the contract on May 31, 2020. In respect to the multi-year compensation components of Dr. Jan Kemper, the following was agreed: Concerning the Group Share Plan, the termination agreement stipulates that Dr. Jan Kemper 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 have vested not before May 31, 2020. Accordingly, the PSUs allocated under GSP 2017 were 75% vested on his departure; a provision of EUR 97,295 was recognized for this on his departure. The provision amounts will change in the further course of the four-year performance period until payout. All PSUs that were not vested upon departure expired without compensation. In accordance with the employment contract, Dr. Jan Kemper was owed an annual allocation of PSUs worth EUR 1.0 million, each with a four-year performance period, under the Performance Share Plan. The PSUs issued in 2018 were 100% vested and will be settled after the end of the four-year performance period. Instead of the outstanding allocation for 2019 – and pro rata temporis until the end of May 31, 2020 – the allocated amount was paid for 2020. 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 2020. Accordingly, a settlement was only paid if the corresponding PSUs were to become vested by then. This gave a settlement amount totaling EUR 1.4 million for allocation entitlements of the years 2019 and 2020. The severance entitlement agreed in the employment contract of Dr. Jan Kemper in the Mid-Term Incentive Plan with a plan term from 2016 to 2018 at 104% of the MTI target bonus, i.e. EUR 0.7 million, was not impacted by the termination agreement. It was also agreed that the post-contractual non-competition clause applies for one year for the period from the termination date at the end of March 31, 2019, and that the waiting allowance is settled by the severance payment.

Sabine Eckhardt left the Executive Committee as of April 30, 2019. The termination of her employment contract, with a remaining term until December 31, 2019, also took effect on April 30, 2019. According to the termination agreement, in addition to the regular fixed compensation up to and including April 2019, Sabine Eckhardt received further payments totaling EUR 2.0 million, which were made up as follows: The regular fixed compensation was granted up to and including April 2019 and for the remaining term of the employment contract (May 2019 to December 2019) a total of EUR 0.5 million was granted as part of the severance payment. To satisfy her entitlement to the performance bonus for financial year 2018, Sabine Eckhardt received a payment of EUR 0.3 million. For the full year 2019, the performance bonus was paid on the basis of assumed target achievement of 100% and a modifier of 1 as severance totaling EUR 0.4 million. In addition, Sabine Eckhardt still received pension contributions of EUR 108,000 for May 2019 to December 2019, whereby for the purposes of the provisions of the pension agreement with regard to vesting Sabine Eckhardt was treated as if the employment relationship had not ended until the regular end of the contract on December 31, 2019. In respect to the multi-year compensation components of Sabine Eckhardt, the following was agreed: Concerning the Group Share Plan, the termination agreement stipulated that Sabine Eckhardt 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 have vested not before December 31, 2019. Accordingly, the PSUs allocated under GSP 2015 and 2016, which she had from work performed before she joined the Executive Committee were 100% vested on her departure; a provision of EUR 9,464 was recognized for this on her departure. The PSUs allocated under GSP 2017, which she had received in her function as member of the Executive Committee, were 75% vested for this on her departure; a provision of EUR 97,295 was recognized for this on her departure. The provision amounts will change in the further course of the four-year performance period until payout. All PSUs that were not vested upon departure expired without compensation. In accordance with this employment contract, Sabine Eckhardt was owed an annual allocation of PSUs worth EUR 0.8 million, each with a four-year performance period, under the Performance Share Plan. The PSUs issued in 2018 were 100% vested and will be settled after the end of the four-year performance period. Instead of the outstanding allocation for 2019, 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 December 2019. Accordingly, a settlement was only paid if the corresponding PSUs were to become vested by then. This gave a settlement amount totaling EUR 0.8 million for allocation entitlements for 2019. The severance entitlement agreed in the employment contract of Sabine Eckhardt in the Mid-Term Incentive Plan with a plan term from 2016 to 2018 at 104% of the MTI target bonus, i.e. EUR 0.7 million, was not impacted by the termination agreement. It was also agreed that the post-contractual non-competition clause applies not for one year but for the period from the termination date at the end of April 30, 2019, to the end of December 31, 2019, 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 Committee for their work as members of the Executive Committee developed as follows in financial year 2019:

ADDITIONAL DISCLOSURES ON SHARE-BASED PAYMENTS INSTRUMENTS

		Group Share Plan/Performance Share Plan[3]						
		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 exercised in the financial year	Outstanding performance share units at the end of the financial year	Total cost for share-based payment[4]
		Number	Number	Fair value of the grant in EUR	Number	Number	Number	in EUR
Max Conze	**2019**	**34,438**	**86,931**	**1,470,000**	**0**	**0**	**121,369**	**283,551**
	2018	0	34,438	857,500	0	0	34,438	45,623
Conrad Albert	**2019**	**114,158**	**65,051**	**1,100,000**	**0**	**16,404**	**162,805**	**164,000**
	2018	95,639	44,177	1,100,000	0	25,658	114,158	-86,591
Rainer Beaujean	**2019**	**0**	**28,977**	**490,000**	**0**	**0**	**28,977**	**41,256**
	2018	–	–	–	–	–	–	–
Dr. Jan Kemper[1]	**2019**	**69,377**	**0**	**0**	**7,504**	**0**	**61,873**	**138,536**
	2018	30,019	39,358	980,000	0	0	69,377	63,343
Sabine Eckhardt[1]	**2019**	**62,550**	**0**	**0**	**7,504**	**0**	**55,046**	**101,917**
	2018	30,019	32,531	810,000	0	0	62,550	49,454
Jan David Frouman[1]	**2019**	**86,108**	**47,901**	**810,000**	**60,814**	**0**	**73,195**	**-33,159**
	2018	53,577	32,531	810,000	0	0	86,108	119,065
Thomas Ebeling[2]	**2019**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	82,024	0	0	49,952	32,072	0	86,717
Christof Wahl[2]	**2019**	–	–	–	–	–	–	–
	2018	77,577	0	0	26,897	0	50,680	-252,937
Total	**2019**	**366,631**	**228,860**	**3,870,000**	**75,822**	**16,404**	**503,265**	**696,101**
	2018	368,855	183,035	4,557,500	76,849	57,730	417,311	24,673

1 Dr. Jan Kemper left the Executive Committee as of March 31, 2019, Sabine Eckhardt as of April 30, 2019, and Jan David Frouman as of February 28, 2019. For information on the effects on the Group Share Plan and Performance Share Plan, please refer to "Notes on the compensation of departed Executive Committee members". Executive Committee member Sabine Eckhardt also has PSUs from work performed before she joined the Executive Committee. These were not granted as remuneration for her role on the Executive Committee and are thus not included in the overview.
2 Thomas Ebeling left the Executive Committee as of February 22, 2018, and Christof Wahl as of July 31, 2018.
3 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.
4 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. No adjustments were made due to anti-dilution protection or an individual increase by the Supervisory Board. The total cost in financial year 2018 includes an adjustment of the conversion factor for the performance share units granted (86%) for the Group Share Plan 2015 and was measured as of December 31, 2018. The total cost for Jan David Frouman is negative due to declines in the share price in financial year 2019; the total cost for Conrad Albert and Christof Wahl is negative due to declines in the share price in financial year 2018.

In financial year 2019, 16,404 performance share units from the Group Share Plan were exercised and 75,822 performance share units from the Group Share Plan and Performance Share Plan expired. For more information on the performance share units granted for financial year 2019 from the Performance Share Plan, please refer to → Notes, note 35 "Share-based payment".

OTHER COMPENSATION COMPONENTS

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

COMPENSATION OF EXECUTIVE COMMITTEE MEMBERS FOR FINANCIAL YEAR 2019 IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE (GCGC)

The GCGC in the version of February 7, 2017, recommends the individual disclosure of specific compensation components for each Executive Committee member according to certain criteria. It further recommends the use of the template tables included in the GCGC for their presentation – in some cases deviating from GAS 17.

BENEFITS GRANTED IN ACCORDANCE WITH THE GCGC

The table below shows the benefits that have been granted for financial year 2019, including fringe benefits and the minimum and maximum compensation achievable in financial year 2019 that were granted to active members of the Executive Committee for their work as Executive Committee members. In deviation from the presentation of total compensation according to GAS 17, to comply with the GCGC the annual variable compensation must be disclosed as the target value, i.e. the value granted to the Executive Committee member in the event of 100% target achievement. 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 receipt table according to the GCGC. 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.

BENEFITS GRANTED in EUR thousand

	Max Conze Chairman of the Executive Committee (CEO) since June 1, 2018			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	1,470.0	1,470.0	1,470.0	857.5
Fringe benefits[1]	39.3	39.3	39.3	47.6
Total fixed compensation	**1,509.3**	**1,509.3**	**1,509.3**	**905.1**
Annual variable compensation[2]	1,260.0	0.0	2,520.0	735.0
Multi-year variable compensation				
Performance Share Plan (2018-2021)	–	–	–	857.5
Performance Share Plan (2019-2022)	1,470.0	0.0	2,940.0	–
Other[3]	–	–	–	3,000.0
Total variable compensation	**2,730.0**	**0.0**	**5,460.0**	**4,592.5**
Pension cost[4]	250.5	250.5	250.5	142.9
Total compensation (GCGC)	**4,489.8**	**1,759.8**	**7,219.8**	**5,640.5**

1 Includes lease payments for use of company car and insurance premiums (excluding D&O). Max Conze's fringe benefits include additional benefits for the maintenance of two households and relocation costs.
2 Max Conze received a pro rata, non-performance-based amount of EUR 735,000 as annual variable compensation for financial year 2018.
3 Max Conze received a one-time sign-on bonus of EUR 3 million in financial year 2018 and was obliged to use the net amount of the sign-on bonus, less the statutory deductions, to acquire shares in the Company worth EUR 1.5 million.
4 Pension cost comprises service costs in accordance with IAS 19. In the case of Max Conze, this comprises past service costs for 2018 as a result of pension commitments granted during the year.

BENEFITS GRANTED in EUR thousand

	Conrad Albert Deputy Chairman of the Executive Committee, Group General Counsel since October 1, 2011			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	1,100.0	1,100.0	1,100.0	1,100.0
Fringe benefits[1]	10.3	10.3	10.3	9.7
Total fixed compensation	**1,110.3**	**1,110.3**	**1,110.3**	**1,109.7**
Annual variable compensation	550.0	0.0	1,100.0	550.0
Multi-year variable compensation				
Mid Term Incentive Plan (2016-2018)[2]	–	–	–	373.4
Performance Share Plan (2018-2021)	–	–	–	1,100.0
Performance Share Plan (2019-2022)	1,100.0	0.0	2,200.0	–
Other[3]	–	–	–	73.0
Total variable compensation	**1,650.0**	**0.0**	**3,300.0**	**2,096.4**
Pension cost[4]	171.2	171.2	171.2	129.7
Total compensation (GCGC)	**2,931.5**	**1,281.5**	**4,581.5**	**3,335.8**

1 Includes lease payments for use of company car and insurance premiums (excluding D&O).
2 The Mid-Term Incentive Plan was settled at 104% of the target bonus, i.e. EUR 1.04 million; the payment was made in May 2019 in accordance with the terms and conditions of the plan.
3 Conrad Albert received one-time compensation for his special services in connection with the CEO transition phase in financial year 2018.
4 Pension cost comprises service costs in accordance with IAS 19.

BENEFITS GRANTED in EUR thousand

	Rainer Beaujean Chief Financial Officer (CFO) since July 1, 2019			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	490.0	490.0	490.0	–
Fringe benefits[1]	16.2	16.2	16.2	–
Total fixed compensation	**506.2**	**506.2**	**506.2**	**–**
Annual variable compensation	245.0	0.0	490.0	–
Multi-year variable compensation				
Performance Share Plan (2019-2022)	490.0	0.0	980.0	–
Total variable compensation	**735.0**	**0.0**	**1,470.0**	**–**
Pension cost[2]	95.6	95.6	95.6	–
Total compensation (GCGC)	**1,336.8**	**601.8**	**2,071.8**	**–**

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

BENEFITS GRANTED in EUR thousand

	Dr. Jan Kemper[1] CFO and Executive Board Member Commerce until March 31, 2019			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	245.0	245.0	245.0	980.0
Fringe benefits[2]	9.5	9.5	9.5	53.0
Total fixed compensation	**254.5**	**254.5**	**254.5**	**1,033.0**
Annual variable compensation	–	–	–	423.0
Multi-year variable compensation				
Mid-Term incentive Plan (2016-2018)[3]	–	–	–	359.6
Performance Share Plan (2018-2021)	–	–	–	980.0
Performance Share Plan (2019-2022)	–	–	–	–
Total variable compensation	**0.0**	**0.0**	**0.0**	**1,762.6**
Pension cost[4]	149.6	149.6	149.6	103.4
Total compensation (GCGC)	**404.1**	**404.1**	**404.1**	**2,899.0**

[1] Dr. Jan Kemper left the Executive Committee effective March 31, 2019; his employment contract also ended effective March 31, 2019. To satisfy his entitlement to the performance bonus for financial year 2018, Dr. Jan Kemper received a payment of EUR 423,000. 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 the maintenance of two households. [3] The Mid-Term Incentive Plan was settled at 104% of the target bonus, i.e. EUR 0.7 million; the payment was made in May 2019 in accordance with the terms and conditions of the plan. [4] Pension cost comprises service costs in accordance with IAS 19.

BENEFITS GRANTED in EUR thousand

	Sabine Eckhardt[1] Executive Committee Member Sales & Marketing until April 30, 2019			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	270.0	270.0	270.0	810.0
Fringe benefits[2]	2.7	2.7	2.7	8.2
Total fixed compensation	**272.7**	**272.7**	**272.7**	**818.2**
Annual variable compensation	–	–	–	321.0
Multi-year variable compensation				
Mid-Term incentive Plan (2016-2018)[3]	–	–	–	360.0
Performance Share Plan (2018-2021)	–	–	–	810.0
Performance Share Plan (2019-2022)	–	–	–	–
Total variable compensation	**0.0**	**0.0**	**0.0**	**1,491.0**
Pension cost[4]	133.1	133.1	133.1	86.8
Total compensation (GCGC)	**405.8**	**405.8**	**405.8**	**2,396.0**

[1] Sabine Eckhardt left the Executive Committee as of April 30, 2019. The termination of her employment contract also took effect on April 30, 2019. To satisfy her entitlement to the performance bonus for financial year 2018, Sabine Eckhardt received a payment of EUR 321,000. 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] The Mid-Term Incentive Plan was settled at 104% of the target bonus, i.e. EUR 0.7 million; the payment was made in May 2019 in accordance with the terms and conditions of the plan. [4] Pension cost comprises service costs in accordance with IAS 19.

BENEFITS GRANTED in EUR thousand

	Jan David Frouman[1] Executive Board Member until February 28, 2019			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	142.5	142.5	142.5	855.0
Fringe benefits[2]	2.1	2.1	2.1	9.7
Total fixed compensation	**144.6**	**144.6**	**144.6**	**864.7**
Annual variable compensation	66.7	66.7	66.7	400.0
Multi-year variable compensation				
Mid-Term incentive Plan (2016-2018)[3]	–	–	–	373.4
Performance Share Plan (2018-2021)	–	–	–	810.0
Performance Share Plan (2019-2022)	810.0	0.0	1,620.0	–
Total variable compensation	**876.7**	**66.7**	**1,686.7**	**1,583.4**
Pension cost[4]	139.1	139.1	139.1	96.0
Total compensation (GCGC)	**1,160.4**	**350.4**	**1,970.4**	**2,544.1**

[1] Jan David Frouman left the Executive Committee 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] The Mid-Term Incentive Plan was settled at 104% of the target bonus, i.e. EUR 1.04 million; the payment was made in May 2019 in accordance with the terms and conditions of the plan. [4] Pension cost comprises service costs in accordance with IAS 19.

BENEFITS GRANTED in EUR thousand

	Thomas Ebeling[1] Group CEO until February 22, 2018			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	–	–	–	166.7
Fringe benefits[2]	–	–	–	11.0
Total fixed compensation	**–**	**–**	**–**	**177.7**
Annual variable compensation	–	–	–	–
Multi-year variable compensation				
Mid-Term incentive Plan (2016-2018)	–	–	–	500.0
Performance Share Plan (2018-2021)	–	–	–	–
Performance Share Plan (2019-2022)	–	–	–	–
Total variable compensation	**–**	**–**	**–**	**500.0**
Pension cost[3]	–	–	–	213.0
Total compensation (GCGC)	**–**	**–**	**–**	**890.7**

[1] Thomas Ebeling left the Executive Committee effective February 22, 2018; his employment contract ended effective February 22, 2018. The fixed and annual variable compensation shown relate to January to February 2018; the pension cost relates to financial year 2018 as a whole. Thomas Ebeling's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment. The Mid-Term Incentive Plan was settled prematurely for the plan years 2016 to 2018 via a payment equal to the target value, i.e. EUR 1.5 million. [2] Includes lease payments for use of company car and insurance premiums (excluding D&O). Thomas Ebeling's fringe benefits include additional benefits for chauffeur services and flights home. [3] Pension cost comprises service costs in accordance with IAS 19.

BENEFITS GRANTED in EUR thousand

	Christof Wahl[1] COO Entertainment until July 31, 2018			
	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	–	–	–	297.5
Fringe benefits[2]	–	–	–	5.5
Total fixed compensation	**–**	**–**	**–**	**303.0**
Annual variable compensation	–	–	–	–
Multi-year variable compensation				
Mid-Term incentive Plan (2016-2018)	–	–	–	333.3
Performance Share Plan (2018-2021)	–	–	–	–
Performance Share Plan (2019-2022)	–	–	–	–
Total variable compensation	**–**	**–**	**–**	**333.3**
Pension cost[3]	–	–	–	92.9
Total compensation (GCGC)	**–**	**–**	**–**	**729.2**

[1] Christof Wahl left the Executive Committee effective July 31, 2018; his employment contract ended effective July 31, 2018. The fixed and annual variable compensation shown relate to January to July 2018; the pension cost relates to financial year 2018 as a whole. Christof Wahl's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment. The Mid-Term Incentive Plan was settled prematurely for the plan years 2016 to 2018 via a payment equal to the target value, i.e. EUR 1.0 million.
[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 of Dr. Jan Kemper and Sabine Eckhardt as well as on the departure of Jan David Frouman, please refer to → "Notes on the compensation of departed Executive Committee members".

RECEIPT IN ACCORDANCE WITH THE GCGC

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

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

Following the recommendations of the GCGC, 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 Committee members covering one year following the termination of the employment contract. For information relating to agreements for departed Executive Committee members, please refer to → "Notes on the compensation of departed Executive Committee members".

If the post-contractual non-competition clause applies, Executive Committee 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 remuneration amount most recently received. In order to determine the waiting allowance, the sum of fixed remuneration, 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% for the performance bonus and the allocated amount of multi-year compensation components or, if no annual

RECEIPT in EUR thousand

	Max Conze[8] Chairman of the Executive Committee (CEO) since June 1, 2018		Conrad Albert Deputy Chairman of the Executive Committee, Group General Counsel since October 1, 2011		Rainer Beaujean Chief Financial Officer (CFO) since July 1, 2019		Dr. Jan Kemper[9] CFO and Executive Board Member Commerce until March 31, 2019	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Fixed compensation	1,470.0	857.5	1,100.0	1,100.0	490.0	–	245.0	980.0
Fringe benefits[1]	39.3	47.6	10.3	9.7	16.2	–	9.5	53.0
Total fixed compensation	**1,509.3**	**905.1**	**1,110.3**	**1,109.7**	**506.2**	**–**	**254.5**	**1,033.0**
Annual variable compensation	1,386.0	735.0	605.0	422.4	269.5	–	–	423.0
Multi-year variable compensation[2]								
Mid-Term incentive Plan (2016-2018)[3]	–	–	–	1,040.0	–	–	–	692.6
Group Share Plan (2014-2017)[4]	–	–	–	774.9	–	–	–	–
Group Share Plan (2015-2018)[5]	–	–	221.2	–	–	–	–	–
Other[6]	–	3,000.0	–	73.0	–	–	–	–
Total variable compensation	**1,386.0**	**3,735.0**	**826.2**	**2,310.3**	**269.5**	**–**	**0.0**	**1,115.6**
Pension cost[7]	250.5	142.9	171.2	129.7	95.6	–	149.6	103.4
Total compensation (GCGC)	**3,145.8**	**4,783.0**	**2,107.7**	**3,549.7**	**871.3**	**–**	**404.1**	**2,252.0**

	Sabine Eckhardt[10] Executive Committee Member Sales & Marketing until April 30, 2019		Jan David Frouman[11] Executive Board Member until February 28, 2019		Thomas Ebeling[12] Group CEO until February 22, 2018		Christof Wahl[13] COO Entertainment until July 31, 2018	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Fixed compensation	270.0	810.0	142.5	855.0	–	166.7	–	297.5
Fringe benefits[1]	2.7	8.2	2.1	9.7	–	11.0	–	5.5
Total fixed compensation	**272.7**	**818.2**	**144.6**	**864.7**	**–**	**177.7**	**–**	**303.0**
Annual variable compensation	–	321.0	66.7	215.6	–	–	–	–
Multi-year variable compensation[2]								
Mid-Term incentive Plan (2016-2018)[3]	–	693.3	–	1,040.0	–	–	–	–
Group Share Plan (2014-2017)[4]	–	–	–	–	–	–	–	–
Group Share Plan (2015-2018)[5]	–	–	–	–	–	–	–	–
Other[6]	–	–	–	–	–	–	–	–
Total variable compensation	**0.0**	**1,014.3**	**66.7**	**1,255.6**	**–**	**0.0**	**–**	**0.0**
Pension cost[7]	133.1	86.8	139.1	96.0	–	213.0	–	92.9
Total compensation (GCGC)	**405.8**	**1,919.3**	**350.4**	**2,216.3**	**–**	**390.7**	**–**	**395.9**

1 Includes lease payments for use of company car and insurance premiums (excluding D&O). Thomas Ebeling's fringe benefits include additional benefits for chauffeur services and flights home. Max Conze's and Rainer Beaujean's fringe benefits include additional benefits for the maintenance of two households and relocation costs. In Dr. Jan Kemper's case, they include additional benefits for the maintenance of two households.
2 In addition to remuneration as a member of the Executive Committee, Sabine Eckhardt was paid amounts from multi-year variable compensation in financial years 2018 and 2019 due to rights from the period before commencing her work as an Executive Committee member.
3 The Mid-Term Incentive Plan was settled at 104% of the target bonus; the payment was made in May 2019 in accordance with the terms and conditions of the plan.
4 The payment for the Group Share Plan 2014 includes an adjustment of the conversion factor for the performance share units granted (100%) 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 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.
6 Max Conze received a one-time sign-on bonus of EUR 3 million in financial year 2018 and was obliged to use the net amount of the sign-on bonus, less the statutory deductions, to acquire shares in the Company worth EUR 1.5 million. Conrad Albert received one-time compensation for his special services in connection with the CEO transition phase in financial year 2018.
7 Pension cost comprises service costs in accordance with IAS 19. In the case of Max Conze this comprises past service costs for 2018 and in the case of Rainer Beaujean for 2019 as a result of pension commitments granted during the year.
8 Max Conze received a pro rata, non-performance-based amount of EUR 735,000 as annual variable compensation for financial year 2018.
9 Dr. Jan Kemper left the Executive Committee effective March 31, 2019; his employment contract also ended effective March 31, 2019. To satisfy his entitlement to the performance bonus for financial year 2018, Dr. Jan Kemper received a payment of EUR 423,000. 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 Committee as of April 30, 2019. The termination of her employment contract also took effect on April 30, 2019. To satisfy her entitlement to the performance bonus for financial year 2018, Sabine Eckhardt received a payment of EUR 321,000. 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 Committee 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.
12 Thomas Ebeling left the Executive Committee effective February 22, 2018; his employment contract ended effective February 22, 2018. The fixed and annual variable compensation shown relate to January to February 2018; the pension cost relates to financial year 2018 as a whole. Thomas Ebeling's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment.
13 Christof Wahl left the Executive Committee effective July 31, 2018; his employment contract ended effective July 31, 2018. The fixed and annual variable compensation shown relate to January to July 2018; the pension cost relates to financial year 2018 as a whole. Christof Wahl's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment.

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 Committee 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.

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 Committee 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]
Max Conze	31/05/2021	3,143.7
Conrad Albert	30/04/2021	2,058.9
Rainer Beaujean	30/06/2022	1,825.9
Total		**7,028.6**

1 The following discount rates according to IAS 19 were used for this calculation: Max Conze 0.14%, Conrad Albert 0.13% and Rainer Beaujean 0.25%.

TOTAL COMPENSATION OF FORMER EXECUTIVE COMMITTEE MEMBERS

Total compensation of EUR 9.1 million was paid to former members of the Executive Committee in financial year 2019 (previous year: EUR 14.5 million). This includes the payment of 24,606 performance share units from the Group Share Plan 2015 amounting to EUR 0.3 million (previous year: EUR 2.5 million), the waiting allowance of EUR 0.3 million for Jan David Frouman and the payments in connection with the departure of Dr. Jan Kemper (EUR 3.2 million) and Sabine Eckhardt (EUR 1.8 million), which were payable on the termination dates of March 31, 2019, and April 30, 2019. Based on the provisions of the respective termination agreement, a provision of EUR 0.1 million was recognized on their departure for each Dr. Jan Kemper's and Sabine Eckhardt's participation in the Group Share Plan. In addition, Dr. Jan Kemper still received pension contributions of EUR 0.2 million and Sabine Eckhardt of EUR 0.1 million. In connection with their departures, it was agreed with Dr. Jan Kemper and Sabine Eckhardt that their pension entitlements of EUR 1.0 million in total would be paid and therefore that all claims from the corresponding pension agreements would be settled. In addition, pension benefits of EUR 1.9 million (previous year: EUR 2.3 million) were paid to former Executive Committee members. As of December 31, 2019, pension provisions for former members of the Executive Committee in accordance with IFRS amounted to EUR 26.6 million (previous year: EUR 12.8 million). The provisions for Jan David Frouman, Dr. Jan Kemper and Sabine Eckhardt are shown in the table on total compensation of the Executive Committee under GAS 17.

PROVISIONS FOR PENSIONS

In financial year 2019, pension provisions for active and former Executive Committee members in accordance with IFRS increased by EUR 2.8 million in total (previous year: EUR 0.8 million). EUR 0.8 million of this amount is attributable to current service costs (previous year: EUR 0.7 million), EUR 0.4 million is attributable to interest expenses (previous year: EUR 0.5 million), minus EUR 1.9 million is attributable to pension payments (previous year: minus EUR 2.3 million), minus EUR 1.0 million is attributable to pension entitlement settlements (previous year: EUR 0.0 million), EUR 0.2 million is attributable to past service costs (previous year: EUR 1.3 million), EUR 0.3 million is attributable to settlement effects (previous year: EUR 0.0 million) and EUR 4.0 million is attributable to actuarial losses (previous year: actuarial losses of EUR 0.5 million). Past service costs include pension contributions of EUR 0.1 million for Executive Committee members who were newly appointed in the reporting year (previous year: EUR 0.1 million) and deferred compensation of EUR 0.1 million (previous year: EUR 1.2 million). As of December 31, 2019, pension provisions for active and former Executive Committee members totaled EUR 30.8 million (previous year: EUR 28.0 million).

D&O INSURANCE

Executive Committee members are covered by group liability insurance (D&O insurance). This D&O insurance covers the personal liability risk should Executive Committee 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 Committee member against whom a claim is made pays a total of 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. The relevant figure for calculating the deductible is the fixed remuneration 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 remuneration 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 Media SE 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 2019:

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 2019, with the exception mentioned below. In the first quarter of 2019, Erik Adrianus Hubertus Huggers worked as a consultant for Joyn GmbH, Munich (formerly 7TV Joint Venture GmbH). In this period, Joyn GmbH received consultancy services amounting to EUR 25,000 on a contractual basis from Erik Adrianus Hubertus Huggers. The contractual agreement was concluded in the first quarter of 2019 and ended on February 8, 2019. The Company has granted no loans to members of the Supervisory Board.

COMPENSATION PAID TO THE SUPERVISORY BOARD FOR THE FINANCIAL YEAR 2019 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	**2019**	**250.0**	**30.0**	**0.0**	**30.0**	**66.0**	**376.0**
	2018	250.0	30.0	0.0	30.0	81.0	391.0
Dr. Marion Helmes Vice Chairwoman	**2019**	**150.0**	**30.0**	**7.5**	**7.5**	**42.0**	**237.0**
	2018	150.0	30.0	7.5	7.5	52.0	247.0
Lawrence A. Aidem	**2019**	**100.0**	**7.5**	**0.0**	**0.0**	**28.0**	**135.5**
	2018	100.0	7.5	0.0	0.0	36.0	143.5
Antoinette (Annet) P. Aris[1]	**2019**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	37.7	0.0	2.8	2.8	22.0	65.3
Adam Cahan	**2019**	**100.0**	**0.0**	**0.0**	**0.0**	**24.0**	**124.0**
	2018	100.0	0.0	0.0	0.0	26.0	126.0
Angelika Gifford[2]	**2019**	**100.0**	**0.0**	**7.5**	**7.5**	**38.0**	**153.0**
	2018	100.0	0.0	4.7	7.5	44.0	156.2
Erik Adrianus Hubertus Huggers	**2019**	**100.0**	**0.0**	**0.0**	**0.0**	**24.0**	**124.0**
	2018	100.0	0.0	0.0	0.0	28.0	128.0
Marjorie Kaplan[3]	**2019**	**100.0**	**4.2**	**0.0**	**0.0**	**26.0**	**130.2**
	2018	62.7	0.0	0.0	0.0	18.0	80.7
Ketan Mehta	**2019**	**100.0**	**7.5**	**0.0**	**0.0**	**32.0**	**139.5**
	2018	100.0	7.5	0.0	0.0	38.0	145.5
Prof. Dr. Rolf Nonnenmacher	**2019**	**100.0**	**0.0**	**50.0**	**7.5**	**42.0**	**199.5**
	2018	100.0	0.0	50.0	4.7	52.0	206.7
Total	**2019**	**1,100.0**	**79.2**	**65.0**	**52.5**	**322.0**	**1,618.7**
	2018	1,100.4	75.0	65.0	52.5	397.0	1,689.9

[1] Member of the Supervisory Board until May 16, 2018
[2] Member of the Supervisory Board until January 13, 2020
[3] Member of the Supervisory Board since May 16, 2018 | Member of the Presiding Committee since June 12, 2019

TAKEOVER-RELATED DISCLOSURES[1]

(IN ACCORDANCE WITH SECTION 315A (1) OF THE GERMAN COMMERCIAL CODE)

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 management report and 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, 2019, 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, 2019, the total number of treasury shares held by the Company was 6,859,180; this corresponds to 2.94% of the share capital. ➡ Analysis of Assets and Capital Structure

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

The Executive Committee 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, 2019, there are no investments in the Company that exceed 10% of the voting rights. Mediaset S.p.A., Milan, Italy ("Mediaset") holds shares amounting to 15.11%, which, according to the voting rights notification dated November 11, 2019, are composed of 7.40% of shares with voting rights and 7.71% of instruments within the meaning of Section 38 (1) No. 1 of the German Securities Trading Act (WpHG).

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 share in the share capital of ProSiebenSat.1 Media SE and do not exercise their controlling rights directly.

APPOINTMENT AND REMOVAL OF EXECUTIVE COMMITTEE MEMBERS

In accordance with Section 7 (1) Sentence 1 of the Company's articles of incorporation, the Executive Committee of ProSiebenSat.1 Media SE comprises 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 Committee 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 Committee members are appointed for a maximum period of five years. Reappointments are permitted for a maximum of five years respectively. Executive Committee members can be removed by the Supervisory Board prematurely for major cause. The appointment and removal of Executive Committee 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 Committee 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 (2)

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

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 COMMITTEE'S POWERS TO ISSUE OR REPURCHASE SHARES

In accordance with section 71 (1) no. 8 of the German Stock Corporation Act, 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. With regard to the acquisition of treasury shares, this authorization supersedes the former authorization of the Annual General Meeting of May 21, 2015, which would have expired on May 20, 2020 ("2015 authorization").

On the basis of the 2015 authorization, a total of 2,906,226 of the Company's treasury shares were acquired in the period from November 9, 2018, up to and including December 11, 2018, without any restrictions on use; no other treasury shares of the Company were acquired in financial year 2018. The incidental acquisition costs incurred amounted to EUR 0.4 million and were accounted for as a deduction from equity. No treasury shares were acquired in financial year 2019.

By resolution of the Annual General Meeting of June 30, 2016, the Executive Committee is 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 Committee is also authorized to determine the further content of the rights attached to the shares 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 Committee 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 on or 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 RESULTING FROM A TAKEOVER BID

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 unsecured syndicated facilities agreement which, as of December 31, 2019, includes a term loan of EUR 2.1 billion and a revolving credit facility with a facility 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

- In addition, ProSiebenSat.1 Media SE has outstanding unsecured notes of EUR 600 million. In the event that control over ProSiebenSat.1 Media SE changes due to the direct or indirect acquisition of more than 50% of the voting rights in ProSiebenSat.1 Media SE by a third party (change of control) and a negative rating event occurs following such a change of control, the note creditors are entitled to call in their notes and demand repayment.

  In addition, ProSiebenSat.1 Media SE issued three unsecured 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 (change of control), 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.

COMPANY'S COMPENSATION AGREEMENTS WITH EXECUTIVE COMMITTEE MEMBERS OR EMPLOYEES FOR THE EVENT OF A TAKEOVER BID

The employment contracts of all Executive Committee members contain change of control clauses in the event of, 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. More information can be found in the Compensation Report. In this case, Executive Committee members have the right to terminate their employment contract with three months' notice and resign if the change of control significantly impairs the position of the Executive Committee. On effective exercise of the right to terminate, the respective Executive Committee members shall receive a cash severance payment equating to up to three years' compensation, but no more than the compensation for the remaining term of the Executive Committee 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

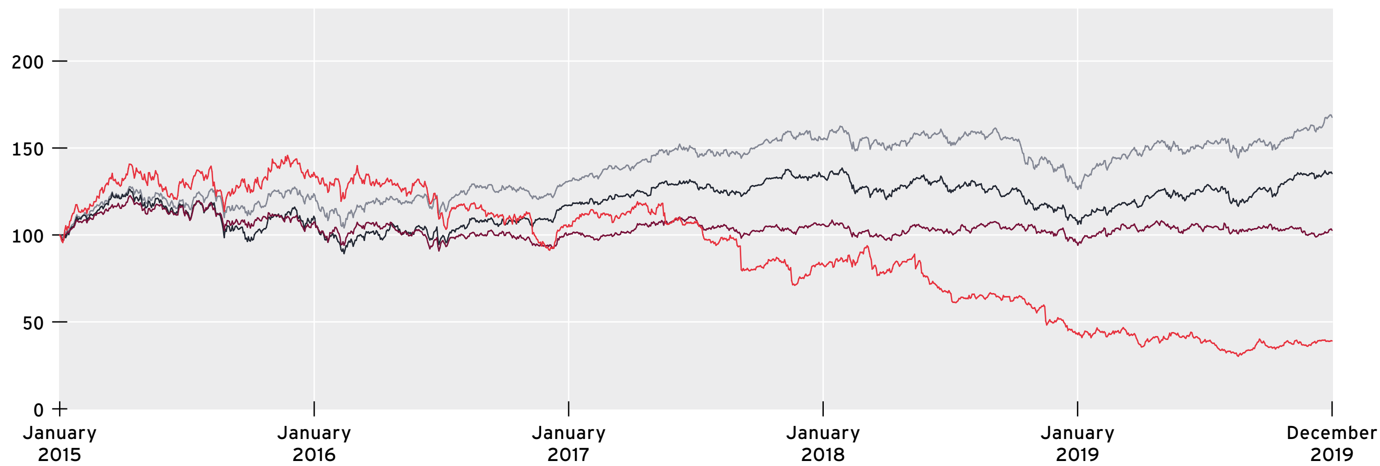
PROSIEBENSAT.1 MEDIA SE ON THE CAPITAL MARKET

Driven by the central banks' more expansionary monetary policy, the stock markets developed positively overall in 2019 – in spite of the ongoing trade conflict between the US and China, the intermittent threat of a no-deal Brexit, and weak economic and company data in some cases. The German leading index, the DAX, thus closed 2019 with an increase of 25.5%, while the MDAX rose by 31.2%. The relevant sector index for European media stocks, the EURO STOXX Media, also improved, but only by 6.3%. This reflects the cyclicality of media companies that depend on advertising as well as the general changes in media usage and their effects on the TV advertising market. Advancing digitalization and the associated structural change in TV consumption have caused a weaker development of the EURO STOXX Media index as a whole and the TV companies included therein in particular, compared to the DAX and MDAX indices.
➡ Economic Development

In this environment, the development of the ProSiebenSat.1 Media SE share (ISIN: DE000PSM7770; WKN: PSM777) was highly volatile, with the share performing worse than most other media stocks (-10.5% year-on-year):

While the ProSiebenSat.1 Media SE share performed close to market level at the start of the year, the price dropped significantly as the year progressed. The development of the advertising markets in Europe and Germany fell short of expectations. The price decline was exacerbated by fears of recession and the associated reluctance to spend on advertising. The ProSiebenSat.1 Media SE share made gains again at the end of the year. Among other things, the increase in voting rights held by Mediaset S.p.A., Milan, Italy ("Mediaset") had a positive impact on the share price performance. Against this backdrop, the ProSiebenSat.1 Media SE share closed 2019 at EUR 13.91 (December 28, 2018: EUR 15.55). At the end of 2019, its weighting in the MDAX was 1.1%.

PRICE PERFORMANCE OF THE PROSIEBENSAT.1 MEDIA SE SHARE



— **ProSiebenSat.1 Media SE** — **Euro Stoxx Media** — **MDAX** — **DAX** / **Basis:** Xetra closing quotes, an index of 100 = last trading day 2013; **Source:** Reuters.

KEY FIGURES FOR THE PROSIEBENSAT.1 MEDIA SE SHARE[1]

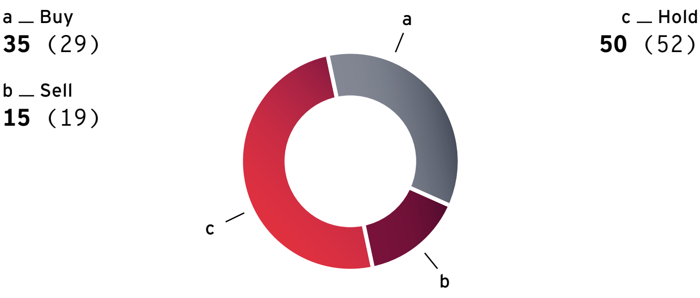
		2019	2018	2017	2016	2015
Share capital at closing date	EUR	233,000,000	233,000,000	233,000,000	233,000,000	218,797,200
Number of shares as of closing date	Shares	233,000,000[2]	233,000,000[2]	233,000,000[2]	233,000,000[2]	218,797,200[2]
Free float market capitalization at end of financial year (according to Deutsche Börse)	EUR m	2,900	3,734	6,502	8,149	10,214
Close at end of financial year (XETRA)	EUR	13.91	15.55	28.71	36.61	46.77
High (XETRA)	EUR	16.58	32.78	41.51	48.66	50.70
Low (XETRA)	EUR	10.76	15.16	24.28	31.80	33.31
Dividend per entitled share	EUR	-/-[3]	1.19	1.93	1.90	1.80
Total dividend	EUR m	-/-[3]	269	442	435	386
Adjusted earnings per share	EUR	1.71	2.36	2.40[4]	2.47[4]	2.18[5]
Adjusted net income[6]	EUR m	387	541	550	536	466
Weighted average number of shares issued	Shares	226,088,493	228,702,815	228,854,304	216,755,645	213,776,180
Dividend yield per share on basis of closing price	Percent	-/-[3]	7.7	6.7	5.2	3.8
Total XETRA trading volume	Million shares	377.8	357.4	348.0	231.2	158.9

[1] The share capital of ProSiebenSat.1 Media SE amounts to EUR 233,000,000.00. As a result of a capital increase, it rose from EUR 218,797,200.00 to a nominal amount of EUR 233,000,000.00 with effect from November 7, 2016. In this capital increase, ProSiebenSat.1 Media SE made partial use of the company's Authorized Capital and issued 14,202,800 new, registered shares. On August 16, 2013, the 109,398,600 bearer preference shares that existed at that time had already been converted into registered common shares, with the effect that the share capital then totaling EUR 218,797,200.00 consisted of 218,797,200 registered common shares with a nominal share in the share capital of EUR 1.00 each. Today, all (233,000,000) of the company's registered common shares are now tradable, i.e. both the formerly unlisted registered common shares and the registered common shares resulting from the conversion of the bearer preference shares. Until August 16, 2013, only the bearer preference shares of the company were publicly traded.
[2] Including treasury shares.
[3] Dividend proposal, please reffer to Company Outlook.
[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 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] The calculation is based on underlying net income from continuing operations.
[6] Underlying net income renamed as adjusted net income since January 1, 2018.

Half of the analysts (50%) recommend holding the ProSiebenSat.1 Media SE share; 35% of the analysts suggested it as a buy at the end of 2019. The assessments are based in particular on the Group's progress with its digital transformation. The analysts' median price target is EUR 14.50. At the end of the reporting period, a total of 20 brokerage houses and financial institutions actively valued the ProSiebenSat.1 Media SE share and published research reports.

ANALYSTS' RECOMMENDATIONS

in %, 2018 figures in parantheses



As of December 31, 2019.

ANNUAL GENERAL MEETING FOR FINANCIAL YEAR 2018

The Annual General Meeting of ProSiebenSat.1 Media SE for financial year 2018 took place in Munich on June 12, 2019. Around 1,000 participants attended the Annual General Meeting. 51.4 percent of the capital stock was represented. The shareholders resolved on a dividend payment of EUR 1.19 per dividend entitled share for financial year 2018 (previous year: EUR 1.93). The total payment amounts to approximately EUR 269 million, resulting in a pay-out ratio of 50% of adjusted net income, which complies with the Group's current dividend policy. The dividend was paid on June 17, 2019. In addition, the Annual General Meeting resolved to re-elect the entire Supervisory Board. The shareholders confirmed the mandates of all nine Supervisory Board members by a clear majority (93% on average). The Annual General Meeting also granted discharge to the Executive Committee and Supervisory Board for financial year 2018. As well all other proposed resolutions requiring approval were accepted by a clear majority. → Analysis of Liquidity and Capital Expenditure

SHAREHOLDER STRUCTURE OF PROSIEBENSAT.1 MEDIA SE

ProSiebenSat.1 Media SE's shares are mostly held by institutional investors in the US, the UK, Germany and Luxembourg.

The significant changes in the shareholder structure over the course of the year were as follows:

- As of 2019, Mediaset is a new major shareholder in the Company and holds a stake of 15.1%, which, according to the voting rights notification of November 11, 2019, consists of 7.4% of shares with voting rights and 7.7% of instruments within the meaning of section 38 sentence 1 No.1 of the German Securities Trading Act. The total stake held by Mediaset S.p.A include shares of España Comunicación, S.A., Madrid, Spain ("Mediaset España") of 5.5% comprising shares with voting rights and instruments. The voting rights shares falling below the reportable thresholds.

- According to a voting rights notification dated October 17, 2019, Czech Media Invest, a.s., Prague, Czech Republic ("CMI"), acquired 3.6% of the shares via its investment company RUBY Equity Investment S.à r.l., Luxembourg, Luxembourg ("RUBY"). The Czech investment company CMI has since been ProSiebenSat.1 Media SE's fourth-largest shareholder.

As of December 31, 2019, the other major investors according to voting right notification are The Capital Group Companies, Inc. ("Capital Group") with 9.9% (December 31, 2018: 10.0%) and BlackRock Inc. ("BlackRock") with 4.8% of shares including instruments (December 31, 2018: 6.9%). At the end of the year, 24.0% of ProSiebenSat.1 Media SE's shares were held by private shareholders (December 31, 2018: 23.2%). In total, 89.7% were held in free float as of December 31, 2019 (December 31, 2018: 97.0%). 7,4% were held by Mediaset, the remaining 2.9% were held by the Group (December 31, 2018: 3.0%).

GROUP MANAGEMENT REPORT

COMPENSATION REPORT

i The respective information can be found in the section To Our Shareholders in the Annual Report 2019.

TAKEOVER-RELATED DISCLOSURES

(IN ACCORDANCE WITH SECTION 315A (1) OF THE GERMAN COMMERCIAL CODE)

i The respective information can be found in the section To Our Shareholders in the Annual Report 2019.

ORGANIZATION AND GROUP STRUCTURE

BUSINESS ACTIVITIES AND SEGMENTS

Corporate Profile and Market Position

ProSiebenSat.1 Group unites leading entertainment brands in the audience and advertising market with an international production business and a rapidly growing commerce portfolio under one roof. It is therefore one of the most diversified media companies in Europe. Our aim is to offer viewers and users entertainment on all screens – with the right offers at the right time, no matter where. However, digitalization is not only influencing and increasing the possibilities of video use on various end devices, but has also changed consumer behavior as a whole. This is why ProSiebenSat.1 Group has invested in leading digital commerce platforms in recent years, which are suitable for marketing on our TV stations and online platforms and synergize with our portfolio. In Germany, we are already the leading video marketer in both the conventional TV advertising business and online, number one in the TV audience market, and one of the most successful providers of digital entertainment in German-speaking Europe. On this basis, ProSiebenSat.1 Group is making targeted investments in the future of its business with the aim of strengthening its market position sustainably in the long term.

i ProSiebenSat.1 Group's largest revenue market is Germany, where it also has its main headquarters. The Group also runs TV stations in Austria and Switzerland. An overview of the production and commerce business with all relevant sales markets and locations can be found in the brand portfolio and the list of subsidiaries and associated companies.

Segments and Brand Portfolio

ProSiebenSat.1 Group promotes digital transformation throughout the Group. To this end, the Group is expanding its TV business with digital entertainment offerings and diversifying its portfolio with commerce companies that complement and add value to the entertainment business. Part of this strategy is also the dovetailing of the business areas within the Group.

Entertainment segment: We are able to reach over 45 million TV households in Germany, Austria and Switzerland with our 15 free and pay TV stations. For Germany alone, our TV offerings reach more than 60 million people per month. At the same time, the Group has a monthly reach of around 36 million unique users with its marketed online offerings.

Shows such as "Germany's next Topmodel" and "The Masked Singer" are successful formats with which we delight audiences on TV and via digital offerings. At the same time, the Company is investing in the fields of AdTech and data in order to generate additional revenues with innovative, data-driven offerings and to customize advertising ever more precisely. ProSiebenSat.1 Group thus offers the advertising industry added value. The two sales subsidiaries SevenOne Media GmbH ("SevenOne Media") and SevenOne AdFactory GmbH ("SevenOne AdFactory") support advertising customers and agencies by finding ideas and concepts and implementing them across platforms on TV, online and via mobile devices. Accordingly, the Group bundles content, digital platform business and monetization under one roof in its Entertainment segment. ➜ Development of Media Consumption and Advertising Impact ➜ Opportunity Report

i Joyn GmbH ("Joyn"), previously 7TV Joint Venture GmbH, is a joint venture between ProSiebenSat.1 Group and Discovery Communications Europe Ltd., London, United Kingdom ("Discovery"). ProSiebenSat.1 Group holds a 50.0% share (previous year: 50.0%) in Joyn. Joyn is a cross-channel entertainment streaming platform that bundles the content of the free TV channels from ProSiebenSat.1 and Discovery as well as other content partners on one platform and one app. In total, users can watch over 60 free TV channels in the live stream, as well as access a media library and numerous self-produced content. In addition to the free, ad-financed offer that started in June 2019, the premium offer Joyn PLUS + has been available since November 2019. There, subscribers will find live TV channels in HD, numerous exclusive series as well as films and series from the online video store maxdome. The goal is to create a comprehensive local OTT platform for cross-channel content.

Content Production & Global Sales segment: In this segment, ProSiebenSat.1 Group combines Red Arrow Studio GmbH´s ("Red Arrow Studios") international TV production and distribution business with the global digital studio Studio71. Studio71 gives the Group direct access to talents and platforms. This is an important competitive advantage in the digital sector, and can thus meet the growing demand for content on various digital channels. In 2019, Studio71 achieved an average of 9.9 billion video views per month. ➜ Development of ProSiebenSat.1 Group's relevant business and market environments

Shows such as "Bosch", "The Weekly", "Married at First Sight" and "Germany's next Topmodel" are examples of successful productions from Red Arrow Studios. Close cooperation between Redseven Entertainment GmbH´s ("Redseven") local production business and the Group's Entertainment segment is particularly important. In 2019, ProSiebenSat.1 Group thus significantly increased the proportion of local programming on its own stations and strengthened the synergies between the business areas.

ProSiebenSat.1 Group initiated a strategic review for Red Arrow Studios in 2019 and is examining options for partnerships or selling the international production business. Redseven and Studio71 are excluded from this review.

Commerce segment: The Group bundles the Commerce business in NCG – NUCOM GROUP SE ("NuCom Group"). This comprises market-leading and predominantly digital commerce platforms in the fields of consumer advice (e.g. Verivox, be Around), matchmaking (Parship Group), experience (Jochen Schweizer mydays Group), and beauty & lifestyle (e.g. Flaconi).

The commerce business is the Group's predominant growth driver, making a significant contribution to the expansion of digital revenue sources. By advertising on our stations, we are strengthening our commerce brands. At the same time, the trading platforms generate customer data for targeted advertising products on our channels.

The implementation of a more independent Entertainment organization is an important step in the further advancement of the transformation of the entire Group. Therefore, it was decided in fall 2019 to transform the operative holding company, which was previously closely linked with the Entertainment business, into a strategic holding company to be reported separately from the Entertainment segment from January 1, 2020. The strategic holding company has a greater focus on strategic management and alignment, management of strategic core projects and measures, governance and capital allocation. Purely operative areas previously allocated to the holding company since belong to the appropriate segments. Support functions are bundled in Center of Excellence and Shared Service Center and are subject to the control of the holding company in order to increase efficiency and customer proximity. Overall, the company expects this to allow it to react more flexibly and quickly to market challenges and to better drive future growth.

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 ProSiebenSat.1 TV Deutschland GmbH. The free TV stations of ProSiebenSat.1 Group and the pay TV channels (ProSiebenSat.1 Pay TV GmbH) work under its umbrella. ProSiebenSat.1 Media SE also indirectly holds a 100.0% stake in the sales companies SevenOne Media and SevenOne AdFactory. This results in advantages with regard to the stations' programming and the sale 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.

As of December 31, 2019, General Atlantic PD GmbH ("General Atlantic"), held a 28.4% stake in NuCom Group.

i A detailed overview of the shareholding structure in ProSiebenSat.1 Group can be found in the "list of subsidiaries and associated companies".

i The management declaration in accordance with sections 289f, 315d HGB is published in the Annual Report and on the Company's website (➡ www.prosiebensat1.com/en/investor-relations/corporate-governance/management-declaration).

STRATEGIC BRAND PORTFOLIO OF PROSIEBENSAT.1 GROUP

ENTERTAINMENT

TV & AD SALES

BROADCASTING

FREE TV STATIONS

ProSiebenSat.1 TV Deutschland

FREE TV STATIONS & ADVERTISING AND PROGRAMMING WINDOWS

Austria: PULS 4, PULS 24, ATV, ATV II, SAT.1 Österreich, AUSTRIA, sixx Austria, Gold Österreich, Doku Austria

Switzerland: ACHT, SAT.1 Schweiz, SCHWEIZ, sixx Schweiz, Gold Schweiz

SALES

SevenOne Media, SevenOne AdFactory, ProSiebenSat.1 PULS4, d-force[1]

DISTRIBUTION

HD

BASIC PAY TV STATIONS

emotions, CLASSICS, welt

DIGITAL PLATFORMS

ProSiebenSat.1 Digital, joyn[1]

ADVERTISING TECHNOLOGY & PLATFORMS

VIRTUALMINDS, SMARTSTREAM.TV, glomex, Active Agent, Yieldlab, kairion, esome, ADEX, ADCLEAR, ADITION technologies AG, EBX[1], BuzzBird[2]

SevenPictures, SevenVentures, ProSiebenSat.1 Accelerator, ProSiebenSat.1 Produktion, Starwatch Entertainment, ProSiebenSat.1 Licensing, SPORTS, esports.com

CONTENT PRODUCTION & GLOBAL SALES

RED ARROW STUDIOS

Red Arrow Studios

DIGITAL STUDIO

Studio 71

GLOBAL PROGRAMMING DISTRIBUTION

Gravitas Ventures, Red Arrow Studios International

PRODUCTION COMPANIES

44 Blue Productions, Cove[2] Pictures, CPL, Dorsey Pictures, endor, Fabrik, Half Yard, July August Productions, Karga Seven Pictures, Kinetic Content, Left/Right, Madrabbit[2], NERD., Redseven Entertainment, Snowman, Spinnaker Chaos, Tenfold

COMMERCE

NCG – NUCOM GROUP

NuCom Group

CONSUMER ADVICE

Verivox, billiger-mietwagen.de, Aroundhome

MATCHMAKING

Parship Group

BEAUTY & LIFESTYLE

flaconi, Windstar Medical, Stylight, moebel.de, AMORELIE

EXPERIENCE

Jochen Schweizer mydays Group

As of February 2020 / [1] Joint venture / [2] Associated company

STRATEGY AND MANAGEMENT SYSTEM

STRATEGY AND OBJECTIVES

Our industry is characterized by constant change: The digital development and the growing significance of the internet have changed consumer behavior. Business models are being tested and new opportunities for addressing target groups are always emerging. This is also true with regard to media usage. We updated our Group strategy in 2018 and are implementing it in 2019 in order to benefit from these opportunities and promote digital transformation. Therefore we focus on clear priorities in each segment:

We are particularly improving our offering of local programming, building on our digital reach and our digital and smart advertising business, and further diversifying our business via NuCom Group's growth. At the same time, the Group is making greater use of synergies within the Group and is therefore connecting its business areas with one another. By investing in the Company's future, the aim is to further improve competitiveness and to accelerate revenues and earnings growth in the mid-term. → Company Outlook

In order to make our organization even more agile, the Group is establishing a new and more independent Entertainment organization in which the content areas, the digital platform businesses and their monetization are more closely integrated. By bundling our market expertise, we can offer our viewers or users entertaining and relevant content that they can consume on their choice of platform. The same goes for advertising clients, who benefit from our marketing innovations across all channels and from better addressed advertising thanks to databased offerings. → Opportunity Report

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 Committee 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, 2019

MOST IMPORTANT NON-FINANCIAL PERFORMANCE INDICATORS

Entertainment Segment
- Audience shares

MOST IMPORTANT FINANCIAL PERFORMANCE INDICATORS

Group
- Revenues
- Adjusted EBITDA
- Adjusted net income
- 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 a key 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 since this indicates the number of potential customers a broadcast is able to reach. In Germany, TV usage data is collected by GfK Fernsehforschung on behalf of Arbeitsgemeinschaft Fernsehforschung ("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. → Development of ProSiebenSat.1 Group's Relevant Business and Market Environments

- **Most important financial performance indicators:** Revenues, adjusted EBITDA and adjusted net income are the central key figures used to manage profitability. 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 Committee as the chief operating decision maker with the appropriate performance measure to assess the operating profitability of the Group and the segments respectively. Adjusted net income is the adjusted net income attributable to shareholders of ProSiebenSat.1 Media SE and 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 with regard to sustainable profitability. However, the analysis of unadjusted key earnings' figures provides a holistic view of the expense and income structure. For this reason, ProSiebenSat.1 Group also uses in addition to the above-mentioned most important financial performance indicators EBITDA as a less significant financial performance indicator. Also, EBITDA facilitates international comparison, as it does not take into account the effects of taxes and depreciation and amortization or the financing structure.

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 most important financial 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 ratio 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. This key figure 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 investments with the exception of media-for-equity investments. → Compensation Report → Analysis of Liquidity and Capital Expenditure

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, which means that they act with full responsibility for revenues and earnings. At the same time, this results in flexibility, which is an important element for ProSiebenSat.1 Group's success, as the Group operates in a dynamic industry environment. The organizational entities reach operating decisions independently within a centrally adopted framework based on the competitive environment. This performance-based approach supports entrepreneurial activities among our employees on all levels. The new strategic holding company is further increasing this focus and concentrating on strategic management and alignment, management of strategic core projects and measures, governance and capital allocation. → Organization and Group Structure

Adjusted EBITDA is the key indicator for the Group and its segments. In addition to adjusted EBITDA, also in financial year 2019 EBITDA served as a less important performance indicator and as a basis for measuring performance-based employee compensation thanks to the holistic view of the Company's expense and income structure. From financial year 2020, individual employee targets and financial bonuses will no longer be linked. Starting in financial year 2020, employees at senior management levels as well as selected sales functions will receive a performance bonus 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 operating free cash flow (segments).[1] Adjusted net income, EBITDA (where necessary, 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), free cash flow before M&A and for the first time relative total shareholder return served as a variable basis for determining the Executive Committee's compensation in financial year 2019. → Compensation Report

ProSiebenSat.1 Group concentrates on continually increasing value, which in the mid-term should be reflected in an improved P7S1 ROCE (return on capital employed). From 2020, the Group is therefore managing investments even more consistently and evaluating each project in the various segments according to the same target parameters. Calculation according to the internal rate of return of each project and the payback period play a key role here. Accordingly, investments in transformation and growth projects should generate a minimum return after taxes of 18% and a payback period of three years. In the case of strategic projects, the payback period should not exceed five years. The P7S1 ROCE is calculated as follows:

	P7S1 ROCE
	P/L
Return (ROCE) LTM[1]	Adj. EBIT[3] ./. Pension expenses + Result from at equity investments
	/
	Balance sheet
Capital employed average[2]	Intangible assets (incl. Goodwill & PPA) Property, plant & equipment Investments accounting for using the equity method Media-for-equity investments Program assets Inventories Accounts receivables & other current assets ./. Other provisions Accounts receivables Liabilities to at equity investments Other liabilities

1 LTM = Last twelve months
2 Average of the closing capital of the last five quarters
3 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.

In the financial year 2019, the P7S1 ROCE was 16% after 22% in financial year 2018.

1 Operating free cash flow is the cash flow measure used for performance management at segment level and is defined as operating free cash flow before interest and taxes. It is calculated as EBITDA less capital expenditure (programming and other investments) and changes in net working capital.

DEFINITION OF SELECTED NON-IFRS FIGURES

ADJUSTED EBITDA

Adjusted EBITDA stands for adjusted earnings before interest, taxes, depreciation and amortization. It describes 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.
- Reorganization expenses include functional and personnel expenses for reorganizations and restructurings. They comprise expenses such as severance payments, leave compensation, consulting costs, legal consultancy fees and impairments on non-current assets.
- Expenses for legal claims include fines, penalties and consulting costs in connection with significant 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, which results from the difference between the share price on the issue date and the current price on the closing date.
- 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 approved by the Group Chief Financial Officer but 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 primarily comprise largely 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 interest rate hedging transactions include ineffectiveness and de-designation effects of cash flow hedges recognized in other comprehensive income and effects from interest rate hedging transactions for which there is no hedge accounting as defined by IAS 39.
Moreover, the tax effects resulting from such adjustments are also adjusted.

REPORTING AND USE OF NUN-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 making decisions. 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.

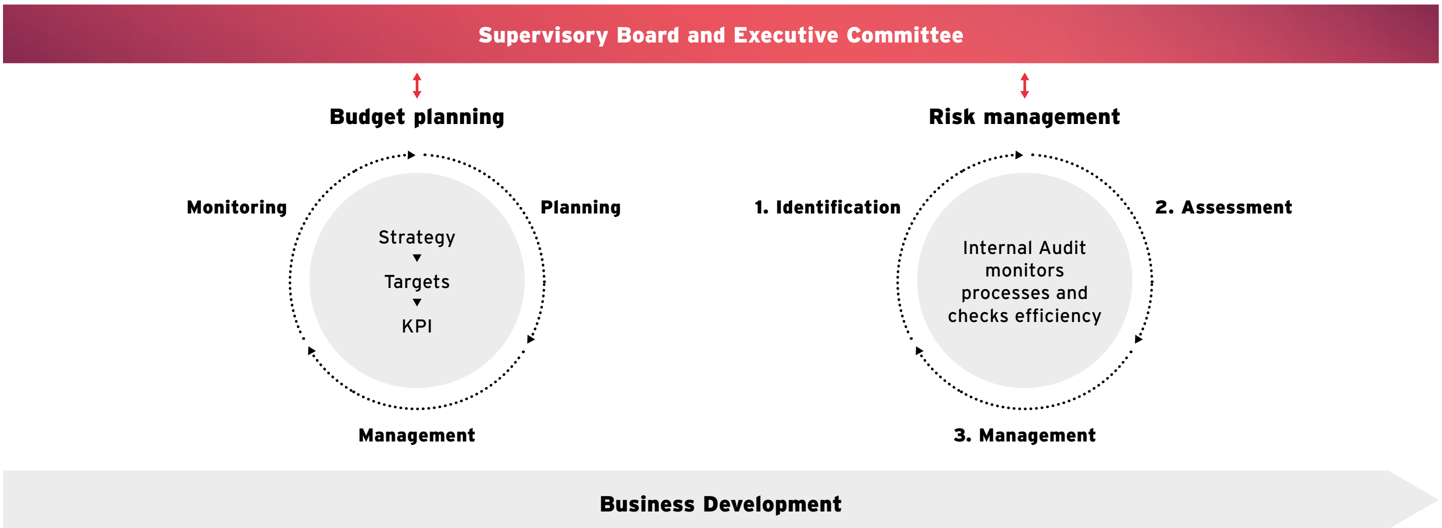
Operational and Strategic Planning

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 Committee 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 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

BUDGET PLANNING AND RISK MANAGEMENT AT PROSIEBENSAT.1 GROUP



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 2019, the Executive Committee 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 percent.

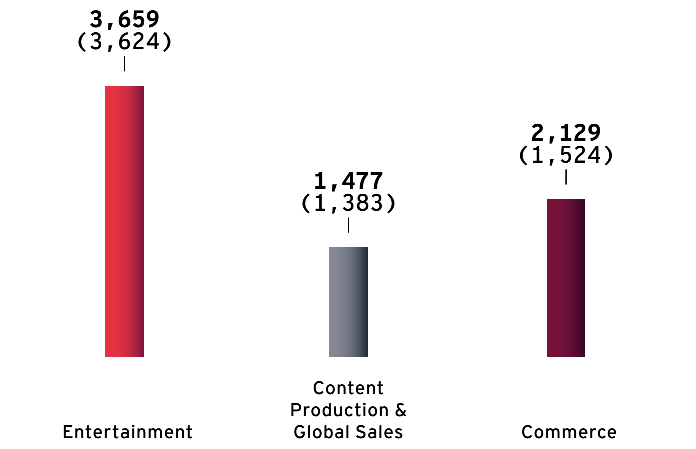
EMPLOYEES[1]

i Additional information on employees and employee matters can be found in the separate non-financial summary report (→ www.prosieben-sat1.com/en/sustainability/information/publications).

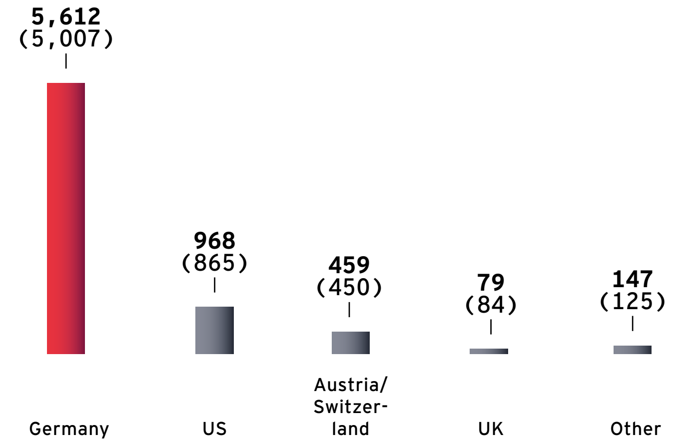
In the period under review, the Group's average number of employees (calculated on the basis of full-time equivalents) rose by 11% to 7,265 (previous year: 6,532). In 2019, an average of 506 employees (previous year: 609) – and thus considerably fewer than in the previous year – were employed at ProSiebenSat.1 Media SE, of which 136 worked at the strategic holding company. The latter focuses on strategic activities at Group level and the Group's management activities. Since January 1, 2020, overarching support functions have been bundled in the Center of Excellence and Shared Service Center. While the average number of employees in the Entertainment segment hardly changed year-on-year (+1% to 3,659 employees), there was a 7% increase in workforce in the Content Production & Global Sales segment to 1,477 employees and, in particular due to acquisitions, a strong increase in employees in the Commerce segment by 40% to 2,129 employees. In Germany, Austria, and Switzerland, the Group had an average of 6,071 full-time equivalents in the reporting period (previous year: 5,458). As in the previous year, this amounts to 84% of the Group as a whole.

i The Group's personnel expenses reported in the cost of sales, selling expenses and administrative expenses increased to EUR 707 million in financial year 2019 (previous year: EUR 679 million). This equates to growth of 4% or EUR 28 million compared to the previous year and reflects in particular the described increase in the number of employees in the Commerce segment.

EMPLOYEES BY SEGMENT average full-time equivalents (FTEs), 2018 figures in parentheses



EMPLOYEES BY REGION average full-time equivalents (FTEs), 2018 figures in parentheses



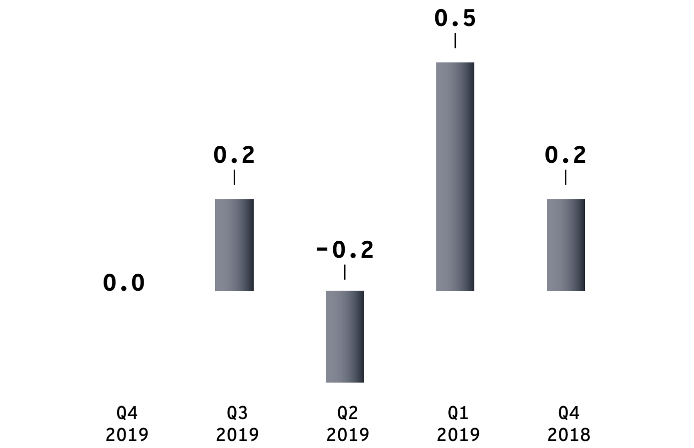
1 The annual report uses the more reader-friendly variant „employees" instead of „employees and employee". The chosen masculine form is representative of all genders.

GROUP ENVIRONMENT

ECONOMIC DEVELOPMENT

In 2019, the German economy grew by 0.6% in real terms compared to the previous year (previous year: +1.5%). After a strong start of the year, which was driven for example by extraordinary effects such as the favorable development of the construction industry, the upward momentum in the industrial sector in particular was curbed primarily by considerable external strains such as the imminence of Brexit and the trade conflict between the USA and China. In the second quarter, gross domestic product declined by 0.2% in real terms compared to the previous quarter; in the third quarter, it rose slightly by 0.2%. There was no quarter-on-quarter growth recorded in the final quarter.

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



Adjusted for price, seasonal and calendar effects.
Source: Destatis, Press Release from February 14, 2020.

In 2019, the growth was primarily supported by the domestic economy. Private consumer spending, supported by a robust labor market and substantial wage rises, increased by 1.6% in real terms (previous year: +1.3%). The purchasing behavior was also visible in the development of retail, which accounts for around one third of private consumer spending. The German Federal Statistical Office estimates that the real revenue growth here was between 2.9% and 3.0%. The online and mail order business developed particularly dynamically again (January to November: +7.4% in real terms). The German economy was also supported by construction investments (+3.8%) and government spending (+2.5%). → Future Business and Industry Environment

DEVELOPMENT OF MEDIA CONSUMPTION AND ADVERTISING IMPACT

In the last few years, digitalization has extended the range of media usage and changed usage habits. The once strong ties between content and end devices are increasingly coming undone and the bounds between different media are merging. This also applies to television and video usage in general, with the following emerging trends:

- The same video content can be used on different screens. At the same time, the prevalence of mobile devices such as smartphones and tablets alongside traditional, linear viewing via the TV set is giving rise to new forms of usage such as catch-up television via apps on mobile devices. Television is also becoming ever more diverse thanks to powerful consumer electronics and innovations inside TV sets themselves. Examples include digital television in high definition (HD/UHD) and video-on-demand (VoD) on large TV screens. This development is being driven by broadband Internet access with fast data speeds and the high number of satellite households in Germany.

- Despite the diversity of additional offerings, television, radio, and smartphones remain by far the most-used media devices with usage rates of around 90%.

- 91% of Germans aged between 14 and 69 watch linear television at least occasionally (previous year: 93%, 2014: 95%). Alongside reach, usage time also plays a crucial role in comparison to other media. Television is the most relevant here, too, with daily usage of 202 minutes (adults aged 14 – 69) according to AGF.

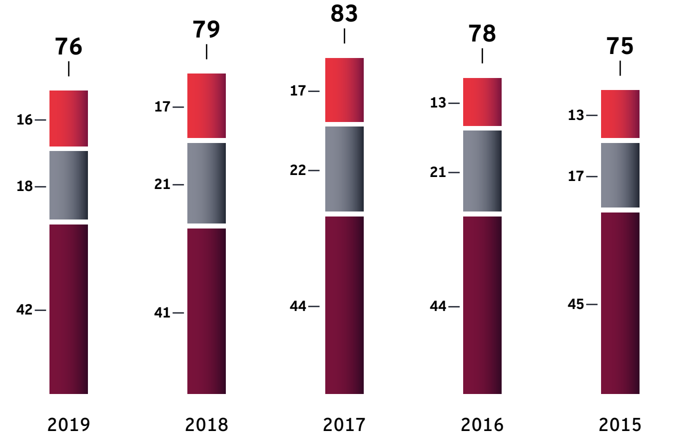
TV HOUSEHOLDS IN GERMANY BY DELIVERY TECHNOLOGY Number of TV households

	2019[1]	2018[2]
Potential in millions (analog + digital)	38.77	38.80
Terrestrial	1.01	1.30
Cable	15.39	15.77
Satellite	17.68	17.14
IPTV	4.69	4.59

[1] Information as of December 1, 2019.
[2] Information as of December 1, 2018.
Source: AGF in cooperation with GfK / market standard TV / VideoScope 1.3 / households.

i 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, the corresponding instruments are continously 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 television 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. Since 2019, ProSiebenSat.1 Group has also reported total video viewtime, i.e. the total usage volume of minutes viewed on the linear channels and digital entertainment platforms. → Development of ProSiebenSat.1 Group's relevant business and market environments

PARALLEL USAGE TV/INTERNET in %



■ Often ■ Sometimes ■ Seldom
Basis: 14 - 49 years old, TV/Internet used at least occasionally.
Source: SevenOne Media / forsa.

The findings of the representative studies of the "Media Activity Guide 2019" and "ViewTime Report 2019" provide a detailed insight into media usage behavior in Germany:

_ After years of growth, the usage time of media in general has stopped going up: For the time being, it seems that a ceiling has been reached at 11 hours and 27 minutes a day. Germans spend an average of 687 minutes (previous year: 713 minutes) a day on media usage and communication. People aged between 14 and 69 spend 236 minutes or 42% of the pure media use on TV (previous year: 248 minutes or 42%); this relates to linear and alternative transmission channels. Radio and content-driven Internet usage get 18% each, or 100 minutes (previous year: 109 minutes) and 101 minutes (previous year: 97 minutes) respectively. Content-driven Internet usage includes, for example, social media use, the consumption of online videos, and online banking. The time spent reading newspapers and magazines amounts to 22 minutes every day (previous year: 23 minutes).

_ The way in which people consume video content is changing. The use of online videos continues to increase, albeit at a slower rate than in previous years. Nevertheless, there is a shift from linear toward non-linear video usage. Younger people (adults aged 14 - 29) in particular make intensive use of alternative TV distribution channels: Digital recordings or livestreams from station websites and apps account for 22% (25 minutes a day).

  This is connected to the fact that TV sets increasingly provide access to online content. 58% of media users now own smart TVs, of which 77% are actually connected to the Internet. One in five consumers uses streaming sticks, which bring even conventional TV sets without Internet functionality online.

_ The parallel usage of different screen media, known as second screens, is falling slightly, but remains high at a rate of 76% (adults aged 14 - 49) in 2019 after 79% in the previous year. 92% of second-screen users use their smartphone while watching television, while nearly half use a laptop (45%) or tablet (41%).

_ 16% of Germans use pay VoD services on a daily basis. More than half of pay VoD use is via a TV set, 13% on a smartphone. Free online videos via streaming services, on video sites or TV stations' video libraries have also gained popularity in recent years. Per day, people aged between 14 and 69 watch free online videos for an average of 26 minutes. The most popular platform for this is YouTube LLC ("YouTube"): At 12 minutes (47%), the video site accounts for nearly half of the daily viewtime. Six minutes (23%) of usage time is spent on video libraries, which are particularly popular among younger people as a supplement to linear television. They are used by three quarters of adults aged 14 to 29 (adults aged 14 - 69: 59%). Among people aged 14 to 69, over one third of video library usage is by TV set (37%), one quarter by smartphone (24%).

_ Germans also use social networks for 17 minutes a day (adults aged 14 - 69) – including professional offerings and online dating sites.

i The "Media Activity Guide" examines the Germans' usage of media on an annual basis. The study is conducted by forsa on behalf of the advertising sales company SevenOne Media. Germans' media usage behavior was surveyed in telephone interviews from March 6, 2019, to April 2, 2019; the data analyzed relate to the first quarter of 2019. In addition to the annual Media Activity Guide and likewise in cooperation with forsa, we examine all forms of video and social media usage on a quarterly basis in the "ViewTime Report". ➡ www.sevenonemedia.de/service/research

The studies show that digitalization is increasingly opening doors to media use, and video usage is increasingly shifting from traditional to digital channels. Television remains the most important mass medium, both in terms of reach and usage time. TV is also the number one medium in terms of advertising impact:

_ Linear television is now independent of the TV set. The same content is consumed via various channels on different devices; smartphones and tablets are used in addition to the TV set. At the same time, new cross-media advertising spaces are emerging, which coupled with the impulses of parallel usage is resulting in higher viewer retention. This is increasing TV's relevance in marketing: For example, 43% of 14- to 49-year-old parallel TV and Internet users have bought a product online while doing so.

_ TV is the most important and effective advertising medium thanks to its high reach. In addition, video advertising on TV inspires a greater emotional attachment to a brand than any other medium. This results in brand loyalty among consumers and pays off for advertisers in the short and long term. This is shown in the "ROI Analyzer".

i The ROI Analyzer was developed and launched by SevenOne Media. Since the start of 2015, it has been continued and enhanced under the aegis of the TV and video initiative Screenforce. It calculates the short- and long-term sales impact of TV advertising and quantifies the short- and long-term ROI (Return on Investment). In an elaborate and comprehensive modeling approach, data from the GfK Consumer Panel are merged with TV usage data from AGF. The ROI Analyzer has found that TV advertising works very efficiently for advertising campaigns for FMCGs and increases the sale of the advertised brands not only in the short term but also over longer periods. Currently, the average short-term ROI after one year for the 70 analyzed campaigns is EUR 1.13 and will be even EUR 2.57 after five years. The ROI is therefore around the level of the two previously done ROI surveys. Nearly half of the

campaigns currently analyzed achieve an ROI of at least EUR 2.30 of more than EUR 3.

DEVELOPMENT OF PROSIEBENSAT.1 GROUP'S RELEVANT BUSINESS AND MARKET ENVIRONMENTS

Entertainment

According to PricewaterhouseCoopers GmbH ("PwC"), the volume of the entertainment market in Germany totaled around EUR 37 billion in 2019 (previous year: EUR 36 billion); of which EUR 29 billion was attributable to the traditional and EUR 8 billion to the digital entertainment market (previous year: EUR 29 billion and EUR 7 billion, respectively), with the digital share growing by 13% year-on-year. ProSiebenSat.1 Group achieved a market share of less than 1%.

ProSiebenSat.1 Group has updated its strategy in order to translate the market's high potential into growth and generate additional revenues: The aim is to expand the range of local content in order to set itself apart from global Internet platforms. At the same time, the Group is boosting its digital reach by integrating its video offerings across different media types. ➡ Development of Media Consumption and Advertising Impact

In connection with this, ProSiebenSat.1 Group is increasingly combining its linear and digital offerings and thus increasing its total reach. Since May 2019, AGF has published a daily, convergent total reach metric. Together with AGF, the Group is driving the integration of the YouTube platform into the analysis systems. These new indicators account for altered media usage: The lines between different media are increasingly blurring and the same content is more often being consumed via various channels on different devices. The resulting overlaps between the various forms of use can be presented with the reach metric "total reach." As a next step, this reach is to be made addressable so that advertising can be tailored to the respective viewers in an optimum manner ("smart reach"). In order to reach advertising customers easily and via standardized technology, ProSiebenSat.1 Group founded the joint venture d-force GmbH ("d-force") together with Mediengruppe RTL Deutschland GmbH ("Mediengruppe RTL Deutschland"). As a cross-marketer platform for booking Addressable TV and online video inventory as well as through technical standardization, d-force is intended to create additional growth opportunities in this area. The joint venture commenced operations and launched its first campaigns in December 2019.

ProSiebenSat.1 Group's biggest revenue market is Germany, where the Group holds a leading position in the TV market and has a station profile of seven free TV brands that address different viewer groups. Since 2010, the Group has launched four new special interest stations in Germany, namely sixx, SAT.1 Gold, ProSieben MAXX and Kabel Eins Doku. In addition, ProSiebenSat.1 Group offers various advertising-financed free TV stations in Austria and Switzerland that complement each other.

In Germany, the Group increased its stations' combined audience share for the second time in a row in 2019, posting growth of 0.4 percentage points compared to the previous year. Over the year as a whole, the Group achieved a market share of 28.2% among 14- to 49-year-old viewers and thus the best annual market share since 2015. The station ProSieben particularly excited audiences in 2019 with new local entertainment formats such as "The Masked Singer" and "Joko und Klaas gegen ProSieben." For example, the final of "The Masked Singer" generated a market share of 38.1% among 14- to 49-year-old viewers. In addition, ProSieben MAXX celebrated the most successful year since the station was launched with a market share of 1.7%, thanks in part to sports broadcasts featuring American football, rugby and soccer. Kabel Eins increased its market share by 0.2 percentage points to 5.2% in 2019, including new, local, live factual productions, and is thus one of the five most successful German private stations. The market share of the ProSiebenSat.1 stations amounted to 27.9% in the fourth quarter (previous year: 28.8%). The stations marketed by IP Deutschland (RTL, VOX, n-tv, Super RTL, NITRO, RTLplus and VOXup as of December 1, 2019) had a market share of 25.7% in the year as a whole (previous year: 24.3%) and 25.2% in the fourth quarter (previous year: 24.7%).

The Austrian broadcasting group ProSiebenSat.1 PULS 4 GmbH ("ProSiebenSat.1 PULS 4") achieved a combined market share of 28.4% among viewers aged between 12 and 49 years in 2019 (previous year: 28.6%) and is thus the leading private TV provider by far. In particular, the Austrian stations ATV, ATV2 and PULS 4 set a new record with a combined market share of 11.1% among viewers aged between 12 and 49 years. September 2019 also saw the launch of PULS 24, the Group's fourth Austria-only TV station, and an app of the same name. The offerings focus on news, business, live events and Austrian content. ProSiebenSat.1 Group thus continues to extend its expertise regarding informative content. In Switzerland, the ProSiebenSat.1 station's audience share among 15- to 49-year-olds in the full-year was on a par with the previous year at 17.7%.

AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS IN GERMANY in %

Target group 14-49 years	Q4 2019	Q4 2018	2019	2018
ProSiebenSat.1 Group	**27.9**	28.8	**28.2**	27.8
SAT.1	7.9	8.0	7.8	8.1
ProSieben	9.3	10.0	9.6	9.5
Kabel Eins	5.0	5.2	5.2	5.0
sixx	1.5	1.3	1.4	1.4
SAT.1 Gold	1.6	1.5	1.6	1.6
ProSieben MAXX	1.7	1.8	1.7	1.6
Kabel Eins Doku	0.9	0.9	0.9	0.7

Relevant target groups[1]	Q4 2019	Q4 2018	2019	2018
SAT.1	7.6	7.8	7.6	8.0
ProSieben	11.8	13.4	12.6	12.5
Kabel Eins	5.0	5.2	5.2	5.0
sixx	2.1	1.7	1.8	1.9
SAT.1 Gold	3.0	2.7	3.0	2.8
ProSieben MAXX	3.3	3.1	2.8	2.7
Kabel Eins Doku	1.0	0.7	0.9	0.6

[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). SAT.1, ProSieben, Kabel Eins, sixx, SAT.1 GOLD, ProSieben MAXX, Kabel Eins Doku; **source:** AGF Videoforschung in cooperation with GfK / market standard TV / VideoScope 1.3 / January 1, 2018-December 31, 2019.

AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS IN AUSTRIA in %

Target group 12-49 years	Q4 2019	Q4 2018	2019	2018
ProSiebenSat.1 PULS 4	**29.0**	29.5	**28.4**	28.6
SAT.1 Österreich	3.9	5.0	3.8	4.6
ProSieben Austria	6.6	7.7	6.6	7.5
Kabel Eins Austria	2.9	2.9	2.8	2.8
PULS 4	4.9	4.7	4.9	4.5
sixx Austria	1.3	1.1	1.2	1.2
SAT.1 Gold Österreich	1.0	0.7	0.9	0.8
ProSieben MAXX Austria	1.2	1.0	1.1	1.0
Kabel Eins Doku Austria	0.9	0.8	0.9	0.7
ATV	4.9	4.7	4.8	4.3
ATV2	1.5	1.1	1.4	1.1

Austria: A 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 (since April 7, 2017, at ProSiebenSat.1 PULS 4, before that an independent group; **source:** AGTT / GfK TELETEST / Evogenius Reporting / January 1, 2018-December 31, 2019 / weighted for number of people / including VOSDAL / timeshift / standard.

AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS IN SWITZERLAND in %

Target group 15-49 years	Q4 2019	Q4 2018	2019	2018
ProSiebenSat.1 Group	**17.2**	19.2	**17.7**	17.7
SAT.1 Schweiz	5.3	5.8	5.2	5.1
ProSieben Schweiz	5.3	6.7	5.8	6.2
Kabel eins Schweiz	2.1	2.7	2.5	2.5
sixx Schweiz	1.3	1.1	1.2	1.1
SAT.1 Gold Schweiz	1.2	0.9	0.9	1.0
ProSieben MAXX Schweiz	1.2	1.0	1.1	0.8
Puls 8	0.9	1.1	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 (since October 8, 2015) / advertising-relevant target group: 15- to 49-year-olds / market shares relate to German-speaking Switzerland / D – CH / total signal; **source:** Mediapulse TV Data.

In addition to this increasingly specific, targeted approach to viewers, ongoing digitalization is providing ProSiebenSat.1 Group with new revenue models for the TV business. The distribution of programs in high definition (HD) is one example for this. Here, the 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 HD stations had 10.0 million users in 2019, 6% more than in the previous year. In 2019, the Group also expanded its technical reach and made new distribution agreements, including with HD PLUS, Zattoo, Telecolumbus/Primacom and Deutsche Telekom. In addition, more shows were broadcast in the new ultra high definition (UHD) standard. The Group also offers its programs in HD quality in Austria and Switzerland.

Partnerships emphasize the Group's strategic objective of offering programs via as many distribution channels as possible and expanding reach across different media types. In line with this entertainment strategy, ProSiebenSat.1 Group founded the streaming platform Joyn as a joint venture with Discovery and launched it in June 2019. The streaming service offers viewers livestreams of over 60 channels and an extensive on-demand offer of local series produced in-house, shows, and exclusive previews. The paid Joyn PLUS+ service with exclusive content, originals, pay TV stations, and HD content was added in November 2019. At the end of 2019, seven months after it launched, Joyn had already more than 7 million users across all devices; according to measurements by AGOF (Arbeitsgemeinschaft Onlineforschung e. V.), the free streaming service reached 3.46 million unique users in Germany in December 2019. → Organization and Group Structure

A further essential component of ProSiebenSat.1 Group's portfolio is Studio71. It pools the broadcasting group's digital content offerings and distributes them via digital platforms. In addition, the digital studio cooperates with some of the social influencers with the highest reach in Germany. In 2019, Studio71 achieved over 9.9 billion video views a month (previous year: 9.2 billion video views).

In 2019, ProSiebenSat.1 Group counted total video viewtime of 1,075,839 million minutes (previous year: 1,092,515 million minutes). This figure represents the total number of minutes viewed across ProSiebenSat.1 Group's linear and digital platforms. Digital viewtime grew by 30.3% compared to the previous year. With this development, the Group did not fully compensate the decline in linear reach. In the fourth quarter, total video viewtime amounted to 282,795 million minutes (previous year: 291,318 million minutes).

Production Market

The proportion of local programming on the Group's own stations has become a particular strategic focus. ProSiebenSat.1 Group's objective is to set itself apart from competitors with locally produced formats and further hone the stations' brand profiles with original productions. For example, the German production subsidiary Redseven produced 17.6% of the local prime-time content for the stations SAT.1, ProSieben and Kabel Eins in 2019. This is an increase of 4.3 percentage points compared to the previous year. Similarly, Studio71 developed and produced more new formats for the German market, such as the web series "Krass Klassenfahrt" for the streaming platform Joyn.

Advertising

According to Nielsen Media Research, gross TV advertising investment in Germany rose by 0.8% to EUR 16.31 billion in 2019 (previous year: EUR 16.18 billion). In the fourth quarter of 2019, there was a 0.6% increase to EUR 5.50 billion (previous year: EUR 5.46 billion). TV has the greatest relevance in comparison to other media. In 2019 as a whole, 49.0% of gross advertising investment went on TV advertising (previous year: 49.3%). This figure was 51.9% in the fourth quarter of 2019 (previous year: 52.6%).

MEDIA MIX GERMAN GROSS ADVERTISING MARKET

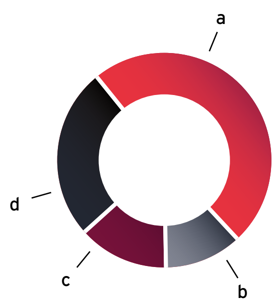
in %, 2018 figures in parentheses

a — TV
49.0 (49.3)

b — Online
11.6 (11.2)

c — Others
13.8 (13.0)

d — Print
25.6 (26.5)



Source: Nielsen Media Research.

Data from Nielsen Media Research are important indicators for assessing the advertising market's development. However, they are collected on a gross revenue basis, meaning that they do not take account of discounts, self-promotion or agency commission. In addition, the figures also include TV spots from media-for-revenue-share and media-for-equity transactions. Furthermore, the advertising revenues of major digital players from the US such as Google LLC ("Google") and Facebook Inc. ("Facebook") are not reflected in the Nielsen figures and therefore do not represent the entire gross market. This also results in the deviations to the net development of the TV advertising market.

In 2018, unlike in previous years, the German net TV advertising market drew only limited benefit from total solid macroeconomic development and posted a slight decline of –1.2%. This was chiefly due to sector-specific effects. In 2019, conditions deteriorated further. Economic momentum slowed considerably, especially externally. This restrained the advertising behavior of the highly export-oriented German automotive industry, for example. In ProSiebenSat.1 Group's view, the TV advertising market therefore fell markedly short of the previous year on a net basis in 2019; there are similar assessments from experts from the Organization of Advertisers in the German Brands Association ("Organisation Werbetreibende im Markenverband – OWM"). Official data on the net TV advertising market for 2019 will be published by the German Advertising Federation ("Zentralverband der deutschen Werbewirtschaft – ZAW") in May 2020.
→ Economic Development

Against the backdrop of the developments described above, the agency forecasts for 2019 as a whole vary considerably: The forecasts for the German TV advertising market range between minus 0.5% (GroupM) and minus 3.1% (Magna Global). As described above, the TV advertising market fell markedly short in ProSiebenSat.1 Group´s view. Net forecasts for the German advertising market as a whole range between plus 1.8% (Magna Global) and minus 0.7% (ZenithOptimedia). In-stream video advertising is likely to have continued its dynamic development and be driving growth on the online advertising market. For the online advertising market as a whole, the agency groups expect net growth of between 6.0% (GroupM) and 10.0% (Magna Global).

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 6.36 billion in 2019 (previous year: EUR 6.42 billion). In the fourth quarter of 2019, revenues decreased by 3.5% to EUR 2.17 billion (previous year: EUR 2.25 billion). For the full year of 2019, this resulted in a market share of 39.0%; in the fourth quarter, ProSiebenSat.1 Group achieved a market share of 39.5% (same periods of the previous year: 39.7% and 41.2% respectively).

MARKET SHARES GERMAN GROSS TV ADVERTISING MARKET in %, 2018 figures in parentheses

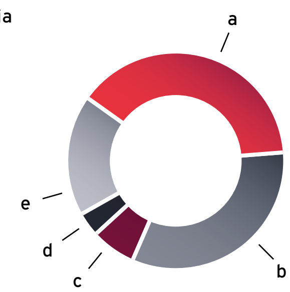
a — SevenOne Media
39.0 (39.7)

b — IP Deutschland
32.8 (32.1)

c — EL-Cartel
6.8 (7.1)

d — Public Stations
3.6 (3.8)

e — Others
17.9 (17.3)



Source: Nielsen Media Research.

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 390.1 million in the full year of 2019 (previous year: EUR 293.5 million). This corresponds to year-on-year growth of 32.9%. At the same time, the market share increased from 46.3% to 47.9%. In the fourth quarter, the Group generated EUR 138.7 million here (previous year: EUR 107.0 million); this results in an advertising market share of 49.6% (previous year: 47.5%). The market volume for advertising budgets for in-stream video ads in Germany rose by 28.6% to EUR 814.5 million in 2019 (previous year: EUR 633.5 million), and by 24.0% to EUR 279.7 million in the fourth quarter (previous year: EUR 225.6 million).

Overall, investments in online forms of advertising rose by 4.6% to EUR 3.85 billion in 2019 (previous year: EUR 3.68 billion). In the fourth quarter, they amounted to EUR 1.19 billion (previous year: EUR 1.17 billion). With these investments, the Group generated revenues of EUR 478.3 million in the year as a whole (+26.5%) and of EUR 171.2 million in the fourth quarter (+36.8%). In addition to in-stream videos, the online advertising market also includes display ads such as traditional banners and buttons.

In ProSiebenSat.1 Group's view, the online advertising market developed above the previous year's level on a net basis in 2019. This is particularly attributable to the growing in-stream market.

i Nielsen Media Research designates gross figures for the online advertising market in Germany. They do not comprise data from Google/YouTube and Facebook, among others, and therefore they do not represent the entire market. For the overall online video market, it can be assumed that it has grown.

Commerce

Overall, e-commerce on all digital devices in Germany is expected to have grown by around 8.6% to a market volume of EUR 68.3 billion in 2019. As such, e-commerce probably accounted for 11% of total retail in 2019. This was the result of a current study by the Institute of Retail Research in Cologne (Institut für Handelsforschung Köln). According to this study, mobile commerce is likely to have been of great significance for e-commerce growth in Germany in the period under review, with a volume of around EUR 36.6 billion (previous year: EUR 30.7 billion). This corresponds to 53.6% of online revenues in Germany overall. The individual e-commerce areas differ in terms of their dynamics. Relevant markets for ProSiebenSat.1 Group are described below:

- **Beauty and Lifestyle:** In 2019, the German beauty and personal care market was worth EUR 15 billion (previous year: EUR 14.7 billion). E-commerce accounted for around 27% of revenues in the beauty market in 2019, and this is to rise to as much as 40% by 2023.
- **Online dating:** According to Statista GmbH's ("Statista") Digital Market Outlook, revenues in the online dating market increased to EUR 204 million in 2019 (previous year: EUR 195 million). The market comprises the matchmaking, singles site and casual dating segments. Our portals Parship and ElitePartner belong to the matchmaking segment, which generates the highest revenues in the online dating market and accounts for roughly 43% of total revenues.
- **Consumer Advice:** The market volume of online comparison portals in the fields of energy, telecommunications, car insurance and consumer loans in Germany is expected to come to approximately EUR 760 million in 2019 (previous year: EUR 721 million).
- **Experiences:** The market volume for experiences (including gift experiences, experience-based short trips and recreational experiences) is expected to have come to approximately EUR 4.5 billion in Germany in 2019. A joint study by mydays GmbH ("mydays") and Statista found that shared experiences were a favored gift under the Christmas tree. Nearly half the men and around two-thirds of the women surveyed said that they would be most pleased with the gift of a shared experience for Christmas. → Future Business and Industry Environment

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

	Development of the TV advertising market in Q4 2019 (Change against previous year)	Development of the TV advertising market in 2019 (Change against previous year)
Germany	+0.6	+0.8
Austria	+9.1	+2.4
Switzerland	+16.3	+3.4

	Market shares ProSiebenSat.1 Group Q4 2019	Market shares ProSiebenSat.1 Group Q4 2018	Market shares ProSiebenSat.1 Group 2019	Market shares ProSiebenSat.1 Group 2018
Germany	39.5	41.2	39.0	39.7
Austria	44.2	43.8	44.5	43.4
Switzerland	27.1	26.4	27.6	26.4

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.

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.

We conduct intensive market research in every area relevant to our business activities and in every area in which the Company sees growth potential. In 2019, expenses for Group-wide market research activities amounted to around EUR 9 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, we are particularly working on making our advertising products more intelligent. This means that we are 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 2019, the marketer SevenOne Media 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 cross-faded with addressable spots in all advertising blocks, thus addressing viewers based on their interests. The offer is based on an advertising technology that SevenOne Media developed and has applied for a European patent. In addition, we are continuously developing our own digital platforms, for example in the commerce business.

SIGNIFICANT EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

ProSiebenSat.1 Group regularly analyzes its portfolio and assesses possible growth and synergy potential. This strategy includes portfolio expansions, company disposals and investments in promising growth areas. In this context, the following events were significant in financial year 2019. Further information can be found in the Notes. → Notes, note 4 "Scope of consolidation" → Notes, note 5 "Acquisitions, disposals and other transactions affecting the scope of consolidation" → Notes, note 39 "Events after the closing date"

- Effective as of February 21, 2019, General Atlantic, contributed its 41.6% stake in Marketplace GmbH, Berlin ("Marketplace"), to NuCom Group, by way of a capital increase. General Atlantic has been a growth investor in NuCom Group since 2018; as of the closing date on December 31, 2018, NuCom Group also held a 41.6% interest in Marketplace. At the same time, NuCom Group acquired 10.5% of the shares from other shareholders of Marketplace in the first quarter of 2019. The newly resulting total stake of NuCom Group and the shares held by the remaining minority shareholders were contributed effective as of February 21, 2019 to the newly founded be Around Holding GmbH, Berlin ("be Around"). After this contribution, 94.0% of the voting rights and 80.0% of the capital of be Around are attributed to NuCom Group. The overall transaction is based on a purchase price of EUR 128 million. General Atlantic's stake in NuCom Group thus increased from 25.1% to 28.4%. be Around operates Aroundhome (formerly Käuferportal), Germany's largest online broker for products and services related to the home.
- In the second quarter of 2019, the Group extended the maturities for most of the syndicated credit agreement consisting of a term loan and a revolving credit facility (RCF) until April 2024. → Borrowings and Financing Structure
- In the third quarter of 2019, ProSiebenSat.1 Group continued the transformation of its Entertainment business and decided to establish a new and more independent organization for this segment. At the same time, the operating holding company, which was previously closely interwoven with the Entertainment business, was transformed into a strategic holding company. → Organization and Group Structure → Strategy and Management System

GROUP EARNINGS

SELECTED KEY FIGURES OF PROSIEBENSAT.1 GROUP

in EUR m

	2019	2018	Absolute change	Change in %
Revenues	4,135	4,009	126	3.1
Total costs	3,592	3,710	-118	-3.2
Operating costs	3,297	3,027	271	8.9
Operating result (EBIT)	578	348	230	66.1
Adjusted EBIT	684	850	-166	-19.5
Adjusted EBITDA	872	1,013	-141	-13.9
Reconciling items	-34	-443	409	-92.3
EBITDA	838	570	268	47.0
Financial result	-6	-4	-2	40.9
Result before income taxes	572	344	228	66.4
Income taxes	-161	-94	-66	70.4
Net income	412	250	162	64.9
Net income attributable to shareholders of ProSiebenSat.1 Media SE	413	248	164	66.1
Adjusted net income	387	541	-154	-28.5

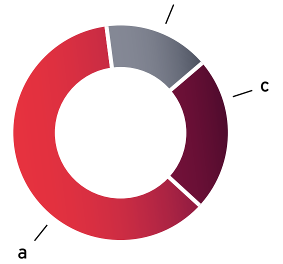
REVENUE DEVELOPMENT

ProSiebenSat.1 Group's **revenues** rose by 3% to EUR 4,135 million in 2019 (previous year: EUR 4,009 million). Adjusted for consolidation and currency effects, the increase in revenues was 2%. The revenue contribution from initial consolidations totaled EUR 126 million in the financial year and is particularly attributable to eHarmony Inc. ("eHarmony Group") and be Around. This was offset by effects from deconsolidations of EUR 110 million, resulting primarily from the disposal of the video-on-demand (VoD) portal maxdome in July 2018, of the online sports program operator 7NXT GmbH ("7NXT") in July 2018, and of the tour operator Tropo GmbH ("Tropo") in September 2018. The non-TV-advertising business' share in Group revenues increased to 52% in 2019 (previous year: 48%).

Revenues by Segment

REVENUE SHARE BY SEGMENT

in %, 2018 figures in parentheses



The individual segments' contributions to Group revenues developed as follows in 2019:

External revenues in the Entertainment segment amounted to EUR 2,518 million (previous year: EUR 2,626 million). In addition to the above-mentioned effects in connection with the deconsolidations of maxdome and 7NXT of EUR 56 million, this decline of 4% is primarily attributable to the weaker performance of the TV advertising business. Adjusted for consolidation and currency effects, the decline amounted to 2%. However, the digital and smart advertising business continued to grow dynamically at a rate of 38%, but did not entirely compensate for the decline in TV core advertising revenues. This positive development was also driven by the offering of targeted advertising spots (Addressable TV) and by the marketing of digital platforms such as Joyn as well as the Group's and third-party providers' online offerings. Total advertising revenues fell by 2% in financial year 2019. This primarily reflects the general market trend. In contrast, distribution revenues continued to grow due to the increasing number of HD users. ➡ Group Environment

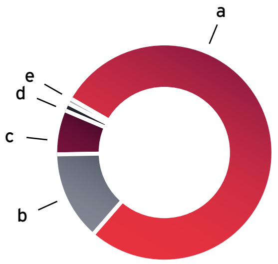
In the Content Production & Global Sales segment, **external revenues** increased by 18% to EUR 652 million (previous year: EUR 552 million). Adjusted for consolidation and currency effects, the increase in revenues was 13%. Studio71 in particular achieved high rates of growth. The global production and distribution business also continued its persistently dynamic revenue growth in the USA and Germany.

External revenues in the Commerce segment increased by 16% to EUR 965 million in 2019 (previous year: EUR 831 million). The growth was positively influenced by initial consolidations. These particularly include the acquisition of eHarmony Group in November 2018 and of be Around in March 2019, which more than compensated the opposite effect from the sale of Tropo in September 2018. Adjusted for consolidation and currency effects, the increase in revenues amounted to 8%. Flaconi GmbH ("Flaconi") and WindStar Medical GmbH ("WindStar") in particular generated substantial growth. The performance of Verivox GmbH ("Verivox Holding") was impacted by a challenging market and competitive environment, in particular as a result of the insolvency of a low-cost electricity supplier at the beginning of 2019.

GROUP REVENUES BY SEGMENT in EUR m

	2019	2018	Absolute change	Change in %
Entertainment	2,518	2,626	-108	-4.1
Content Production & Global Sales	652	552	100	18.1
Commerce	965	831	134	16.1
Revenues	**4,135**	**4,009**	**126**	**3.1**

REVENUES BY REGION in EUR m, 2018 figures in parentheses



ProSiebenSat.1 Group generates the majority of its revenues, i.e. 78%, in Germany (previous year: 81%).

COST DEVELOPMENT

TOTAL COSTS in EUR m

	2019	In % of revenues	2018	In % of revenues
Total costs	3,592	86.9	3,710	92.5
Cost of sales	2,377	57.5	2,569	64.1
Selling expenses	627	15.2	532	13.3
Administrative expenses	576	13.9	595	14.9
Other operating expenses	11	0.3	14	0.3

The Group's **total costs** fell 3% to EUR 3,592 million in financial year 2019 (previous year: EUR 3,710 million). As a percentage of revenues, the cost of sales fell by 6.6 percentage points. This decline was offset by a slight increase in selling expenses as a percentage of revenues of 1.9 percentage points. Administrative expenses as a percentage of revenues were 0.9 percentage points lower than in financial year 2018.

The 7% decline in cost of sales to EUR 2,377 million (previous year: EUR 2,569 million) resulted in particular from lower consumption of programming assets, which decreased by EUR 361 million to EUR 958 million (previous year: EUR 1,319 million). The decline in consumption is due to the total cost of EUR 354 million recognized in financial year 2018 in connection with the updated programming strategy. In addition, the deconsolidation of maxdome in July 2018 reduced consumption in 2019. In contrast, the cost of sales in the Commerce and Content Production & Global Sales segments increased as a result of revenue growth.

The Group's selling expenses rose by 18% year-on-year to EUR 627 million (previous year: EUR 532 million). The increase relates in particular to marketing and marketing-related expenses. This is attributable to the enhancement of the market position of Flaconi's online beauty business as well as to consolidation effects in the Commerce segment due to the acquisitions of eHarmony Group of EUR 43 million and be Around of EUR 38 million in financial year 2019.

Administrative expenses decreased by 3% to EUR 576 million (previous year: EUR 595 million). The decline resulted in particular from lower expenses for reorganizations and M&A-related expenses. The Group continued its announced reorganization in financial year 2019 and is pushing the implementation of a more independent Entertainment organization and a strategic holding company. → Organization and Group Structure

RECONCILIATION OF OPERATING COSTS
in EUR m

	2019	2018	Absolute change	Change in %
Total costs	3,592	3,710	-118	-3.2
Expense adjustments	35	462	-427	-92.5
Depreciation, amortization and impairments[1]	260	222	38	17.0
Operating costs	**3,297**	**3,027**	**271**	**8.9**

[1] Of other intangible and tangible assets.

Operating costs rose by 9% year-on-year to EUR 3,297 million (previous year: EUR 3,027 million). In addition to a revenue-driven cost increase in the Content Production & Global Sales and Commerce segments, the year-on-year increase is attributable partly to investments recognized as expense, especially in the Entertainment segment. The Group consciously decided to invest in local content, in the expansion of digital platforms as well as in improved monetization of reach.

ADJUSTED EBITDA

The **adjusted EBITDA** decreased by 14% or EUR 141 million to EUR 872 million in financial year 2019. The **adjusted EBITDA margin** was 21.1% (previous year: 25.3%). The earnings and margin development is explained firstly by the above-mentioned higher operating costs and secondly by the decline in TV core advertising revenues and the different earnings structures of the individual segments.

The Entertainment segment's **adjusted EBITDA** declined by 18% or EUR 155 million year-on-year to EUR 726 million. This is particularly attributable to the decline in revenues as a result of the weaker development in the TV advertising market and to the above investments recognized as expense. The **adjusted EBITDA margin** amounted to 28.1% (previous year: 32.4%) and thus reflects the different margin structures of the individual business models.

In the Content Production & Global Sales segment, **adjusted EBITDA** increased significantly by 57% to EUR 48 million (previous year: EUR 31 million), driven by positive revenue development in all business areas of the segment. The **adjusted EBITDA margin** increased to 6.6% (previous year: 5.1%).

In the Commerce segment, the Group generated **adjusted EBITDA** of EUR 98 million in financial year 2019, after EUR 103 million in the previous year. The earnings performance is influenced by higher expenses, especially in connection with growth investments for the further enhancement of the market position of individual portfolio companies. The **adjusted EBITDA margin** was 10.2% (previous year: 12.3%).

ADJUSTED EBITDA BY SEGMENT in EUR m

	2019	2018	Absolute change	Change in %	Adjusted EBITDA margin 2019 (in %)[1]	Adjusted EBITDA margin 2018 (in %)[1]
Entertainment	726	881	-155	-17.6	28.1	32.4
Content Production & Global Sales	48	31	18	57.5	6.6	5.1
Commerce	98	103	-4	-4.3	10.2	12.3
Total adjusted EBITDA	**872**	**1,013**	**-141**	**-13.9**		

[1] Based on total segment revenues.

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

RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME in EUR m

	2019	2018	Absolute change	Change in %
Adjusted EBITDA	**872**	**1,013**	**-141**	**-13.9**
Reconciling items	-34	-443	409	-92.3
EBITDA	**838**	**570**	**268**	**47.0**
Depreciation, amortization and impairments	-260	-222	-38	17.0
thereof from purchase price allocations	-69	-50	-18	36.3
Operating result (EBIT)	**578**	**348**	**230**	**66.1**
Financial result	-6	-4	-2	40.9
Income taxes	-161	-94	-66	70.4
Net income	**412**	**250**	**162**	**64.9**

In financial year 2019, the Group's **EBITDA** increased by 47% or EUR 268 million and amounted to EUR 838 million. EBITDA includes reconciling items of minus EUR 34 million, compared to minus EUR 443 million in the previous year, which comprise the following:

PRESENTATION OF THE RECONCILING ITEMS in EUR m

	2019	2018
Income from changes in scope of consolidation	0	18
Income from other one-time items	0	1
Income adjustments	**1**	**19**
M&A related expenses	-12	-34
Reorganization expenses	-45	-68
Expenses for legal claims	0	1
Fair value adjustments of share-based payments	5	8
Expenses for other one-time items	-5	-14
Valuation effects relating to strategic realignments of business units	23	-354
Expense adjustments	**-35**	**-462**
Reconciling items	**-34**	**-443**

Costs in the amount of EUR 12 million resulted from M&A projects (previous year: EUR 34 million), which were mainly attributable to the Entertainment segment. In financial year 2019, reorganization expenses amounted to EUR 45 million (previous year: EUR 68 million). These are influenced by the reorganization of the Group and mainly include expenses such as severance payments and leave compensation. The Group has continued its announced reorganization and is particularly pushing the implementation of a more independent Entertainment organization and a strategic holding company. ProSiebenSat.1 Group thus continues to flexibly adapt the Group's structure to the constantly changing market environment in order to make it fit for the future. Expenses for other one-time items amounted to EUR 5 million (previous year: EUR 14 million). The previous year's figure was impacted by expenses of other accounting periods in the Entertainment and Commerce segments. Fair value adjustments of share-based payments of EUR 5 million (previous year: EUR 8 million) and the valuation effects relating to strategic realignments of business units of EUR 23 million (previous year: EUR -354 million) had an opposite effect. These resulted from a partial reversal of provisions for onerous contracts recognized in the previous year due to lapsed acceptance obligations. The previous year's effect primarily includes the impairment of EUR 178 million (of which EUR 122 million from the transaction with Joyn) and the recognition of provisions for onerous contracts in connection with the future acceptance of programming assets of EUR 176 million (of which EUR 168 million from the transaction with Joyn).

Depreciation, amortization and impairments rose by EUR 38 million to EUR 260 million (previous year: EUR 222 million). This development is primarily based on higher amortization of intangible assets.

FINANCIAL RESULT

The **financial result** totaled minus EUR 6 million (previous year: EUR -4 million). The **interest result** included in the financial result improved by EUR 8 million to minus EUR 56 million (previous year: EUR -63 million). The **result from investments accounted for using the equity method**, also recognized in the financial result, amounted to minus EUR 50 million (previous year: EUR -13 million) and primarily includes the Group's share of Joyn's profit or loss. → Notes, note 12 "Interest result" → Notes, note 13 "Result from investments accounted for using the equity method and other financial result"

The **other financial result** amounted to EUR 100 million (previous year: EUR 72 million) and includes income from the change in put-options and earn-out liabilities of EUR 76 million (previous year: EUR 59 million). The largest individual items were valuation effects relating to Studio71 and the social advertising provider esome advertising technologies GmbH ("esome"). In addition, the income from valuation effects from financial instruments included in the other financial result increased by EUR 17 million to EUR 41 million (previous year: EUR 25 million). This increase resulted in particular from the earnings effect of the sale of shares in the global video service Pluto Inc. ("Pluto") in the amount of EUR 22 million and from the reassessment of the former shares in Marketplace (EUR 26 million) in connection with the increase in the share and full consolidation of the newly founded be Around. Results of currency conversion of minus EUR 9 million (previous year: EUR -5 million) and financing costs of minus EUR 10 million (previous year: EUR -7 million) also had an opposite effect on the other financial result.

The developments described resulted in an increase in the **result before income taxes** of 66% to EUR 572 million (previous year: EUR 344 million). **Income taxes** amounted to EUR 161 million (previous year: EUR 94 million) with a tax rate of 28.1% (previous year: 27.4%).

NET INCOME AND ADJUSTED NET INCOME

Net income increased by 65% to EUR 412 million (previous year: EUR 250 million). The net income attributable to shareholders of ProSiebenSat.1 Media SE rose by 66% to EUR 413 million (previous year: EUR 248 million).

RECONCILIATION OF ADJUSTED NET INCOME in EUR m

	2019	2018	Absolute change	Change in %
Net income	**412**	**250**	**162**	**64.9**
Reconciling items	34	443	-409	-92.3
Depreciation, amortization and impairments from purchase price allocations[1]	70	52	18	35.2
Valuation effects of financial instruments	-41	-23	-19	83.7
Valuation effects of put-options and earn-out liabilities	-70	-54	-17	30.9
Valuation effects from interest rate hedging transactions	-3	-2	-1	66.2
Other effects	10	9	1	8.1
Tax effects on adjustments	-24	-133	108	-81.6
Total	**386**	**542**	**-156**	**-28.8**
Net income attributable to non-controlling interests	-1	1	-2	~
Adjustments attributable to non-controlling interests	-1	-1	0	~
Net income attributable to adjusted non-controlling interests	0	-2	2	~
Adjusted net income	**387**	**541**	**-154**	**-28.5**
Adjusted earnings per share (in EUR)	**1.71**	**2.36**	**-0.65**	**-27.7**

[1] Including effects on associates consolidated using the equity method in the amount of EUR 1 million (previous year: EUR 1 million).

Valuation effects in other financial result amounted to EUR 41 million (previous year: EUR 23 million). As already explained in the financial result, they resulted primarily from the sale of Pluto (EUR 22 million) and from the reassessment of the former shares in Marketplace (EUR 26 million), and were partially offset by other valuation effects of EUR 8 million.

The valuation effects of put-options and earn-out liabilities of EUR 70 million (previous year: EUR 54 million) mainly derive from the reassessment of the put-options relating to Studio71 and the earn-outs relating to esome.

In contrast, **adjusted net income** fell by 28% to EUR 387 million (previous year: EUR 541 million) and primarily reflects the development of adjusted EBITDA. This item is adjusted by the mentioned reconciling items and presented in the reconciliation. These include the effects recognized in the other financial result as well as the expenses resulting from restructuring and portfolio measures. Basic adjusted earnings per share amounted to EUR 1.71 (previous year: EUR 2.36). → Notes, note 14 "Income taxes" → Notes, note 15 "Earnings per share"

RECONCILIATION OF THE INCOME STATEMENT in EUR m

	2019 IFRS	Adjustments	2019 adjusted
Revenues	4,135	-/-	4,135
Total costs	-3,592	-106	-3,485
Other operating income	35	1	35
Operating result (EBIT)	**578**	**-106**	**684**
Depreciation, amortization and impairments	260	72	188
EBITDA	**838**	**-34**	**872**
Depreciation, amortization and impairments	-260	-72	-188
Financial result	-6	106	-113
Result before income taxes	**572**	**1**	**572**
Income taxes	-161	24	-185
Net income	**412**	**25**	**386**
Net income attributable to shareholders of ProSiebenSat.1 Media SE	413	26	387
Net income attributable to non-controlling interests	-1	-1	0

GROUP FINANCIAL POSITION AND PERFORMANCE

ANALYSIS OF LIQUIDITY AND CAPITAL EXPENDITURE

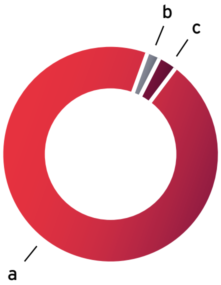
CASH FLOW STATEMENT in EUR m

	2019	2018
Cash flow from operating activities	**1,603**	**1,459**
Cash flow from investing activities	**-1,396**	**-1,536**
Free cash flow	**207**	**-78**
Cash flow from financing activities	**-294**	**-468**
Effect of foreign exchange rate changes on cash and cash equivalents	6	17
Change in cash and cash equivalents	-81	-528
Cash and cash equivalents at beginning of reporting period	1,031	1,559
Cash and cash equivalents at end of reporting period	**950**	**1,031**

In financial year 2019, ProSiebenSat.1 Group generated a **cash flow from operating activities** of EUR 1,603 million (previous year: EUR 1,459 million). The 10% increase is primarily attributable to a tax refund in the second quarter of 2019, lower tax prepayments for the current financial year and a positive change in working capital.

INVESTMENTS BY SEGMENT[1]

in %, 2018 figures in parentheses



[1] Investments by segment before M&A activities.

For financial year 2019, the Group reports **cash flow from investing activities** of minus EUR 1,396 million (previous year: EUR -1,536 million). The cash outflow thus decreased by 9%, reflecting lower payments for additions to the scope of consolidation and, conversely, increased payments for other intangible assets and financial assets.

- In 2019, the cash outflow for additions to the scope of consolidation amounted to EUR 100 million (previous year: EUR 302 million). This primarily includes the deferred purchase price payments for the technology holding company Virtual Minds AG ("Virtual Minds") and for Studio71 of EUR 36 million and EUR 30 million, respectively, and the purchase price payment for the increase in the share in be Around of EUR 10 million. The relatively high figure for the previous year includes purchase price payments for the acquisition of eHarmony Group, health brand Zirkulin, esome, the online cancellation service Aboalarm GmbH ("Aboalarm") and the e-commerce marketer Kairion GmbH ("Kairion") and deferred purchase price payments for Verivox Holding, Virtual Minds, and the US production companies Kinetic Content LLC ("Kinetic Content") and Fabrik Entertainment, LLC ("Fabrik Entertainment").

The cash outflow from capital increases in Joyn (EUR 62 million; previous year: EUR 9 million) is included in the payments for the acquisition of financial assets of EUR 75 million (previous year: EUR 44 million).

i Assets resulting from initial consolidations are not reported as segment-specific investments. Cash and cash equivalents used for the acquisition of the initially consolidated entities are shown as "cash outflow from additions to the scope of consolidation."

- The cash outflow for the acquisition of programming rights was on a par with the previous year at EUR 1,072 million (previous year: EUR 1,070 million). The previous year's figure includes the cash outflow for the acquisition of programming rights for maxdome; the video-on-demand portal was deconsolidated in 2018. As in the previous year, 100% of the programming investments were made in the Entertainment segment.

i Programming investments are a focal point in investing activities. In addition to the purchasing of licensed formats and commissioned productions, in-house formats secure the Group's programming supply. 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.

- Investments in property, plant and equipment amounted to EUR 54 million and were thus on a par with the previous year (EUR 55 million). Besides technical facilities and leasehold improvements, they related to the new campus at the Unterföhring site. EUR 159 million went on other intangible assets in 2019 (previous year: EUR 106 million) and include software, licenses from the marketing of digital offerings and industrial property rights. At 61%, the majority of the investments were attributable to the Entertainment segment (previous year: 68%).

The developments described resulted in a **free cash flow** of EUR 207 million for 2019 (previous year: EUR -78 million).

M&A cash flow amounted to minus EUR 133 million in 2019, after minus EUR 321 million in the previous year. This development is due to lower cash outflows for additions to the scope of consolidation compared to the previous year. Increased payments for financial assets, primarily in relation to Joyn, had the opposite effect.

The **free cash flow before M&A** amounted to EUR 339 million (previous year: EUR 244 million). This equates to an increase of 39%, which resulted from lower tax payments and better management of working capital as of the end of the year. This was countered by increased investments in other intangible assets.

i Free cash flow: 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: 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 investments with the exception of media-for-equity investments.

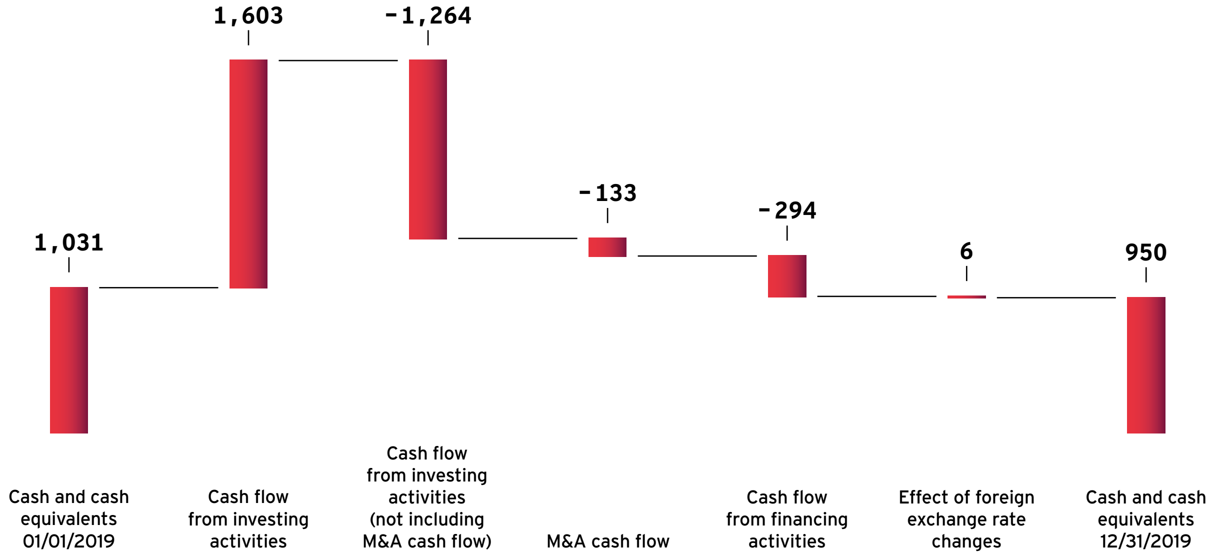
Cash flow from financing activities amounted to minus EUR 294 million in 2019 (previous year: EUR –468 million). The lower cash outflow than in the previous year is based firstly on the dividend payment of EUR 269 million (previous year: EUR 442 million) made in June 2019. Secondly, the comparatively high figure for 2018 is dominated by cash outflow of EUR 221 million for purchase price payments for additional shares in the already controlled Parship Group ("Parship Group") and the acquisition of additional shares in SilverTours GmbH ("SilverTours") and Sonoma Internet GmbH ("Sonoma"; operator of the online shop Amorelie). In addition, there was cash outflow of EUR 50 million from the Group's share buyback program in 2018. Cash inflow from the sale of shares in NuCom Group to General Atlantic in the amount of EUR 286 million had an opposite effect.

Cash and cash equivalents amounted to EUR 950 million as of the end of the year (previous year: EUR 1,031 million). The Group thus has a comfortable level of liquidity. The EUR 81 million decline in cash and cash equivalents compared to December 31, 2018, resulted from the cash flows described.

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	**1,603**	**-/-**	**1,603**
Proceeds from disposal of non-current of assets	39	37	3
Payments for the acquisition of other intangible and tangible assets	-213	-/-	-213
Payments for the acquisition of financial assets	-75	-74	-2
Proceeds from disposal of programming assets	20	-/-	20
Payments for the acquisition of programming assets	-1,072	-/-	-1,072
Payments for the issuance of loan receivables	-1	-1	-/-
Cash flow from obtaining control of subsidiaries or other businesses (net of cash and cash equivalents acquired)	-100	-100	-/-
Cash flow from losing control of subsidiaries or other businesses (net of cash and cash equivalents disposed of)	5	5	-/-
Cash flow from investing activities	**-1,396**	**-133**	**-1,264**
Free cash flow	**207**	**-133**	**339**

CHANGE IN CASH AND CASH EQUIVALENTS in EUR m



GROUP FINANCIAL POSITION AND PERFORMANCE

Analysis of Assets and Capital Structure

Total assets amounted to EUR 6,618 million as of December 31, 2019 (December 31, 2018: EUR 6,468 million), an increase of 2%. The most important items in the statement of financial position are described in more detail below.

- **Current and non-current assets:** As of December 31, 2019, goodwill increased by 7% to EUR 2,109 million (December 31, 2018: EUR 1,962 million); its share in total assets was 32% (December 31, 2018: 30%). Other intangible assets increased slightly by 1% to EUR 835 million (December 31, 2018: EUR 824 million). Property, plant, and equipment increased by 7% to EUR 351 million (December 31, 2018: EUR 327 million). The developments described are mainly influenced by the initial consolidation of be Around. This is countered by a 65% decline in investments accounted for using the equity method to EUR 27 million (December 31, 2018: EUR 77 million). This is chiefly due to the contribution of Marketplace to be Around and the sale of Pluto.

  Other non-current financial and non-financial assets grew by 29% to EUR 320 million (December 31, 2018: EUR 249 million). This increase was primarily due to new media-for-equity investments and the positive development of long-term foreign currency hedges. In contrast, other current financial and non-financial assets fell by 8% to EUR 113 million (December 31, 2018: EUR 122 million). This is mainly due to the decline in short-term foreign currency hedges.

  Programming assets increased by 8% year-on-year and amounted to EUR 1,204 million (December 31, 2018: EUR 1,113 million). They made up 18% of total assets as of the end of the year (December 31, 2018: 17%) and comprise non-current and current programming assets.

The table below shows the development of programming assets:

STATEMENT OF CHANGES IN PROGRAMMING ASSETS in EUR m

	2019	2018
Carrying amount 1/1	**1,113**	**1,198**
Additions	1,170	1,070
thereof Entertainment segment[1]	1,167	1,070
thereof Content Production & Global Sales segment	3	0
Disposals	-17	-14
Consumption	-1,061	-1,141
thereof Entertainment segment	-1,061	-1,141
Other change	-2	-1
Carrying amount 12/31	**1,204**	**1,113**
Change in programming assets compared to previous year	91	-85

[1] EUR 51 million of the additions in financial year 2019 have already been recognized in profit or loss through provisions for onerous contracts recognized in financial year 2018 (previous year: EUR 9 million). See Group Earnings.

This results in the earnings effects from programming assets shown in the following table, which are entirely attributable to the Entertainment segment:

EARNINGS EFFECTS OF PROGRAMMING ASSETS in EUR m

	2019	2018
Consumption	1,061	1,141
Change in provision for onerous contracts	-103	178
Consumption incl. change in provision for onerous contracts	**958**	**1,319**

Cash and cash equivalents amounted to EUR 950 million. This equates to a decline of 8% or EUR 81 million compared to December 31, 2018, and reflects the development of cash flow. ➡ Analysis of Liquidity and Capital Expenditure

- **Equity:** Equity increased by 20% or EUR 219 million to EUR 1,288 million. The corresponding equity ratio therefore rose to 19.5% (December 31, 2018: 16.5%). This development is based on the positive total comprehensive income and the contribution of the shares in Marketplace by General Atlantic, which led to the increase in non-controlling interests. This was offset by the dividend payment for 2018 in the amount of EUR 269 million (previous year: EUR 442 million).

- **Current and non-current liabilities:** Debt did not change significantly compared to the closing date in 2018; overall, liabilities and provisions fell slightly by 1% compared to December 31, 2018, to EUR 5,330 million (December 31, 2018: EUR 5,398 million). This item is shaped by contrasting effects: The higher trade payables were offset by the payment of and valuation effects from put option liabilities and by the decrease in provisions for onerous contracts. Non-current and current financial debt reported in debt was also virtually unchanged and amounted to EUR 3,195 million (December 31, 2018: EUR 3,194 million).

The **net working capital** of ProSiebenSat.1 Group was minus EUR 156 million as of December 31, 2019 (December 31, 2018: EUR –22 million).

NET WORKING CAPITAL in EUR m

	12/31/2019	12/31/2018
Inventories	48	42
Receivables	541	538
Trade payables	746	602
Net working capital	**–156**	**–22**

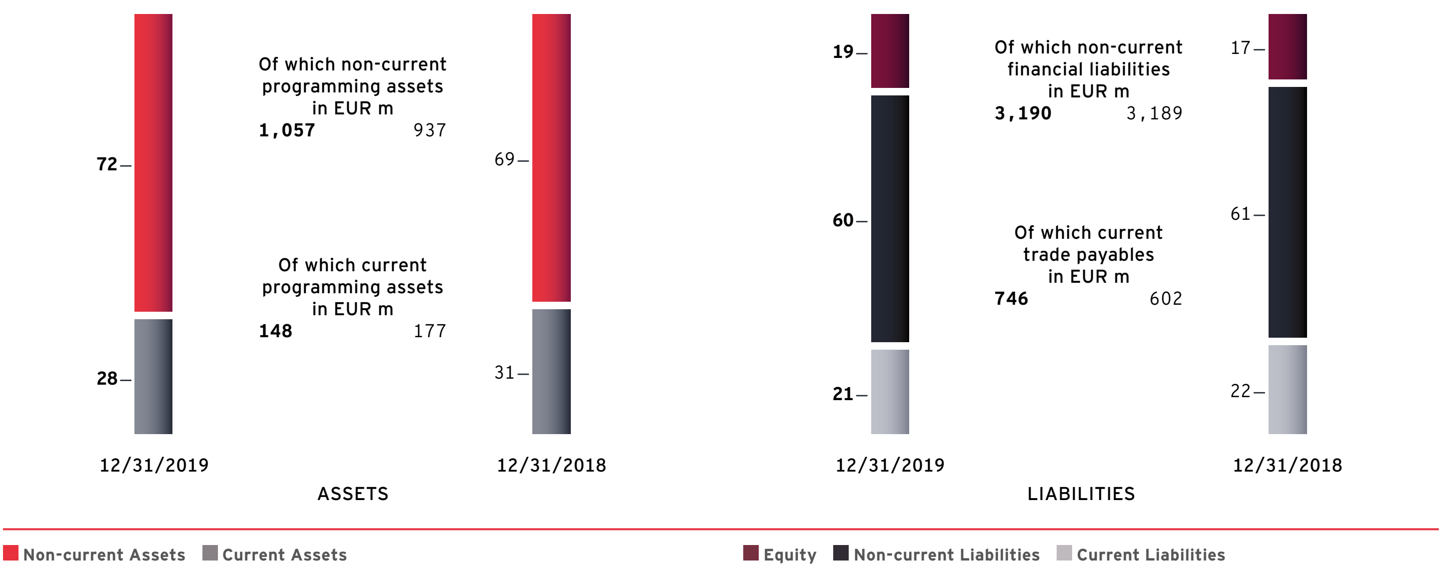
Trade payables rose by EUR 143 million as of the reporting date compared to December 31, 2018. The ratio of average net working capital to revenues of the past twelve months was minus 3.8% as of December 31, 2019 (previous year: –0.5%).

BORROWINGS AND FINANCING STRUCTURE

ProSiebenSat.1 Group uses various financing instruments and practices active financial management. As of December 31, 2019, debt had not significantly changed and accounted for 81% of total equity and liabilities (December 31, 2018: 83%). The majority of the total debt, at EUR 3,195 million or 60% (December 31, 2018: 59%), was attributable to current and non-current financial debt. ➡ Analysis of Assets and Capital Structure

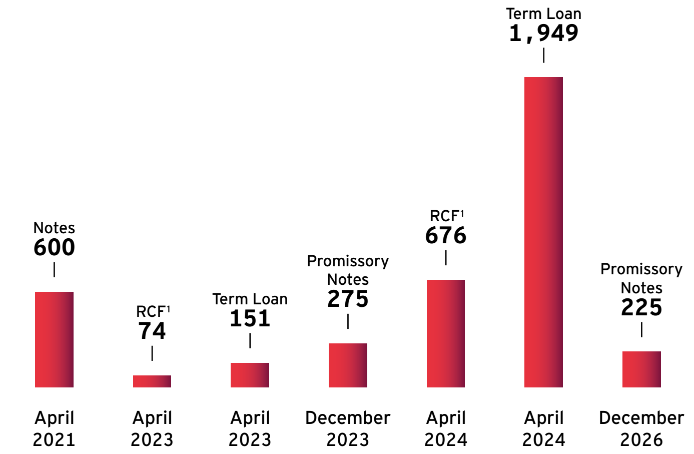
The Group continuously monitors and assesses developments on the money and capital markets. In April 2019, the Group extended the maturities for most of the syndicated credit agreement consisting of a

STRUCTURE OF THE STATEMENT OF FINANCIAL POSITION in %



term loan and a revolving credit facility (RCF) until April 2024. In addition, ProSiebenSat.1 Group has notes in the amount of EUR 600 million. The notes are listed on the regulated market of the Luxembourg stock exchange (ISIN DE000A11QFA7); the coupon of the notes is 2.625% per annum. Since 2016, the Group's portfolio has also included three syndicated promissory notes totaling EUR 500 million with maturities 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).

DEBT FINANCING INSTRUMENTS AND MATURITIES AS OF DECEMBER 31, 2019 in EUR m



[1] Not drawn.

Rating agencies do not take ProSiebenSat.1 Group's loan agreement or notes into account in their credit ratings. For this reason, no corresponding statements are made here.

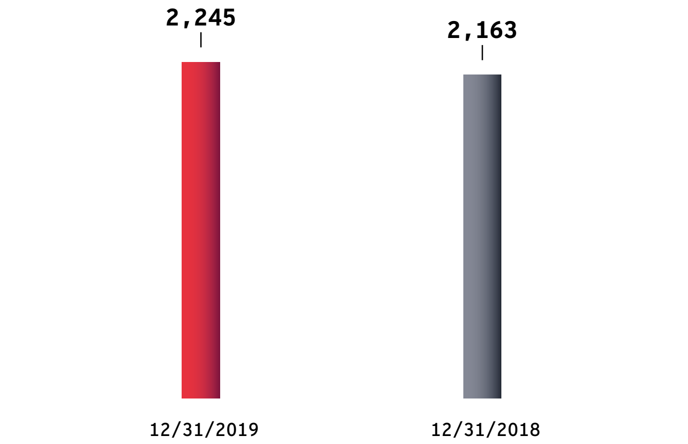
Interest payable on the syndicated term loan and the syndicated revolving credit facility (RCF) is variable and based on Euribor money market rates plus an additional credit margin. The Group uses derivative financial instruments in the form of interest rate swaps and interest rate options to hedge against interest rate changes caused by the market. As of December 31, 2019, the fixed interest was approximately 98% (December 31, 2018: approx. 98%). As of December 31, 2019 the average fixed rate of the interest rate ceiling of the interest rate caps is 1.0% per annum (previous year: 1.0%) for maturities in the 2020 financial year and 0.0% per annum for the period until 2024. → Analysis of Assets and Capital Structure

Financing Analysis

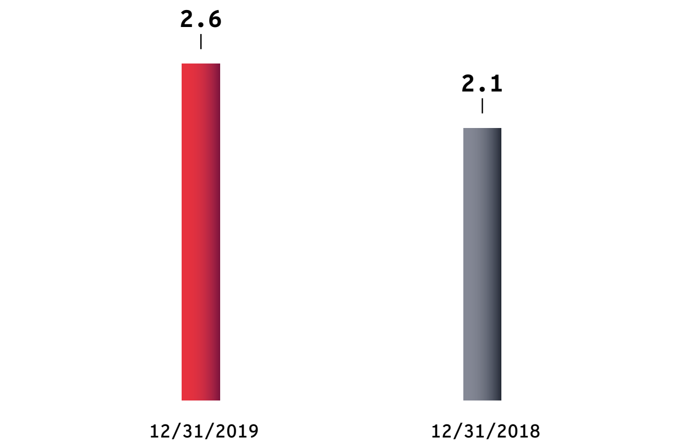
The leverage ratio is a key indicator for Group-wide financial and investment planning. It reflects the ratio of net financial debt to adjusted EBITDA over the last twelve months (LTM adjusted EBITDA). The target is a ratio between 1.5 and 2.5 at the end of the relevant year. The leverage ratio as of December 31, 2019, was slightly above this target corridor at 2.6 (December 31, 2018: 2.1). While gross financial debt was almost stable, the cash flows shown in the cash flow statement resulted in a slight decline in cash and cash equivalents and therefore an increase in net financial debt by EUR 82 million to EUR 2,245 million (previous year: EUR 2,163 million). In addition, the year-on-year decline in adjusted EBITDA as a result of lower TV core advertising revenues and the described investments recognized as expense in the Entertainment and Commerce segments had a negative impact on the leverage ratio. → Analysis of Liquidity and Capital Expenditure

As of December 31, 2019, the definition of ProSiebenSat.1 Group's net financial debt does not include lease liabilities according to IFRS 16 of EUR 171 million (December 31, 2018: EUR 155 million) and real estate liabilities of EUR 48 million (December 31, 2018: EUR 22 million).

NET FINANCIAL DEBT[1] in EUR m



LEVERAGE RATIO[1]



[1] Net financial debt is defined as financial debt minus cash and cash equivalents. The leverage ratio is derived by calculating the ratio of net financial debt to adjusted EBITDA of the last twelve months (LTM adjusted EBITDA).

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The Central 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 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:** In connection with 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. Using 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 OF THE BUSINESS PERFORMANCE – MANAGEMENT VIEW

Our most important financial and non-financial performance indicators developed largely in line with the guidance in financial year 2019. Revenues rose by 3% in the mid single-digit percentage range to EUR 4,135 million (previous year: EUR 4,009 million). By contrast, adjusted net income was lower than in the previous year, as announced, at EUR 387 million (previous year: EUR 541 million) and reflected the development of adjusted EBITDA. Adjusted EBITDA declined by 14% to EUR 872 million (previous year: EUR 1,013 million). The adjusted EBITDA margin was 21.1% and the adjusted net income conversion rate was 44%. Both figures were slightly lower than the figures forecast at the start of the year, which were subject not only to the effects of investments recognized as expense in the Entertainment business and the Commerce business, but also – as announced – to the development of the Company's TV core advertising revenues and the macroeconomic environment. As of the end of the year, TV core advertising revenues were down 5% year-on-year on account of increased macroeconomic uncertainties, which meant weaker than originally projected development of the TV advertising business. Consequently, the earnings figures reflect the earnings scenario that the Group forecast in November 2019. The development of the leverage ratio should also be seen in this context. In contrast to the projection at the start of the year, earnings in the Commerce business were slightly lower than the previous year's figure. This is because, over the course of the year, the Group had decided to further accelerate and strengthen the competitive position in the online beauty business through additional investments recognized as expense in the portfolio company Flaconi. The development of the Verivox consumer portal also played a role here, as its revenues and earnings were affected by a challenging market and competitive environment, particularly as a result of the insolvency of a low-cost electricity provider in the beginning of 2019. As announced in November 2019, adjusted EBITDA in this segment was around EUR 100 million.

ProSiebenSat.1 Group is driving the digital transformation forward across the Group and is expanding its TV business with digital entertainment offerings to serve various media usage interests. We are responding to the change in viewer behavior with a sharper focus on local programming. With this programming strategy, we have laid an important foundation for a modern and forward-looking entertainment business and have further increased our audience share 0.4 percentage points to 28.2% in the German market. This is the Group's most important non-financial performance indicator.

Advancing digitalization and the associated changes in media usage entail both major opportunities and new challenges for us. This is reflected in the Group's revenue performance. While revenues increased as expected in both the Content Production & Global Sales and Commerce segments, revenues in the Entertainment segment – even adjusted for portfolio effects – were below the previous year. There was highly dynamic growth in the digital and smart advertising business, but this only partly compensated for the decline in TV core advertising revenues. This reflects in particular the increased macroeconomic uncertainties associated with the general decline of the TV advertising market and structural changes in media consumption.

2019 was a challenging year in which we further developed our strategy to respond to changes in the media market. In order to make the organization even more agile and drive forward digital transformation, the Group is establishing a new and more independent Entertainment organization in which the content areas, the digital platform businesses and their monetization are more closely integrated. By bundling our market expertise, we can offer our viewers or users entertaining and relevant content that they can consume on their choice of platform. The same goes for advertising clients, who benefit from our marketing innovations across all channels and from better addressed advertising thanks to databased offerings.

COMPARISON OF ACTUAL AND PROJECTED BUSINESS PERFORMANCE FOR THE GROUP

	Actual figures 2018	Forecast FY 2019 March 7, 2019	Q2 2019 August 7, 2019	Q3 2019 November 7, 2019	**Actual figures 2019**
Revenues (in EUR m)	4,009	Increase in the mid single-digit percentage range, based on at least stable or only slightly declining TV core advertising revenues in the Entertainment segment and a stable macroeconomic environment	Confirmation of the forecast from March 7, 2019, subject to the development of the macroeconomic environment and the TV advertising market in the second half of 2019	Confirmation of the forecast from March 7, 2019, subject to the development of the macroeconomic environment and the TV advertising market	4,135 an increase of 3.1%
Adjusted EBITDA margin (in %)	25.3%	22%-25%; based on at least stable or only slightly declining TV core advertising revenues in the Entertainment segment and a stable macroeconomic environment. Should the general conditions deteriorate beyond the assumptions made, this would have a negative impact on profitability in the Entertainment segment and at Group level. Provided stable to only slightly declining TV core advertising revenues in the Entertainment segment in the full-year, there is the assumption that the impact of the planned investments recognized as expense on adjusted EBITDA of the Group in full-year 2019 will be restricted to a mid double-digit million figure compared to the previous year.	Confirmation of the forecast from March 7, 2019, subject to the development of the macroeconomic environment and the TV advertising market in the second half of 2019	Adjusted EBITDA margin at the lower end of the target range of 22% to 25% subject to the development of the macroeconomic environment and the TV advertising market; should TV core advertising revenues decline by up to a high single-digit percentage in Q4 alongside planned additional investments recognized as expense, adjusted EBITDA could fall to around EUR 850 million	21.1%
Adjusted net income (conversion rate of adjusted EBITDA to adjusted net income in %)	53.4%	Around 50%	-	Adjusted net income below previous year	44%
Leverage ratio (net financial debt/LTM adjusted EBITDA)	2.1x	1.5-2.5x	-	-	2.6x
Free cash flow before M&A (in EUR m)	244	Stable	-	-	339

COMPARISON OF ACTUAL AND PROJECTED BUSINESS PERFORMANCE FOR THE GROUP

	Actual figures 2018	Forecast FY 2019 March 7, 2019	Q2 2019 August 7, 2019	Q3 2019 November 7, 2019	**Actual figures 2019**
Entertainment					
External revenues (in EUR m)	2,626	Stable; under the condition of stable or only slightly declining TV core advertising revenues as well as a contrary positive development of other Entertainment revenues and based on a stable macroeconomic environment. Should the general conditions deteriorate beyond the assumptions made, this would have a negative impact on profitability in the Entertainment segment and at Group level.	-	-	2,518
Adjusted EBITDA (in EUR m)	881	Significant decrease; on the condition of stable or only slightly declining TV core advertising revenues as well as a contrary positive development of other Entertainment revenues and based on a stable macroeconomic environment. Should the general conditions deteriorate beyond the assumptions made, this would have a negative impact on profitability in the Entertainment segment and at Group level.	-	-	726
Content Production & Global Sales					
External revenues (in EUR m)	552	Significant increase	-	-	652
Adjusted EBITDA (in EUR m)	31	Significant increase	-	-	48
Commerce					
External revenues (in EUR m)	831	Significant increase	-	-	965
Adjusted EBITDA (in EUR m)	103	Significant increase	Announcement on strengthening the competitive position in the online beauty business through additional investments recognized as expense in the portfolio company Flaconi and further accelerating growth	Adjusted EBITDA of around EUR 100 million	98
German TV audience market (Market share in %)	27.8%	Leading market position at a high level	-	-	28.2%

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 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 probability 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

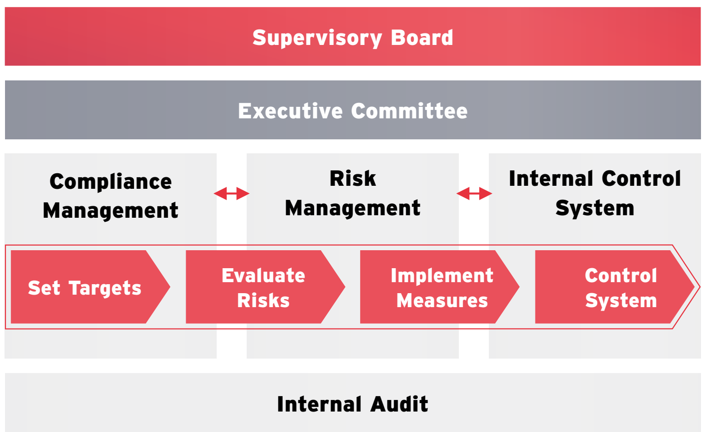
3. Management: Using appropriate measures, ProSiebenSat.1 Group can reduce the probability of occurrence of potential losses and limit or reduce possible damage. In order to handle risks safely, it is therefore very important to take adequate countermeasures as soon as an indicator exceeds a certain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

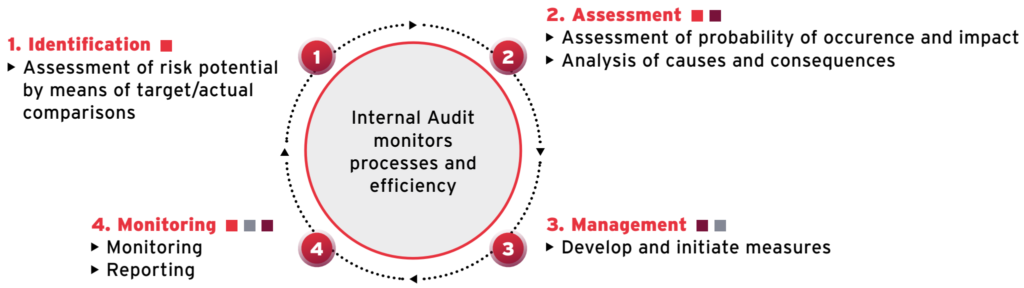
i Risk is defined in this report as a potential future development or event that could significantly influence our business situation and result in a negative deviation from targets or forecasts. The risk indicators that we have already taken into account in our financial planning or in the Consolidated Financial Statements as of December 31, 2019, therefore do not come under this definition and are consequently not explained in this Risk Report.

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:

RISK MANAGEMENT SYSTEM



RISK MANAGEMENT PROCESS



■ Decentralized risk manager ■ Executive Committee/Supervisory board ■ Group Risk Officer

- **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 Committee and Supervisory Board on a quarterly basis. In addition, relevant risks arising at short notice are reported immediately. In this way, the Executive Committee and Supervisory Board receive all analyses and data relevant for decision making regularly and at an early stage so that they can respond.

- 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 continuously 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 Committee 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 RISK CLUSTERS

ProSiebenSat.1 Group divides the risks at segment and Group level into the "operating risks", "finance risks", "compliance risks", "strategic risks" and "non-financial risks" categories. Due to their thematic diversity, ProSiebenSat.1 Group also subdivides the respective "operating risks" into the following risk clusters: "External risks", "sales risks", "content risks", "technological risks", "personnel risks", "investment risks", "product risks" and "other risks". The risk clusters in turn comprise various different risks. 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.

We monitor all risks identified as part of the risk management process; however, this Risk Report focuses only on risks that could have a high or very high impact and describes the respective change compared to the previous year. This describes a change in reporting compared to the previous year, in which risks were reported with at least a medium overall assessment. Contingent liabilities from possible compliance risks are presented in the ➡ Notes, note 31 "Contingent liabilities".

i This Annual Report only presents 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. This describes a change in reporting compared to the previous year, in which risks were reported with at least a medium overall assessment. However, if a risk that currently has 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 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 2018 itself. The evaluation of probability of occurrence and risk impact and the general Group thresholds are unchanged compared to the previous period.

Overall, the overall risk situation has increased compared to the previous year. This is because, on the one hand, macroeconomic risks have increased at Group level. Furthermore the license risks and the production risks associated to the local content strategy in the Entertainment segment have increased from a low to a medium impact compared to December 31, 2018. In addition, sales risks in the commerce segment have increased compared to December 31, 2018 and are now classified as possible rather than unlikely. On the other hand, the production risks in the Content Production & Global Sales segment has decreased from a high to a medium impact compared to December 31, 2018. All other risks and risk clusters – if not explicitly mentioned – have not changed.

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.

i Overall risk situation: 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 clusters. When assessing the overall risk situation, ProSiebenSat.1 Group weights the clusters according to their significance 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, Content Production & Global Sales and Commerce, whereby no risks with a high or very high impact were detected in the Content Production & Global Sales or Commerce segments.

As already explained, this report describes risks with a potentially high or very high impact, but does not describe risks with a potentially very low, low or medium impact. This represents a change compared to the previous year's report, in which risks were described with a medium or high overall assessment, but not those with a low overall assessment. Due to this change, the following risks, each with a medium overall assessment, are not described in this report:

OVERVIEW OF THE RELEVANT RISKS

Category	Cluster		Risk	Change compared to previous year	Possible Impact	Probability	Overall Risk
Segment Entertainment							
Operating	External	unchanged	General sector risks (e.g consumer trends)	Unchanged	Very High	Possible	High
	Sales	unchanged	Entertainment reach (TV and digital)	Unchanged	High	Possible	Medium
		unchanged	Entertainment sales (TV and digital)	Unchanged	Very High	Likely	High
Group							
Operating	External	increased	General economic risks	Increased	Very High	Possible	High
Finance		unchanged	Counterparty risks	Unchanged	Very High	Unlikely	Medium
Compliance		unchanged	General compliance (incl. statutory reporting obligations, antitrust, litigation, data protection and eprivacy)	Unchanged	High	Possible	Medium

unchanged increased

- Bestseller-clause § 32a UrhG (focus on Non Fiction) in the Entertainment segment
- Risk re: licensed content/negotiating position with studios and independents (incl. quality of the content) in the Entertainment segment
- Content production in the Content Production & Global Sales segment
- Security risks at group level
- Regulatory (incl. media law/broadcasting licenses) risks at group level
- Claims for disclosure and action for damages by RTL 2 Television GmbH & Co. KG and El Cartel Media GmbH & Co. KG in the Entertainment segment
- Success of in-house and commissioned productions and local content strategy in the Entertainment segment
- Sales risks in the Commerce segment

ENTERTAINMENT SEGMENT

Operating Risks: External Risks

General sector risks (e.g. consumer trends): We believe that the risks from a change in video usage are unchanged and continue to see their occurrence as possible. In the event of a fundamental change, we cannot completely rule out a very high financial impact. We therefore rate this as a high risk overall.

The digital transformation, and particularly the growing use of the Internet, have changed media usage behavior. For a long time now, TV content for example has been used not only linearly and on conventional TV sets but also via mobile devices such as laptops and smartphones. These alternative forms of use are becoming increasingly popular, especially among younger viewers. Today, 20% of all TV use by 14- to 29-year-olds is not via a TV set but on devices such as smartphones, tablets and PCs/laptops.

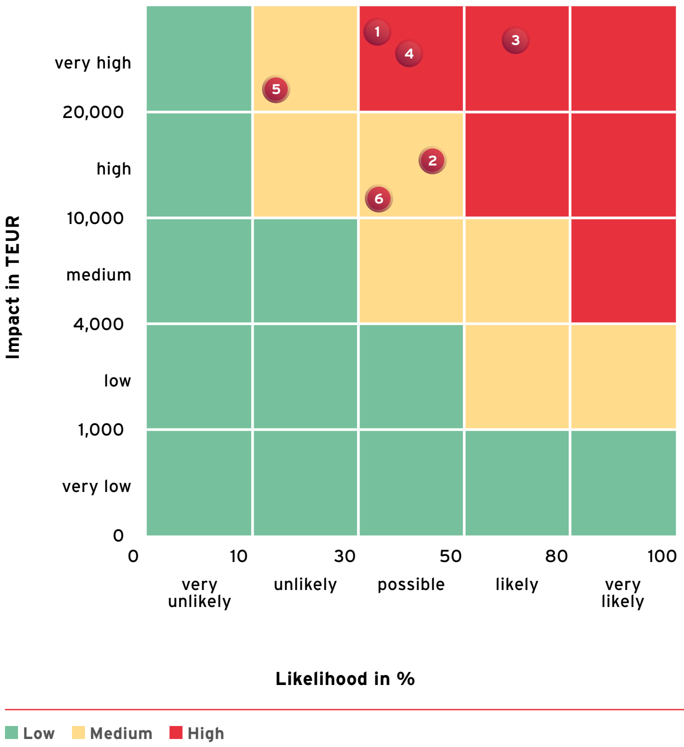
Together with radio, TV has been the medium with the furthest reach in Germany for over 50 years. The TV viewing time calculated by AGF was around 202 minutes per day (adults aged 14 - 69) in 2019. Traditional television will continue to dominate video usage in Germany in the future. Although TV usage on non-mobile devices is likely to continue to decline slightly, it will still remain in first place. At the same time, the popularity of web-based video offers will continue to increase. Streaming platforms with own content are therefore gaining in importance. We have made this the focus of our strategy and expectations.

We further extend our portfolio with digital offers. We do this through our own products as well as through partnerships with other platform providers. The most important example of this is our joint venture Joyn, in which ProSiebenSat.1 Group owns 50%. → Group Environment

In line with our strategy, we bracket the various forms of use, i.e. the use of TV, catch-up and other online video content, together as video usage. This is reflected in particular by the planned reporting of comprehensive, overall reach for all these forms of use under the name "total reach". → Opportunity Report → Risks from reach development (TV and digital)

i As a Joint Venture, Joyn and its activities are not considered in the revenues and costs of the Group. However, the results of the joint venture are included in the result from investments accounted for using the equity method in the consolidated income statement.

OVERVIEW OF THE TOP RISKS



Category	Cluster	Risk
Entertainment Segment		
Operating risks	External risks	1 ▸ General sector risks (e.g consumer trends)
	Sales risks	2 ▸ Entertainment reach (TV and digital)
		3 ▸ Entertainment sales (TV and digital)
Group		
Operating risks	External risks	4 ▸ General economic risks
Finance risks		5 ▸ Counterparty risks
Compliance risks		6 ▸ General compliance (incl. statutory reporting obligations, antitrust, litigation, data protection and eprivacy)

Operating Risks: Sales Risks

The development of sales risks is influenced by a number of factors. In addition to measurements of reach, macroeconomic data and sector-specific trends such as the general development of the advertising market and the distribution of advertising budgets among the media mix are relevant. In this context, there is considerable risk potential in reallocating budgets to online media, possibly going hand-in-hand with a declining TV share in the media mix or a negative trend in the revenue volume of the net TV advertising market.

Entertainment reach (TV and digital): The risks from reach development have not changed: We continue to classify this risk category as possible; the potential effects would be high. On the whole, we consider it a medium risk.

ProSiebenSat.1 Group has implemented an early warning system in order to keep a close eye on short, medium and long-term developments in reach. Audience market shares, which ProSiebenSat.1 Group analyzes daily on the basis of data from AGF, are an important indicator here. In 2019, we successfully increased the audience market shares in the important revenue market of Germany while extending our reach on digital platforms. Thereby, a shift of the total reach from TV to digital offers was observed. ➡ Development of ProSiebenSat.1 Group's Relevant Business and Market Environments

Our objective is to offer entertainment – whenever, wherever and on any device. In this context, the Group brought its entertainment activities in the TV and digital sectors even closer together in one segment in 2019. This will allow us to make use of synergies, to compensate for fluctuations in reach within the portfolios and simultaneously to react to the change in media usage habits resulting from the growing attractiveness of web-based offerings. This objective is also reflected in the enhancement of our early warning system: In 2018, ProSiebenSat.1 Group expanded its risk definition for reach development to the digital sector. In the medium term, the total reach of linear and digital distribution channels (including Joyn) is to be expressed in standardized KPIs ("Total reach") and advertising is to be more precisely addressable ("Smart reach"). "Total reach" allows overlaps between the various forms of use to be presented, e.g. joint viewers of the TV broadcast of a show and the accompanying catch-up offering. "Smart reach" will also give us the opportunity to show more relevant and individual advertising for users, enabling an improved offer for advertising customers to address their target groups. These new indicators will adequately reflect the change in usage of the traditional TV and the digital entertainment offering. ➡ Development of Media Consumption and Advertising Impact ➡ Opportunity Report

In addition to these quantitative analyses, qualitative studies are also an important control instrument, as they give stations direct feedback from their audience. Nevertheless, individual mistakes cannot be ruled out. The production and acquisition of appropriate programs is a process whose success depends to a significant degree on the subjective opinion of our viewers. Moreover, competition will remain fierce, both within the German market and with regard to international digital corporations.

Entertainment sales (TV and digital): ProSiebenSat.1 Group considers the convergence of media not only in terms of reach development, but also in enhancing its risk management system in the sales area. Therefore, the various risks identified in this context were aggregated into an overall risk for TV and digital ad sales in 2018.

The competition with global digital providers has become more intensive. The transition from traditional linear television to streaming and catch-up video offerings is constantly accelerating. 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 therefore rule out very high effects on our revenue development in the TV advertising market, although we are pursuing a digital entertainment strategy.

The success of ad sales, including in the digital sector, depends on several factors, such as the attractiveness of the platforms on which the content is reproduced, but of course of the content itself, and its reach and monetization. In addition, adblockers represent a further sales risk in the sale of online advertising. These plug-ins, which are offered for browsers or apps for mobile devices, prevent advertising from being displayed. In order to limit this risk, ProSiebenSat.1 Group has introduced technical means that can effectively prevent the adblockers from functioning. We are also taking legal action and have filed an application for an injunction against the most widespread adblocker in Germany (AdBlock Plus).

Based on the above measures and developments as well as various market studies, which were also used to prepare the 2020 budget, we see ad sales risk as unchanged compared to the previous year. The probability of occurrence is still likely. The potential impact on revenue performance would be very high, so we categorize the risk overall as high, as in the previous year. → Future Business and Industry Environment

GROUP LEVEL

Operating Risks: External Risks

General economic risks: Over the course of 2019, global growth momentum has slowed significantly. This had a negative impact on the strongly export-oriented German economy, which grew by 0.6% in real terms, a much weaker rate than in 2018, with a growth of 1.5%. While industry showed a pronounced weakness, the domestic economy developed robustly and the private consumption solidly.

The International Monetary Fund expects the global economy to recover slightly in 2020. However, this recovery will be modest at best and is also fraught with considerable risk. The unfavorable and increasingly uncertain external conditions could therefore spread to Germany's previously robust domestic economy. We therefore consider the economic risks to be higher than at the end of 2018. As companies' advertising expenditure and other investment decisions are influenced by the general economic situation and sentiment, we see this external risk as a high risk with a very high impact on earnings performance. Previously, we considered the risk to be medium with a high impact on earnings performance. We continue to classify the probability of occurrence as possible. Visibility in the advertising market remains limited. ProSiebenSat.1 Group therefore aims to increase its independence from the highly profitable but economically sensitive free TV business and thus further diversify the risk profile. → Economic Development → Future Business and Industry Environment

Finance Risks

The Group is exposed to various finance risks in its operating and financing activities. These include financing risk, counterparty risk, interest risk, currency risk and liquidity risk; with the exception of counterparty risk, we classify finance risks as having low significance.

We counter these risks with extensive measures and use derivatives for hedging purposes. → 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 Committee. Principles, tasks, and responsibilities are defined on a Group-wide basis and regulated via binding guidelines for all subsidiaries of ProSiebenSat.1 Group.

Counterparty risk: The Group concludes finance and treasury transactions exclusively with business partners who meet high credit rating requirements. The counterparties' profiles are monitored systematically and continuously in this context. As well as using credit checks, ProSiebenSat.1 Group limits the probability of occurrence of counterparty risks through a broad diversification of its counterparties. The conditions for concluding finance and treasury transactions are regulated in standardized Group guidelines. We continue to rate the occurrence of counterparty risk unchanged as unlikely. However, as lenders' defaults could have a very high impact on our earnings performance and financial position, we classify the risk as medium overall.

i Derivative financial instruments are usually recognized as cash flow hedges as part of hedge accounting. More information can be found in the → Notes, note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"**. ProSiebenSat.1 Group does not deploy derivative financial instruments for trading purposes, but only to hedge existing risk positions (**→ Financing Analysis**). For more information on the hedging instruments, measurements and sensitivity analyses together with a detailed description of the risk management system for financial instruments, please refer to the Notes: Risks from ineffectiveness, in connection with falling interest rates, are described in** → note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

Compliance Risks

General compliance (incl. statutory reporting obligations, antitrust, litigation, data protection and eprivacy): The General Data Protection Regulation has been in force since May 2018. ProSiebenSat.1 Group took measures and implemented them throughout the Group at an early stage. The companies of ProSiebenSat.1 Group are currently focused on satisfying the rights of data subjects, especially responding to their inquiries regarding data protection law.

The impact of the General Data Protection Regulation on the advertising industry cannot yet be fully predicted. This particularly includes the processing of data for targeted online advertising, which can be tailored more precisely the better users' interests are known. This is especially true in the context of the German data protection authorities' controversially debated guidance for telemedia services of March 2019. Due in part to outstanding decisions by the German Federal Court of Justice and ongoing legislative initiatives, it is unclear whether the implicit or even explicit consent of the user will need to be obtained from a certain point in the future when developing profiles.

On March 29, 2019, the European Parliament, Council and Commission also came to an agreement regarding the proposal for a directive on "better enforcement and modernization of EU consumer protection rules." This regulation, also known as the Omnibus Directive, centers on EU-wide class actions, changes to the right of withdrawal, and new transparency rules for online marketplaces: Consumers will be able to band together across Europe and file actions against enterprises via consumer protection organizations. The right of withdrawal will also apply to digital content in the future. Online marketplaces will have to meet higher transparency requirements. In cases of widespread infringements affecting consumers in multiple EU member states, the maximum fine amounts to 4% of the provider's annual revenues in the respective member state. We expect the directive to enter into force in the respective member states at the end of 2021.

We are closely monitoring the current developments, in particular with regard to the General Data Protection Regulation and digital consumer protection, in order to be able to react appropriately to expected and unexpected conditions and thereby minimize the financial risk.

We consider the general compliance risks to be unchanged. However, we cannot completely rule out high negative effects on the Group's earnings performance in this context and continue to consider their occurrence to be possible. We still classify the overall risk as a medium risk.

DISCLOSURES ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE (CONSOLIDATED) REPORTING PROCESS (SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE) 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 (prepared in line International Financial Reporting Standards (IFRS) adopted in the EU) and that assets and liabilities are recognized, measured and presented appropriately. This presupposes Group compliance with legal and company regulations. The scope and focus of the implemented systems were defined by the Executive Committee 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 Committee 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 in spite 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 consistently 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 compiling 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 continuously 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 intragroup management system. The objective 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. The defined opportunities are recorded as part of strategic planning. → Strategy and Management System

EXPLANATORY NOTES ON KEY OPPORTUNITIES

i We have incorporated opportunities that we consider to be likely in our forecast for 2020 and in our planning until 2024. In addition, economic performance-related factors such as cost awareness and efficient process management are key requirements for further strengthening ProSiebenSat.1 Group's market position. 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. In particular, this potential may arise from strategic measures. In the section below, we report on these opportunities if they are material and important for the planning period until 2024. → Company Outlook

The media industry is in the midst of digital transformation. New competitors and technologies have emerged, altering both revenue models and media usage itself. We continue to make process and are consistently pushing ahead with the transformation from a traditional TV company into a digital group with a diversified business portfolio. The Group is linking its segments and business areas increasingly closely, using digital technologies, and tapping into additional markets with acquisitions or strategic partnerships. Despite economic uncertainties, we continue to act in a sustainable and long-term manner and have made the deliberate decision to invest in particular to improve our offering of local programming, to build on our digital reach and our digital and smart advertising business, and to further diversify our business via NuCom Group's growth. → Strategy and Management System

Synergies from networking business areas. In order to remain competitive going forward and grow profitably, ProSiebenSat.1 Group's portfolio has been organized into three segments since 2018. Bringing together the linear TV business and digital entertainment was an important step here. By dovetailing its investments and producing or bundling successful formats for use on various platforms from one source, the Group increases the efficiency of its investments and creates additional growth opportunities through synergy. In order to make the Group Organization even more agile, ProSiebenSat.1 Group also established a new and more independent Entertainment organization in 2019, in which the content areas, the digital platform businesses and their monetization are more closely connected. This is the next step to proceed with the digital transformation and increase our competitive opportunities.

These days, television and moving pictures content is accessed regardless of time and place and watched not only on TV screens but also other devices such as smartphones and tablets. The ProSieben format "The Voice of Germany" is one example: In 2019, the music show achieved more than 266 million video views across all digital platforms. By disseminating content via as many channels as possible, the Group serves additional media usage interests and especially the growing popularity of digital media among young target groups. An important step in this context was the launch of Joyn as cross-channel entertainment streaming platform, which bundles content of ProSiebenSat.1 Group's and Discovery's free TV stations and other content partners on a single platform and an app. Additional features and content are being added here all the time. At the same time, cross-media marketing offers allow ProSiebenSat.1 Group to better monetize reach. This development is being driven by broadband Internet access with fast data transfer rates. → Development of Media Consumption and Advertising Impact

Data-based business models and digitalization of TV advertising. ProSiebenSat.1 Group is consistently linking its television business to digital entertainment media and thus expanding its ("Total Reach"). As the next step, this reach is to be made addressable so that advertising can be tailored to the respective viewers in an optimum manner ("Smart Reach"). ProSiebenSat.1 Group is also relying on new technologies to achieve this. For instance, we were the first TV group in Germany to broadcast Addressable TV spots with the hybrid broadcast broadband TV (HbbTV) technological standard. In 2019, over 800 Addressable TV campaigns were booked in total, more than 100 of which were spot campaigns. These advertisements combine the high reach of traditional television with the opportunities provided by digital advertising, including target-group-based advertisements and advertisements individualized to devices.

We made an important step for better monetization of online videos by founding d-force, a joint venture with Mediengruppe RTL Deutschland. The joint venture makes the Addressable TV and online video inventories of both media groups available for programmatic media buying via a booking platform used by both partners. The initiative is open to other partners and intends to expand from Germany and the DACH region to the rest of Europe in the future.

High-growth business areas and portfolio focus. In the Entertainment segment, the Group expanded its portfolio by launching the streaming platform Joyn in June 2019. Up to the end of 2019, the advertising-financed app was downloaded more than 6.5 million times. It was augmented in November 2019 by a premium offering including pay TV integration under the Joyn PLUS+ brand. Besides exclusive content, a media library and TV previews, Joyn also offers livestreams of over 60 TV stations, including ARD and ZDF. In addition, we are in talks with leading European media companies about launching in other European countries as well.

The past M&A strategy has sustainably strengthened the Group's growth. One of our strategic priorities is to invest in the dynamically growing commerce sector with NuCom Group. Products and services that add value via the mass medium of TV are particularly relevant for ProSiebenSat.1 Group from a strategic point of view. With TV advertising, the Group can quickly and efficiently increase the revenues of its investments without high cash investments. These are key pillars of our M&A strategy, which give rise to revenue and cost synergies. NuCom Group is focusing its portfolio on consumer advice, matchmaking, experiences, and beauty & lifestyle and is striving to be the market leader in these areas.

OVERALL ASSESSMENT OF THE RISK AND OPPORTUNITY SITUATION – MANAGEMENT VIEW

Our industry is characterized by constant change. This is why we have structured the Group's organization around agility and greater efficiency so that we can actively translate this transformation into growth potential. Today, ProSiebenSat.1 Group is already a broad-based entertainment and commerce company with strong brands, a leading position in the audience and TV advertising markets, innovative marketing offerings, an international production network as well as a profitable commerce portfolio. The digital development opens up new growth markets for all of our segments. But there are also risks. Social, technological and economic areas have significantly changed as a result of digitalization. This trend will continue and gather pace in the years to come. 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, the identified risks pose no threat to the Company as a going concern, even not looking into the future. The opportunity situation has not changed compared to the previous year.

FUTURE BUSINESS AND INDUSTRY ENVIRONMENT

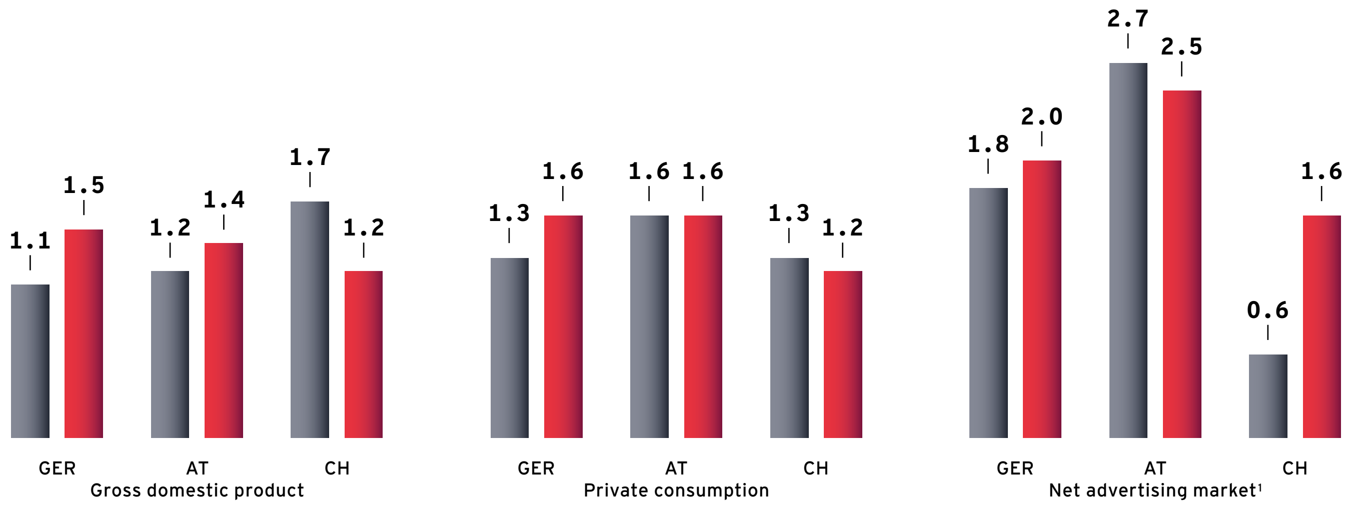
The International Monetary Fund (IMF) lowered its growth forecasts for the global economy and the eurozone several times over the course of 2019 and at the beginning of 2020: The downward corrections were chiefly due to increasing trade barriers and geopolitical uncertainties in emerging countries. Nevertheless, after a plus of 2.9% in 2019 (previous year: +3.6%), the global economy is set to expand with a little more momentum again in 2020 with growth of 3.3%. The reasons for this development include the emerging easing of the trade conflict between the USA and China and potential trade agreements after the Brexit. Growth in the euro zone is expected to accelerate somewhat; in the USA, on the other hand, an economic downturn is expected. In addition, the forecast risks remain high.

The growth forecasts for the German gross domestic product in 2020 are above the 2019 figure at between 1.1% (ifo; Institute for Economic Research) and 1.2% (DIW; Deutsches Institut für Wirtschaftsforschung e. V.). However, 0.4 percentage points are attributable solely to additional working days as a result of calendar effects. Despite emerging easing, the basic economic trend however is not expected to change much at first. Uncertainties regarding trade restrictions and conflicts as well as geopolitical tensions and the resulting downward risks remain unchanged: German industry, which is highly export-oriented, will remain weak for the time being due to the external economic environment and technological challenges. The economy will continue to be supported by consumer spending and the construction industry. Forecasts for the increase in private consumer spending range between 1.2% (RWI; Leibniz-Institut für Wirtschaftsforschung e. V.), 1.3% (ifo) and 1.7% (DIW). → Economic Development

According to current forecasts, the German net TV advertising market declined in 2019 in a slowing economic environment. Major uncertainty dominated during the year, and expectations still diverge widely. The agency groups' assessments again differ significantly in 2020. This is also related to the advertising industry, which responds quickly and often procyclically to the general economic situation. Private consumption is an important indicator here. However, economic forecasts naturally involve uncertainties. It therefore remains to be seen whether and what implications macroeconomic risks will have for the TV advertising market. There are also sector-specific developments that are reducing visibility. For the German TV advertising market in 2020, Magna Global currently anticipates a decline of 2.1%; Zenith-Optimedia forecasts a drop of 1.5%. GroupM expects growth of 1.0%. In the past, however, forecasts often deviated negatively from actual market developments. → Risk Report

In contrast, in-stream video advertising is likely to continue its dynamic development and drive growth on the online advertising market. For the online advertising market as a whole, the agency groups expect

FORECAST FOR GDP, PRIVATE CONSUMPTION AND NET ADVERTISING MARKET IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1 GROUP in %, change vs. previous year



■ 2020e ■ 2021e

Sources: GER: ifo Economic Forecast, winter 2019. / **AT:** Austrian Institute for Economic Research (WIFO): Winter 2019/2020 forecast of December 19, 2019 / **CH:** Economic forecast by Federal Government's Expert Group: Winter 2019/2020

[1] Source: Magna Global, Ad Forecasts December 2019, figures adjusted on a net basis, nonetheless methodological differences between different countries and sources.

net growth of between 5.0% (GroupM) and 8.2% (Magna Global) in 2020. For the German advertising market as a whole, Magna Global anticipates net growth of 1.8%. ➡ Development of ProSiebenSat.1 Group's Relevant Business and Market Environments

For 2020, PwC expects the entertainment market to be worth EUR 38 billion, with EUR 29 billion attributable to the traditional and EUR 9 billion to the digital entertainment market. The digital entertainment market will grow by 11% while the traditional entertainment market is expected to decline by 1% per year until 2023.

The German e-commerce market is expected to have a market volume of around EUR 89.8 billion by 2023. According to the Institute of Retail Research (IFH) in Cologne, the average annual growth between 2018 and 2023 is likely to amount to 7.4%. Online retail's share in retail is expected to increase to 13.6% in 2023. Mobile shopping is set to increase to 69.5% of online revenues; this would equate to online mobile revenues of around EUR 62.3 billion by 2023.

The relevant sectors for ProSiebenSat.1 Group will develop as follows: According to Statista, the beauty and personal care market as a whole is expected to grow by an average of 2.0% per year to EUR 16.3 billion up to 2023, with the share of e-commerce continuing to increase significantly. The market for consumer advice in the fields of energy, telco, car insurance and consumer loans is likely to grow to a volume of around EUR 922 million by 2021. This equates to an increase of 22% since 2019. According to the Statista Digital Market Outlook, the online dating market is expected to grow by 8% by 2021. Until 2022, OC&C Strategy Consultants forecasts annual growth rates of around 5 to 7% for the experiences segment and around 3% for the recreational experiences market.

COMPANY OUTLOOK

FORECAST FOR 2020

Overall Assessment

ProSiebenSat.1 Group is well positioned for the financial years ahead. We have a solid financial basis, which is underpinned by long-term financing and a clear corporate strategy reflecting the key trends of the media industry. We are focusing in particular on the growth of our digital and smart advertising business and of NuCom Group's commerce business. In addition to organic growth, i.e. adjusted for consolidation and currency effects, which we would ideally like to finance from operating cash flow, focused portfolio management after close examination of opportunities and risks will also play an important role in the future. We consider the Group to be well positioned overall to make systematic use of potential opportunities that could also arise from consolidation or closer collaboration in our industry.

Outlook

ProSiebenSat.1 Group pursues a clear strategy aiming at sustainable and profitable growth. As Germany's macroeconomic development remains uncertain in financial year 2020, the Group has decided to provide ranges for its revenue and adjusted EBITDA outlook that take this environment into account. 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 (previous year: EUR 4.13 billion). An important factor for the development of the Group's revenues is the Entertainment segment, in which ProSiebenSat.1 Group expects revenues in the base case scenario for the full-year to be on previous year's level. This expectation is based on the assumption of a slight decline in total Entertainment advertising revenues, with the Company anticipating a decline in TV core advertising revenues, to be partly offset by the growing digital and smart advertising business, and an increase in distribution revenues amongst others. Based on discussions that the Group has had with advertising customers about their readiness to invest, the Company also expects a weak start and better development in the second half of the year in the TV advertising business. In the Content Production & Global Sales (Red Arrow Studios) and Commerce (NuCom Group) segments, the Group is aiming for further revenue growth in the low-double-digit percentage range respectively.

On the basis of constant exchange rates and without portfolio changes, the Group is targeting adjusted EBITDA of around EUR 870 million in the base case scenario (range: EUR 800 million to EUR 900 million) in full-year 2020 (previous year: EUR 872 million). This assumption of around EUR 870 million is likewise based on stable Entertainment revenues compared to 2019. The upper and lower end of the outlined range particularly depends on the development of total Entertainment advertising revenues – a combination of declining TV core advertising revenues and a growing digital and smart advertising business.

Furthermore, the predicted adjusted EBITDA range reflects different assumptions regarding the composition of Group revenues as well as the Company's decision to invest an additional up to around EUR 50 million in local content in 2020 compared to 2019. For the upper and lower range of total Entertainment advertising revenues, the Group expects, compared with the base case scenario, variability of –3% and +2% in 2020 compared to the previous year. In financial year 2019, the focus on local content already paid off with increasing audience market shares and growing digital view time. This development is expected to continue in 2020. A considerable earnings increase is expected in the Commerce segment, while the Company is targeting a stable development in the Content Production & Global Sales segment.

On the one hand, in the full-year, the Group's adjusted net income will reflect the development of adjusted EBITDA. On the other hand, as a result of higher depreciation effects and potentially slightly increasing 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. Moreover, the Group assumes that free cash flow before M&A in the full-year will be significantly determined by the development of adjusted EBITDA and increased expenditures for the construction of the new campus at the premises in Unterföhring. As tax refunds for 2019 as significant one-time item are not applying in 2020, the Group expects an overall decline in free cash flow before M&A in at least a double-digit million-euro range compared to the previous year (previous year: EUR 339 million).

At the end of 2019, stable gross financial debt of EUR 3.2 billion compared with cash of EUR 950 million. The Group therefore closed 2019 with a leverage ratio (the ratio of the Group's net financial debt to its LTM adjusted EBITDA) of 2.6 and thus slightly above the upper end of the target range of 1.5 to 2.5. The leverage ratio – depending on business performance and not including any portfolio changes – may likewise be slightly above the upper end of this target range at the end of 2020.

The development of audience shares is ProSiebenSat.1 Group's most significant non-financial performance indicator. For financial year 2020, 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.

The Group has also decided to measure the mid-term financial success of the Group much more consistently. Therefore, P7S1 ROCE (return on capital employed) was introduced as a new key figure for the entire Group from financial year 2020 onwards. In financial year 2020, we are targeting a figure of over 10% (previous year: 16%).
→ Strategy and Management System

[1] The main currency besides EUR remains USD, which accounted for 13% and 16% of revenue and costs respectively last year. These are mainly currency translation effects. In 2019, the EUR/USD exchange rate was around USD 1.1196.

The long-term targets for the entire Group are summarized as follows:

_ ProSiebenSat.1 Group has set itself the target of further diversifying its revenues. The digital and smart advertising business' share in Entertainment revenues is to reach 25% in the mid-term (2019: 9%), and the digital business' share in Group revenues (before portfolio changes) is to increase to over 50% (2019: 34%).

_ ProSiebenSat.1 Group also continues to aim for a leverage ratio of between 1.5 and 2.5. As M&A activities cannot be precisely predicted, they can also temporarily affect the leverage ratio both positively and negatively.

_ The Group is increasingly concentrating on continually growing value, which ought to be reflected in an improved P7S1 ROCE. For the Group as a whole, this key figure is expected to exceed 15% again in the mid-term. In the short term, P7S1 ROCE may be below this figure, like in 2020, for example, because of strategic investments.

_ All these targets reflect the strategy of expanding ProSiebenSat.1 Group into a diversified digital company.

_ The Group's dividend policy of distributing 50% of adjusted net income as a dividend is to be maintained in order to let the shareholders participate in the sustained success of the corporate strategy every year.

Explanatory Notes on the Forecast

The information provided refers to the plans adopted by the Executive Committee and Supervisory Board. 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 dividend policy of distributing around 50% of adjusted net income to the shareholders as a dividend. The Group will use cash inflows exceeding the dividend distribution primarily for investments in organic and inorganic growth. In line with the distribution policy, the Executive Committee is advising the Supervisory Board to propose a dividend of around 50% of adjusted net income or EUR 0.85 per share (previous year: EUR 1.19) to the Annual General Meeting for financial year 2019. This corresponds to a dividend yield of around 6% (previous year: 8%) of the closing price of the ProSiebenSat.1 Media SE share at the end of 2019. → Analysis of Assets and Capital Structure

DIVIDEND PROPOSAL

Adjusted net income in EUR m	387
Number of shares outstanding[1]	233,000,000
Number of treasury shares[1]	6,859,180
Number of eligible shares[1]	226,140,820
Proposed dividend in EUR	0.85
Distribution in EUR m	192
Pay-out ratio in %	50

[1] As of December 31, 2019

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 closing date". The publication date of the Annual Report 2019 is March 5, 2020.

CONSOLI DATED FINANCIAL STATEMENT

INCOME STATEMENT

INCOME STATEMENT OF PROSIEBENSAT.1 GROUP in EUR m

			2019	2018
1.	Revenues	[6]	4,135	4,009
2.	Cost of sales	[7]	-2,377	-2,569
3.	**Gross profit**		**1,757**	**1,440**
4.	Selling expenses	[8]	-627	-532
5.	Administrative expenses	[9]	-576	-595
6.	Other operating expenses	[10]	-11	-14
7.	Other operating income	[11]	35	50
8.	**Operating result**		**578**	**348**
9.	Interest and similar income		2	7
10.	Interest and similar expenses		-58	-70
11.	Interest result	[12]	-56	-63
12.	Result from investments accounted for using the equity method	[13]	-50	-13
13.	Other financial result	[13]	100	72
14.	**Financial result**		**-6**	**-4**
15.	**Result before income taxes**		**572**	**344**
16.	Income taxes	[14]	-161	-94
NET INCOME			**412**	**250**
	Net income attributable to shareholders of ProSiebenSat.1 Media SE		413	248
	Net income attributable to non-controlling interests		-1	1
in EUR				
	Earnings per share			
	Basic earnings per share	[15]	1.83	1.09
	Diluted earnings per share	[15]	1.80	1.06

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME OF PROSIEBENSAT.1 GROUP in EUR m

	2019	2018
Net income	**412**	**250**
Items subsequently reclassified to profit or loss		
Change in foreign currency translation adjustment	12	17
Changes in fair value of cash flow hedges	15	48
Deferred tax on other comprehensive income	− 4	− 13
Items subsequently not reclassified to profit or loss		
Effects from valuation of pension obligations	− 4	− 1
Deferred tax on effects from valuation of pension obligations	1	0
Other comprehensive income	**20**	**52**
Total comprehensive income	**431**	**301**
Total comprehensive income attributable to shareholders of ProSiebenSat.1 Media SE	432	300
Total comprehensive income attributable to non-controlling interests	− 1	1

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION OF PROSIEBENSAT.1 GROUP in EUR m

			12/31/2019	12/31/2018 adjusted[1]
A.	**Non-current assets**			
I.	Goodwill	[17]	2,109	1,962
II.	Other intangible assets	[18]	835	824
III.	Property, plant and equipment	[19]	351	327
IV.	Investments accounted for using the equity method	[21]	27	77
V.	Non-current financial assets	[23]	316	244
VI.	Programming assets	[22]	1,057	937
VII.	Other receivables and non-current assets	[24]	4	4
VIII.	Deferred tax assets	[14]	66	95
			4,764	**4,470**
B.	**Current assets**			
I.	Programming assets	[22]	148	177
II.	Inventories	[6]	48	42
III.	Current financial assets	[23]	67	69
IV.	Trade receivables	[23]	530	529
V.	Current tax assets		48	98
VI.	Other receivables and current assets	[24]	46	53
VII.	Cash and cash equivalents	[25]	950	1,031
VIII.	Assets held for sale	[5]	17	-/-
			1,853	**1,998**
	Total assets		**6,618**	**6,468**

			12/31/2019	12/31/2018 adjusted[1]
A.	**Equity**	[26]		
I.	Subscribed capital		233	233
II.	Capital reserves		1,045	1,043
III.	Consolidated equity generated		25	-119
IV.	Treasury shares		-63	-64
V.	Accumulated other comprehensive income		55	36
VI.	Other equity		-236	-246
	Total equity attributable to shareholders of ProSiebenSat.1 Media SE		1,059	883
VII.	Non-controlling interests		229	187
			1,288	**1,070**
B.	**Non-current liabilities**			
I.	Non-current financial debt	[29]	3,190	3,189
II.	Other non-current financial liabilities	[29]	329	349
III.	Trade payables	[29]	79	53
IV.	Other non-current liabilities	[30]	15	6
V.	Provisions for pensions	[27]	31	28
VI.	Other non-current provisions	[28]	55	111
VII.	Deferred tax liabilities	[14]	236	239
			3,934	**3,974**
C.	**Current liabilities**			
I.	Current financial debt	[29]	5	5
II.	Other current financial liabilities	[29]	116	200
III.	Trade payables	[29]	667	550
IV.	Other current liabilities	[30]	357	362
V.	Current tax liabilities	[14]	110	109
VI.	Other current provisions	[28]	140	198
			1,395	**1,424**
	Total equity and liabilities		**6,618**	**6,468**

[1] Adjustment previous year see Notes, note 26 "Shareholders' equity"

CASH FLOW STATEMENT

CASH FLOW STATEMENT OF PROSIEBENSAT.1 GROUP in EUR m

	2019	2018
Net income	**412**	**250**
Income taxes	161	94
Financial result	6	4
Depreciation, amortization and impairments of other intangible and tangible assets	260	222
Consumption of programming assets incl. change in provisions for onerous contracts	958	1,319
Change in provisions	-12	-15
Gain/loss on the sale of assets	-1	-20
Other non-cash income/expenses	-5	-3
Change in working capital	-40	-84
Dividends received	7	7
Income tax paid	-92	-256
Interest paid	-54	-63
Interest received	4	4
Cash flow from operating activities	**1,603**	**1,459**
Proceeds from disposal of non-current assets	39	31
Payments for the acquisition of other intangible and tangible assets	-213	-161
Payments for the acquisition of financial assets	-75	-44
Proceeds from disposal of programming assets	20	17
Payments for the acquisition of programming assets	-1,072	-1,070
Payments for the issuance of loan receivables	-1	-14
Proceeds from the repayment of loan receivables	0	1
Cash flow from obtaining control of subsidiaries or other businesses (net of cash and cash equivalents acquired)	-100	-302
Cash flow from losing control of subsidiaries or other businesses (net of cash and cash equivalents disposed of)	5	6
Cash flow from investing activities	**-1,396**	**-1,536**
Dividend paid	-269	-442
Repayment of interest-bearing liabilities	-13	-1
Proceeds from issuance of interest-bearing liabilities	33	10
Repayment of lease liabilities	-42	-40
Repurchase of treasury shares	-/-	-50
Proceeds from the sale of shares in other entities without change in control	-/-	289
Payments for shares in other entities without change in control	-5	-222
Proceeds from non-controlling interests	7	15
Dividend payments to non-controlling interests	-6	-26
Cash flow from financing activities	**-294**	**-468**
Effect of foreign exchange rate changes on cash and cash equivalents	6	17
Change in cash and cash equivalents	**-81**	**-528**
Cash and cash equivalents at beginning of reporting period	1,031	1,559
Cash and cash equivalents at end of reporting period	**950**	**1,031**

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP 2018 in EUR m

					Accumulated other comprehensive income							
	Subscribed capital	Capital reserves	Consolidated equity generated	Treasury shares	Foreign currency translation adjustment	Fair value changes of cash flow hedges	Valuation of provisions for pensions	Deferred taxes	Other equity	Total equity attributable to shareholders of ProSiebenSat.1 Media SE	Non-controlling interests	Total equity
December 31, 2017	233	1,055	74	-13	-14	7	-9	1	-113	1,221	26	1,247
Net income	-/-	-/-	248	-/-	-/-	-/-	-/-	-/-	-/-	248	1	250
Other comprehensive income	-/-	-/-	-/-	-/-	17	48	-1	-13	-/-	51	0	52
Total comprehensive income	**-/-**	**-/-**	**248**	**-/-**	**17**	**48**	**-1**	**-13**	**-/-**	**300**	**1**	**301**
Dividends	-/-	-/-	-442	-/-	-/-	-/-	-/-	-/-	-/-	-442	-26	-468
Share-based payments	-/-	-14	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-14	-/-	-14
Other changes[1]	-/-	1	0	-50	-/-	-/-	-/-	-/-	-133	-182	185	3
December 31, 2018 adjusted[1]	**233**	**1,043**	**-119**	**-64**	**4**	**54**	**-10**	**-13**	**-246**	**883**	**187**	**1,070**

STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP 2019 in EUR m

					Accumulated other comprehensive income							
	Subscribed capital	Capital reserves	Consolidated equity generated	Treasury shares	Foreign currency translation adjustment	Fair value changes of cash flow hedges	Valuation of provisions for pensions	Deferred taxes	Other equity	Total equity attributable to shareholders of ProSiebenSat.1 Media SE	Non-controlling interests	Total equity
December 31, 2018 adjusted[1]	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**

[1] Adjustment previous year see Notes, note 26 "Shareholders' equity"

NOTES

NOTES

BASIS OF PREPARATION

1 / General principles

The Consolidated Financial Statements refer to 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. As the ultimate parent company of the Group, it is registered under the name ProSiebenSat.1 Media SE with the Munich District Court in Germany (HRB 219 439). Together with its subsidiaries, it is one of the leading media companies in Europe.

The Consolidated Financial Statements of ProSiebenSat.1 Group for the financial year ending December 31, 2019, were prepared in accordance with the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board ("IASB") in force on the closing date, as adopted by the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards. The additional requirements of section 315e of the German Commercial Code (HGB) were also followed.

ProSiebenSat.1 Media SE prepares and publishes its Consolidated Financial Statements in euro. In some instances, prior-year figures have been adjusted to reflect changes in presentation. Due to rounding, some of the figures in these Consolidated Financial Statements may not add up exactly to the stated sum, or indicated percentage values may not exactly reflect the corresponding absolute figures.

USE OF ASSUMPTIONS AND ESTIMATES AS WELL AS CHANGES IN ESTIMATES

When preparing Consolidated Financial Statements in accordance with IFRS, assumptions and estimates must be made to a certain degree, which may affect the valuation of the reported assets and liabilities as well as the amount of expenses and income. The assumptions and estimates are based on premises, which in turn are based on the knowledge currently available to the management. In particular, the circumstances at the time of the preparation of the Consolidated Financial Statements and the expected realistic future development of the global and industry-specific environment were taken into account in the assessment of future business developments. As a result of developments in these framework conditions that deviate from the assumptions and are beyond the management's control, the amounts actually incurred may deviate from the originally expected estimates. If actual development deviates from the expected development, the premises and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted accordingly (in profit or loss).

Assumptions and estimates are specifically required for the following recognition and measurement issues and are explained in the respective sections:
- Recognition and measurement of assets, in particular goodwill (note 17 "Goodwill") and other intangible assets (note 18 "Other intangible assets") as well as liabilities in business combinations (note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7", note 5 "Acquisitions, disposals and other transactions affecting the scope of consolidation"),
- Impairment testing of goodwill (note 17 "Goodwill") and of intangible assets with indefinite useful lives, in particular trademarks (note 18 "Other intangible assets"),
- Revenue recognition (note 6 "Revenues"),
- Determination of useful lives of non-current assets (note 18 "Other intangible assets", note 19 "Property, plant and equipment" and note 20 "Leasing"),
- Recognition and measurement of programming assets (note 22 "Programming assets"),
- Measurement of receivables and required impairments (note 23 "Financial receivables and assets"),
- Measurement of financial assets and liabilities (note 23 "Financial receivables and assets", note 29 "Financial liabilities" as well as note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7") as well as measurement of lease liabilities (note 20 "Leasing"),
- Recognition and measurement of provisions (note 28 "Other provisions") and
- Assessment of future tax relief and uncertain tax positions (note 14 "Income taxes").

2 / Summary of key accounting principles

A) BASIC PRINCIPLES

The recognition, measurement and presentation policies as well as the explanatory notes and disclosures for the Consolidated Financial Statements for financial year 2019 are generally based on the principle of continuity.

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. The Group defines assets and liabilities as current if they are realized or repaid within one year or within the normal operating cycle or are held for the purpose of trading. Deferred tax assets and liabilities, as well as pension provisions, are generally presented as non-current in accordance with the relevant standards.

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.

Currency translation

Transactions in foreign currencies are translated at the relevant foreign exchange rates in effect at the transaction date or using average exchange rates. In subsequent periods, monetary assets and liabilities are remeasured at the closing date rate and the translation differences are recognized in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency keep being carried at the exchange rate as of the date of their initial recognition.

The financial statements of subsidiaries and entities accounted for using the equity method that operate outside the euro zone are translated using the functional currency concept. The functional currency is determined based on the primary environment in which an entity conducts its business. Usually this is the entity's local currency.

The translation of financial statements that are not denominated in euros is based on the modified closing date rate method, where items of the income statement are translated at the annual average exchange rate. Equity is translated at historical rates, and assets and liabilities at the closing date rate on the balance sheet date. All differences resulting from translating financial statements in foreign currency are recognized directly in the accumulated other comprehensive income. In the event of a subsidiary's disposal, the related translation differences are recognized in profit or loss.

B) CONSOLIDATION METHODS

The Consolidated Financial Statements of ProSiebenSat.1 Media SE include all material subsidiaries over which ProSiebenSat.1 Media SE exercises direct or indirect control. 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. The consolidation procedures take into account deferred income tax effects if such tax effects are likely to reverse in later financial years. Where required, deferred tax assets and liabilities are offset against one another. Capital consolidation is carried out by eliminating the carrying amount of the investments against the share of equity held in the subsidiary.

First-time consolidation is based on the acquisition method which involves offsetting the acquisition costs against the fair values of the acquired identifiable assets and of the assumed liabilities, including contingent liabilities, as of the acquisition date. The assets identified at the acquired entities in the context of the purchase price allocation are valued by external independent experts. In each business combination, goodwill is recognized in the amount of a positive difference between the purchase prices paid and the fair values of the assets acquired and liabilities assumed, taking into account deferred taxes. Goodwill is carried in the functional currency of the acquired entity; non-controlling interests are measured at the acquisition date at their proportionate share in the acquired entity's identifiable net assets.

If in a business combination put options are agreed over remaining shares of non-controlling shareholders, the purchase price to be paid on exercise being measured by reference to future earnings or enterprise values, ProSiebenSat.1 Group applies the anticipated acquisition method and hence assumes an anticipated acquisition of these shares. Accordingly, no non-controlling interests are recognized for the shares subject to the put option in this case.

Changes to the Group's interest in a subsidiary that do not result in a loss of control are reported as equity transactions.

Goodwill is allocated at the acquisition date 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 also represents the lowest level at which the goodwill is monitored for internal corporate management purposes. It consists of the operating and reportable segments Entertainment, Commerce, and Content Production & Global Sales. 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 unit sold and those remaining in the group 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:

DETERMINATION OF FAIR VALUE IN THE CONTEXT OF THE PURCHASE PRICE ALLOCATION

Intangible assets	Measurement method
Trademarks	Relief from Royalty Method
Customer & other contracts relationships	Multi-period Excess Earnings Method
Prohibition of competition	Multi-period Excess Earnings Method
Technologies	Reproduction cost method and Relief from Royalty Method
Order Backlog	Multi-period Excess Earnings Method
Shows in production	Multi-period Excess Earnings Method

Investments in entities over whose business policies ProSiebenSat.1 Group exercises or is able to exercise significant influence ("associated companies") or which are jointly controlled with other investors ("joint ventures") are accounted for using the equity method. If there is any indication of an impairment, the carrying amount of the investment is tested for impairment and, if necessary, an impairment loss is recognized as a write-down to the lower recoverable amount.

If ProSiebenSat.1 Media SE gains control of an associated company 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 acquisition cost of the new subsidiary. The difference between the fair value and its carrying amount is recognized in profit or loss.

If a ProSiebenSat.1 Group company disposes of a subsidiary by transferring it to an associated company or a joint venture, the gain or loss on disposal is only recognized to the extent of the unrelated investor's interest in the associate or joint venture.

The financial year of ProSiebenSat.1 Media SE and all fully consolidated companies corresponds to the calendar year.

C) INDIVIDUAL ACCOUNTING PRINCIPLES

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)

Revenue Recognition

The table below shows the revenue categories and business models identified as material for the ProSiebenSat.1 Group's results of operations, and specifies for each category when revenue is recognized.

REVENUE CATEGORIES AND REVENUE REALIZATION DATES

Revenue category	Type of revenues	Business model	Revenue recognition date or period
TV core advertising revenues	TV Cash ads	Broadcasting of advertising spots, sponsoring and special creations on Free TV	Broadcasting of advertising spot (point in time)
	Media-for-revenue	Broadcasting of advertising spots on residual time slots on Free TV in exchange for fixed consideration plus variable component based on customer's revenues	Broadcasting of advertising spot; variable component recognized when target achievement documentation is received from customer (point in time)
	Media-for-equity	Broadcasting of advertising spots on residual time slots on Free TV in exchange for an equity interest in contract partner's business	Broadcasting of advertising spot (point in time)
TV core advertising revenues	Marketing of digital offerings and Addressable TV (digital & smart)	Marketing of group internal and external advertising offers through the sale of online advertising, including advertising specifically tailored to user groups	Delivery of advertising (point in time)
Distribution	TV-Distribution: (transmission of TV content via SD/HD/Pay-TV signals)	Distribution of free and pay-TV content via cable, satellite and IPTV	Transmission of the TV signal (over time)
Production	Commissioned production	Production of programming content such as TV formats and serial programmes	Percentage-of-completion method (over time)
Global Sales and Other Program Sales	Program sales	Sale/licensing of programming assets	Start of license and delivery of material ready for broadcast (point in time)
Studio71	Digital Studio	Multi-channel network marketing of web videos and/or social media artists	Provision of marketing service (point in time)

REVENUE CATEGORIES AND REVENUE REALIZATION DATES

Revenue category	Type of revenues	Business model	Revenue recognition date or period
Digital Services and Sale of Goods – Verticals Consumer Advice, Experiences and Beauty & Lifestyle	Contract brokerage services	Operating online portals allowing end-customers to enter into contracts with service providers offering services in areas such as household, real estate sales, car rentals, events, insurance, energy supply, mobile communication and finance	Transmission of customer data or start of service being provided by partner (point in time)
	Ad-financed search engines	Operating ad-financed search engines in the fields of fashion and interior design	Access-based using "cost-per-click"-procedures (point in time)
	Sale of goods	Product sales via online portals or local stores	Transfer of goods to the end customer taking account of return rights (point in time)
Digital Services – Vertical Matchmaking	Online dating services	Operation of online dating platforms	Multi-component contracts: at a point in time for components to be delivered to customer, over time for granting online access to subscribers over the contract term

ProSiebenSat.1 Group generates revenues in particular in the form of advertising revenues from the sale of advertising time ("TV cash ads"). Advertising may take the form of classic commercials, but also covers advertising formats that allow a closer link between advertising and the program into which it is embedded, such as sponsorships and special creations. Advertising revenues are net revenues after the deduction of discounts, agency commissions or cash rebates, and of value-added tax. Television advertising revenues are considered realized when the underlying commercials are broadcast. Whenever advertising services are provided free of charge, they 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 revenue when the performance obligation is satisfied.

If the consideration agreed for advertising services takes the form of a revenue share ("media-for-revenue"), the variable consideration is recognized as sales revenue if its amount can be reliably estimated. This is only the case once the required target achievement documentation is received from the contract partner.

If advertising services are provided in exchange for an equity share in the customer's business ("media-for-equity"), the obligation to broadcast the promised advertising spots is recognized as a contract liability when the shares are acquired and recognized as revenue when the advertising spots are broadcast. The shares acquired in this barter transaction represent financial instruments in the scope of IFRS 9 and are initially recognized at fair value. Subsequently they are remeasured at fair value through profit or loss at each reporting date.

Advertising revenues also include digital and smart revenues from the marketing of digital offerings from group-internal and external providers. With respect to group-internal digital offerings, the Group markets its own online offerings; with respect to external digital offerings, the Group acquires and subsequently markets rights to use external advertising inventories, such as Internet advertising spaces. In addition, advertising revenues include revenues from TV advertising specifically tailored to the targeted viewer groups ("smart"). Revenues in all these cases are recognized when the advertising service is provided or when the ad impressions are delivered.

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 revenues on an over-time basis in the months to which they relate.

In the "Production" category, revenues are recognized over time because the Group companies concerned are contractually precluded from using the content produced for any other customer and they have 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. Revenue to be recognized in the period is 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, revenue is only recognized in the amount of the contract costs incurred. Contract costs are generally recognized as expenses in the period in which they are incurred. If it is foreseeable that the total contract costs will exceed the expected sales revenues, the expected loss is recognized immediately as an expense.

Program sales in the revenue category "Global Sales and Other Program Sales" involve the transfer of program broadcasting rights for specific license territories and periods. Revenue is recognized when the license commences and the material is delivered and ready for broadcast.

Within the revenue category "Studio71", web videos and social media artists are marketed via multi-channel networks. Revenue is usually recognized when the marketing service is provided.

Revenues from online "Contract brokerage services" in the Consumer Advice, Experiences and Beauty & Lifestyle verticals (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 charged the provider, 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 in enabling the providers of the primary services, via the online portals operated by the Group companies, to conclude with their customers, private end customers as a rule, contracts for the provision of the primary services. Hence, the ProSiebenSat.1 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, revenue is 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 cancellation rights, or cancellation rights granted on a voluntary basis. If reliable information on cancellation rates is available and it is therefore highly probable that no significant revenue reversals will occur as a result of future cancellations, the Group recognizes the corresponding commission income, net of the effect of expected contract cancellations, usually 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 made available, sales revenues are recognized in the amount of the agency commission agreed with the organiser. Payments for vouchers that historical experience shows will not be redeemded are recognized in full as revenue if future reversal of the recognized revenue is unlikely. The remaining part of payments from the end customer is passed on to the event organizer at the time of the event.

Within the business model of advertising-financed search engines, sales revenues are determined based on access using the "cost-per-click method" and realized at the time of access.

Sales of goods mainly concern the Beauty & Lifestyle Vertical and are carried out via online portals and stationary retailers. Revenue is recognized when the goods are delivered to the customer, considering statistical return rates. Based on empirical evidence, provisions are recognized for the expected refund payments to be made as a result of customers excercising their legal return rights, or return rights which are voluntarily granted. The provisions are recognized as a reduction of revenues. At the same time, 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.

With online dating services, the total transaction price is allocated to the different performance obligations based on stand-alone selling prices. Revenue is recognized at a point in time for performance obligations of a delivery nature (personality assessments and profile assessments), i.e. when delivery occurs, and over time for performance obligations with respect to granting access to the platform, i.e. over the subscription term.

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 only recognized as revenue to the extent that it is highly probable that that a significant reversal in the amount of cumulative revenue recognized will not occur.

The payment terms used in the business models are usually short-term (generally up to 30 days). Payment terms of up to 90 days are usually agreed for the sale of program rights and digital studio sales. In the case of commissioned productions, payments are generally due at short notice after contractually agreed milestones have been reached; the number of agreed installments varies from contract to contract. Monthly installment payments may also be agreed for online dating services. There are no significant financing components as defined by IFRS 15.

For further information regarding revenue recognition in financial year 2019, please refer to ➡ note 6 "Revenues".

OPERATING EXPENSES

Operating expenses by type are generally attributed to the individual functions according to the functional area of the respective cost centers. 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 from purchase price allocations 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 reported are recognized at the amounts expected to be paid or received based on tax laws enacted or substantively enacted as of the closing date. Deferred taxes are recognized for tax-deductible or taxable temporary differences between the carrying amounts of assets and liabilities in the IFRS accounts and their tax base, as well as for tax effects of consolidation measures and for tax reduction claims from loss carryforwards that will probably be realized in subsequent years. No deferred taxes are recognized for tax effects arising from the initial recognition of goodwill.

Deferred tax assets on loss carryforwards and temporary differences are recognized and measured on the basis of planned future taxable income. They are only recognized to the extent it is probable that 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 possible tax strategies are taken into account. The planned results are based on internal forecasts on the future earnings situation of the respective Group company with a planning horizon generally of five years. If there are doubts as to the realisability of the loss carryforwards, no related deferred tax assets are recognized or deferred tax assets already recognized are written down on a case-by-case basis. Deferred tax assets are subject to ongoing reviews regarding the underlying assumptions. Changed assumptions or changed circumstances may require adjustments to be made, which in turn may lead to additional tax deferrals or their reversal. 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. Deferred tax assets and liabilities are reported on an undiscounted basis. If the transactions giving rise to temporary differences or tax expenses and income are recognized directly in equity, the same applies to the current taxes or deferred tax assets and liabilities attributable to them.

Uncertain tax positions are analyzed on an ongoing basis and risk provisions set up in amounts reflecting the probabilities of non-acceptance. Uncertainties arise, among others, 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. Each uncertain tax position is examined to determine whether the tax authority is more likely to consider it separately or together with other uncertain tax treatments of a similar nature.

As the estimates may change over time, for example as a result of tax audit findings or current court rulings, their changes may affect the level of risk provisioning considered necessary. The amount of the expected tax liability or tax receivable reflects the effects of existing uncertainties and is determined using the best estimate or the expected value.

For further information, please refer to → note 14 "Income taxes" and → note 26 "Equity".

EARNINGS PER SHARE

Earnings per share correspond to the consolidated net income attributable to the shareholders of ProSiebenSat.1 Media SE, divided by 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 rights to common shares. → see note 35 "Share-based payment" Diluted earnings per share are calculated assuming that all potentially dilutive shares and share-based compensation plans that are in the money have been exercised.

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 exclusively consist of established brands that have been market leaders or held similar positions for a significant period of time.

There are currently no economic or legal restrictions on the use of acquired intangible assets with an indefinite useful life. Unless an asset has an indefinite useful life, it is amortized over the expected useful life, and if necessary, an impairment loss is recognized.

Intangible assets include 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 according to schedule over the term of the contract.

Internally generated intangible assets are capitalized if they are identifiable, 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. In addition to the criteria described above, development costs are only capitalized in cases where the technical feasibility of completing the development project is ensured and its completion continues to make economic sense. In this regard, 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 generally only the case 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 18 "Other intangible assets".

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less scheduled depreciation based on use and, if need be, less any 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 in accordance with IAS 23 if they are attributable to assets for which the period until completion is material, i.e. typically twelve months or more. At present, borrowing costs are only capitalized to a limited extent.

Scheduled depreciation on property, plant and equipment is calculated using the straight-line method over the useful life.

For further information, please refer to → note 19 "Property, plant and equipment".

LEASES

At the lease commencement date, the contractual right to use the leased asset is recognized as a right-of-use asset and the corresponding lease payment obligation recognized as a lease liability. Scheduled depreciation of the right-of-use asset is generally recognized on a straight-line basis over the shorter of the expected useful life or the term of the lease. The lease liability is accounted for as a financial liability and subsequently 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.

In accordance with the option provided by IFRS 16, leases with a term of less than one year including optional renewal periods ("short-term leases") or where the price of the leased asset, when new, is less than EUR 5,000 or the equivalent in foreign currency ("low-value leases") are not recognized in the balance sheet. Expenses incurred for such leases, and variable lease payments, are recognized as expenses in the functional cost on an accrual basis.

For further information on the accounting treatment of the Group's leases, please refer to → note 19 "Property, plant and equipment", → note 20 "Leasing", → 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 acquisition 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 subsequent re-measurement of the assets identified as part of the purchase price allocation and the liabilities and contingent liabilities assumed. Dividends received from investments accounted for using the equity method reduce their carrying amount. The Group's share of the total net income of the investments concerned is included in the consolidated 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 21 "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 are capitalized once accepted as programming assets that can be broadcast. Sports rights are included in the advance payments made until their broadcast. They are initially reported at cost.

Consumption of licenses and commissioned productions intended for multiple broadcasts (runs) commences at the start of the first broadcast, and depends on the number of runs permitted or planned respectively. Broadcasting-related consumption is measured using a declining-balance method according to a standardized Group-wide matrix which reflects the expected audience reach potential relating to the respective broadcast. Commissioned productions intended for only one run and sports rights are fully consumed as of their broadcasting.

Impairments on programming assets are recognized if it is not expected that the costs are recoverable by future revenues. 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.

Programming assets are fully impaired in the event of any indications of impairment, if broadcasts no longer meet the requirements of an asset or if their use is restricted.

Impairment testing of the remaining programming assets takes place at the level of genre-based programming groups. If their carrying amount exceeds the potential revenues, an impairment is recognized in the relevant amount. A genre in this sense is the unit where cash flows are generated independent from other programming assets, since the individual genres are tailored for the target audience groups and since advertising customers make their bookings for promoting their products in the environment of certain genres.

For further information, please refer to → note 22 "Programming assets".

IMPAIRMENTS OF OTHER NON-FINANCIAL ASSETS

Under IAS 36, an entity is required to perform an impairment test for assets with finite useful lives if there are any indications of a potential impairment. In addition, other 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 annual impairment test. Tests are also conducted in certain situations if events or circumstances occur that indicate a potential impairment.

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. Impairments on goodwill resulting from purchase price allocations are recognized as other operating expenses. The same applies to impairments of other intangible assets resulting from purchase price allocations, unless it is not possible to properly allocate them to the functional costs. Once there are indications that the reasons for impairment no longer exist, impairment losses are reversed — except in the case of goodwill. Write-ups resulting from impairment loss reversals must not exceed amortized cost.

In principle, the amortized carrying amount of the asset is compared with the recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. 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 belonging to the relevant cash-generating unit. In these cases, the impairment test is performed at the relevant level of cash-generating units to which the asset is attributable.

In principle, the Company 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 relevant carrying amounts, in the case of impairment tests for goodwill, including the allocated goodwill, and in the case of impairment tests for trademarks with indefinite useful life, including the allocated trademarks. Such discounted cash flows are generally based on five-year forecasts which in turn are based on financial plans approved by management. Cash flows outside the planning period are extrapolated using individual growth rates; however, these do not exceed the expected inflation for the respective units. The main assumptions which the change in value in use is based on include assumptions about future cash flows, estimated growth rates, tax rates and weighted average cost of capital.

For further information, please refer to → note 17 "Goodwill", → note 18 "Other intangible assets" and → note 19 "Property, plant and equipment".

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 opportunities associated with ownership of such financial asset are transferred as well. Any differences arising on derecognition are recognized in profit or loss.

Financial liabilities are derecognized once the obligation specified in the contract is discharged, canceled or expires. When contract terms are changed or terms renegotiated, the Group examines whether these are substantial modifications as defined by IFRS 9. If this is the case, the adjustments or extensions of terms 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 subsequently amortized.

MEASUREMENT OF FINANCIAL INSTRUMENTS

The initial recognition of financial assets — with the exception of trade receivables — is at fair value. Trade receivables are shown at the transaction price in accordance with IFRS 15, i.e. generally at nominal value. 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.

In the case of the financial instruments held by ProSiebenSat.1 Group, financial assets subsequently are accounted for 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 constituting interest and principal payments, are carried at amortized cost after initial recognition. This currently 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 as a rule 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. 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 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

For financial assets measured at amortized cost that are subject to the IFRS 9 impairment model (primarily trade receivables at ProSiebenSat.1 Group) but also for contract assets from contracts with customers to be recognized pursuant to IFRS 15, a loss allowances in the amount of the expected credit losses is recognized

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.

Credit losses on trade receivables and contract assets from contracts with customers are recognized using the simplified approach, the losses being recognized based on lifetime expected credit losses. Credit losses are determined based on historical and forward-looking information according to provision matrices. ➡ note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7" includes further explanations on the approach taken to determine credit losses.

For all other financial assets falling within the scope of the credit loss provisions of IFRS 9 – 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 credit ratings of the counterparties, 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, use is made of the practical expedient in IFRS 9 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 closing 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, such as 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.

To assess whether the actual default risk of a receivable has increased significantly, a default is in principle deemed to have occurred if the counterparty is unlikely to receive full payment due to limited solvency or if a receivable is more than 90 days past due. 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.

Impairment losses are recognized in the income statement 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 corresponding receivable is derecognized, possibly against previously created loss allowances.

For further information on impairments of financial assets as required by IFRS 7 "Financial Instruments: Disclosures", please refer to ➡ note 23 "Financial receivables and assets" and ➡ note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

FINANCIAL LIABILITIES

With the exception of derivative financial instruments with negative market values and contingent acquisition costs in the context of 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 recognized initially at their nominal amounts less issuing and financing costs. Such costs are distributed over the term of the liability in accordance with the effective interest method. Contingent acquisition costs in the context of business combinations are recognized at their 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 arise in particular 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. Counterparty-specific credit risks are taken into account in the fair value measurement of derivative financial instruments. For additional information, please refer to → note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

If it is possible to demonstrate and document a clear hedging relationship, hedge accounting is applied. The Group continues to apply the requirements of IAS 39 "Financial Instruments: Recognition and Measurement".

In 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 accumulated 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.

The hedging of future license payments against currency risks has the further peculiarity that the profits or losses from the hedging instrument that are recognized in equity, are transferred to the carrying amount of the license when it is initially recognized, thus increasing or decreasing its acquisition costs – and subsequent consumption expenses – accordingly.

ProSiebenSat.1 Group combines and manages identified underlying and hedging transactions in 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 IAS 39, hedge accounting is terminated. After termination of a hedging relationship, the amounts recognized in the accumulated other comprehensive income or as adjustment to acquisition costs are recognized in profit or loss once the underlying transaction 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 "Financial receivables and assets", → note 24 "Other receivables and assets", → note 26 "Equity", → note 29 "Financial liabilities" and → note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits 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 respective closing rate.

PROVISIONS FOR PENSIONS

Provisions for pensions are measured using the actuarial projected unit credit method, whereby deviations between assumptions made and actual developments as well as changes in actuarial assumptions regarding the measurement of defined benefit plans lead to actuarial gains and losses. Such gains and losses are recognized, net of deferred taxes, directly in accumulated other comprehensive income when they arise. The statement of financial position therefore shows the full extent of the obligations, avoiding fluctuations in the results that may arise in particular in the case of changes to 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 (essentially stock options and rights to shares or to future disbursements based on share values) mainly constitute compensation plans which include an option for ProSiebenSat.1 Media SE regarding the type of settlement to pay them through shares or cash settlement, which is exercised according to the intended compensation. Equity-settled share-based payment plans are measured at fair value as of the grant date. The fair value of the obligation is recognized as functional cost throughout the vesting period as personnel expense; the counter entry is made in capital reserves. The fair value of cash-settled compensation plans is recognized as liability throughout the vesting period as a personnel expense. Such liabilities are remeasured on each closing date as well as on the settlement date; the changes are recognized in profit or loss.

For further information, please refer to → note 26 "Equity" and → note 35 "Share-based payment".

OTHER PROVISIONS

In accordance with IAS 37, 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. Long-term provisions are recognized as of the closing 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 provisions for 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.

The Company recognizes provisions for restructuring expenses if there is at least a constructive external obligation that the Company can no longer avoid because of 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 are based on an estimate of the amount and probability of the future outflow of resources and also on empirical values and the circumstances known as of the closing 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".

STATEMENT OF CASH FLOWS

The statement of cash flows shows the origin and use of the cash flows. Pursuant to IAS 7, a distinction is made between cash flows from operating activities and from investing and financing activities.

The funds covered by the statement of cash flows corresponds to the cash and cash equivalents shown 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. As part of the indirect derivation, the 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 working capital items in the statement of financial position cannot therefore 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

A) ACCOUNTING STANDARDS IMPLEMENTED IN THE FINANCIAL YEAR

The following standards, as well as interpretations and clarifications from the IFRS Interpretations Committee (IFRS IC), have been issued by the IASB and transposed into European law, their first-time application being mandatory for the financial year 2019. The Group applied them for the first time in the current financial year, but they had no material impact on its assets, liabilities, financial position and profit or loss.

IAS 19: Plan Amendment, Curtailment or Settlement

The amendments require that in the case of an amendment, curtailment or settlement of a defined benefit plan, the current service cost and the net interest for the remaining financial year are reassessed using the current actuarial assumptions.

IAS 28: Long-term Interests in Associates and Joint Ventures

The amendments clarify that entities are obligated to apply IFRS 9, including its impairment requirements, to long-term interests in associates or joint ventures that are substantially part of the net investment in the associate or joint venture and are not accounted for using the equity method.

IFRS 9: Prepayment Features with Negative Compensation

The amendments clarify the conditions under which financial assets with symmetrical termination rights will be eligible for measurement at amortized cost or at fair value through other comprehensive income. In addition, the amendments clarify how modifications of financial liabilities that do not result in derecognition should be accounted for.

Annual Improvements to IFRS Standards 2015 – 2017 Cycle: Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

The amendments to IAS 12 clarify that the requirements for recognizing the income tax consequences of dividends inside or outside profit or loss do not only apply to situations where there are different tax rates for distributed and undistributed profits, but to all income tax consequences of dividends.

The amendments to IAS 23 clarify that, when an asset is ready for its intended use or sale, any specific borrowing to maintain said asset that remains outstanding is to be treated as part of the general borrowing and therefore taken into account when calculating the capitalization rate on general borrowings.

IFRIC 23: Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for uncertainties relating to income taxes as defined by IAS 12. Entities are required to use judgment to determine whether tax uncertainties should be considered independently for each issue or collectively for several issues. An entity must assume that a taxation authority will examine amounts it has a right to examine and will have full knowledge of all relevant information when doing so.

If it is probable that the taxation authority will accept the tax treatment chosen by the entity, the entity must determine the tax amounts on the basis of the amounts reported in the tax return. If the entity concludes that it is not probable that the taxation authority will accept the tax treatment, the resulting tax amounts must be recognized at the most likely amount or the expected value.

IFRS IC agenda decision on IAS 38 regarding accounting for cloud computing arrangements

In March 2019, the IFRS IC issued a final agenda decision on the application of IAS 38 "Intangible Assets" regarding accounting for the customer's right to access the supplier's software hosted on the cloud ("Software as a Service" arrangements). In the IFRS IC's opinion, arrangements under which the customer merely acquires a right to future access to application software hosted by the supplier in the cloud in exchange for payment of a fee do not, from the customer's perspective, contain a software lease as defined by IFRS 16 "Leases" or give the customer, in the absence of control, the right to capitalize an intangible software asset as defined by IAS 38. The IFRS IC's agenda decisions do not need to be transposed into European law, as they merely contain guidance for the interpretation of existing IFRS rules.

B) ACCOUNTING STANDARDS YET TO BE IMPLEMENTED

The amendments to accounting standards and interpretations described below (among others not relevant for the Group) have been issued by the IASB but were not yet applicable in financial year 2019. ProSiebenSat.1 Group is currently analyzing the possible effects, but does not at this time expect any material effects on the Group's assets, liabilities, financial position and profit or loss. With the exception of the changes introduced by "IAS 1: Classification of Liabilities as Current or Non-Current" and "IFRS 3: Definition of a Business" the changes set out below have been transposed into European law. The Group has applied early the amendments relative to the IBOR reform, but has otherwise refrained from choosing early application.

IAS 1 and IAS 8: Definition of Materiality

These are limited amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to clarify and standardize the definition of materiality. The amendments are applicable to financial years beginning on or after January 1, 2020.

IAS 1: Classification of Liabilities as Current or Non-Current

The amendment clarifies that classification of liabilities as current or non-current is determined based on rights (such as early repayment rights or rights to defer settlement) that exist at the end of the reporting period; hence classification remains unaffected by management intentions or expectations with respect to exercising those rights. The amendments are applicable to financial years beginning on or after January 1, 2022.

IFRS 3: Definition of a Business

The amendment comprises a new definition of the term business, as the current definition has in practice often caused difficulties when determining whether an entity is a business or a group of assets. The amendments are applicable to financial years beginning on or after January 1, 2020.

IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

A reform of international interest rate benchmarks (interbank offered rates or IBORs) is currently under way. On September 26, 2019, the IASB issued amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" regarding accounting for the effects of such interest rate reforms. These amendments aim to allow recognized hedging relationships ("hedge accounting") to continue or to remain designated as such in the period before the expected replacement of an existing interest rate benchmark. Hedging relationships affected by the reform require additional disclosures in the notes. The amendments will become effective for financial years beginning on or after January 1, 2020, but ProSiebenSat.1 Group has chosen to apply them early in financial year 2019.

Amendments to References to the Conceptual Framework in IFRS Standards

The new Conceptual Framework for Financial Reporting includes revised definitions of assets and liabilities and new guidance on measurement and derecognition, presentation and disclosure. The Conceptual Framework itself does not need to be transposed into European law.

Together with the revised Conceptual Framework, the IASB also issued amendments to references to the Conceptual Framework in a number of standards and interpretations, specifically IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. The amendments are applicable to financial years beginning on or after January 1, 2020.

4 / Scope of consolidation

The number of subsidiaries included in the Consolidated Financial Statements by way of full consolidation changed as follows in financial year 2019:

FULLY CONSOLIDATED SUBSIDIARIES

	Germany	Other countries	**Total**
Included at December 31, 2018	102	127	229
Additions	9	5	14
Disposals[1]	– 10	– 6	– 16
Included at December 31, 2019	**101**	**126**	**227**

[1] The disposals include eight mergers, seven liquidations and one sale.

The additions in financial year 2019 include newly founded companies as well as the acquisitions discussed in ➡ note 5 "Acquisitions, disposals and other transactions affecting the scope of consolidation".

In addition to the fully consolidated companies, 17 (previous year: 20) associated companies and five (previous year: 5) joint ventures accounted for using the equity method are included in the Consolidated Financial Statements. ➡ see note 21 "Investments accounted for using the equity method"

A list of subsidiaries and associated companies is provided in the Notes to the Consolidated Financial Statements pursuant to section 313 (2) German Commercial Code (HGB).

5 / Acquisitions, disposals and other transactions affecting the scope of consolidation

A) ACQUISITIONS

The following acquisition that is material for the Consolidated Financial Statements was made in financial year 2019:

Increase in share of voting rights to 94.0% of the Marketplace GmbH

By agreement of December 17, 2018, and effective as of February 21, 2019, ProSiebenSat.1 Group increased its voting rights share in Marketplace GmbH, Berlin ("Marketplace") from 41.6% to 94.0% via the newly founded subsidiary of NCG-NUCOM GROUP SE, Unterföhring ("NuCom Group"), be Around Holding, Berlin ("be Around"), and thereby acquired control. The equity is divided into common shares and preference shares, which confer different voting rights. This results in a difference between the share of voting rights and the share of equity. The former came to 41.6% before the transaction and 94.0% after it, while the latter came to 35.0% before the transaction and 80.0% after it. The overall transaction is based on an IFRS 3 purchase price of EUR 128 million. In addition, incidental acquisition costs of the overall transaction of EUR 2 million (of which EUR 1 million in financial year 2018) were recognized in the functional costs. be Around operates Aroundhome (formerly Käuferportal), Germany's largest online broker for products and services related to the home. The company is allocated to the Commerce segment. → see note 34 "Segment reporting"

The purchase price under IFRS 3 comprises the remeasurement and non-cash contribution of the existing ProSiebenSat.1 Group shares, accounting for 41.6% of voting rights and 35.0% of equity, in the amount of EUR 55 million and a non-cash contribution by General Atlantic PD GmbH, Munich ("General Atlantic") to Marketplace, also in the amount of EUR 55 million and accounting for 41.6% of voting rights and 35.0% of equity. At the same time, 10.0% of the shares were acquired from other minority shareholders of Marketplace for a cash purchase price of EUR 12 million. The newly resulting total stake of NuCom Group and the shares held by the remaining minority shareholders in the amount of EUR 2 million were contributed to the newly founded be Around effective as of February 21, 2019. In addition, a put option in the amount of EUR 5 million was agreed with the existing shareholders regarding the acquisition of a further 10.0% of the shares, with earliest possible exercise in 2022. The fair value of the contingent purchase price component was estimated on the basis of an income approach and reflects be Around's estimated enterprise value as of the exercise date. No maximum amount was set.

Since ProSiebenSat.1 Group, via NuCom Group, is under the unconditional obligation to acquire the shares upon option exercise, application of the anticipated acquisition method as of February 21, 2019, results in a consolidation ratio of 90.0%.

MARKETPLACE – PURCHASE PRICE PER IFRS 3 in EUR m

Contribution in kind ProSiebenSat.1 Group	55
Contribution in kind General Atlantic	55
Cash purchase price minority shares	12
Contribution in kind minority shares	2
Contingent consideration – put option	5
Purchase price per IFRS 3	**128**

The following table shows the fair values of the identified assets acquired and liabilities assumed, each as of the acquisition date:

ACQUISITION MARKETPLACE in EUR m

	Fair value at acquisition
Other intangible assets	24
thereof identified in the purchase price allocation	24
Property, plant and equipment	25
Deferred tax assets	4
Non-current assets	**53**
Trade receivables	9
Other current receivables and other assets	2
Cash and cash equivalents	2
Current assets	**13**
Non-current liabilities	21
Deferred tax liabilities	7
Non-current liabilities and provisions	**28**
Trade payables	8
Other provisions	1
Other liabilities	22
Current liabilities and provisions	**32**
Non-controlling interests	1
Total net assets	**6**
Purchase price per IFRS 3	128
Goodwill	**122**

The identified goodwill almost exclusively represents strategic synergies and development potential in the "Commerce" segment and hence is allocated to the "Commerce" cash-generating unit, see ➡ note 34 "Segment reporting". The goodwill is not tax-deductible and is denominated in the functional currency euro. The trade receivables of EUR 9 million reflect gross receivables of EUR 11 million less impairments of EUR 2 million.

PURCHASE PRICE ALLOCATION MARKETPLACE

Assets	Fair Value at acquisition in EUR m	Expected useful life in years
Trademarks	3	3
Customer relationships	18	3 – 11
Technology	3	5

Deferred income tax liabilities of EUR 7 million relate to the hidden reserves disclosed. The remeasurement of the initial investment in Marketplace originally accounted for using the equity method in the context of the investment increase and the full consolidation of the newly established be Around led to a measurement effect of EUR 26 million. This was recognized in the Group's financial result.

Including the companies from the start of the financial year until initial consolidation in February 2019 would have had the following effect on the assets, liabilities, financial position and profit or loss of ProSiebenSat.1 Group: Additional revenues of EUR 12 million and earnings after taxes in the amount of minus EUR 4 million. From initial consolidation until December 31, 2019, the company contributed revenues of EUR 59 million and earnings after taxes of minus EUR 5 million to net income.

Further acquisitions in the 2019 financial year had no material effect on the consolidated financial statements, either individually or in total.

KEY ACQUISITIONS 2018

Company	Purpose of the company	Voting equity interest acquired	Acquisition of control
Aboalarm GmbH	Online cancellation service provider	100.0%	01/02/2018
Kairion GmbH	E-Commerce marketer for media campaigns	100.0%	01/09/2018
InQpharm Ltd/Zaluvida AG	Development of products in health care sector	Asset Deal	03/28/2018
Zirkulin/roha Arzneimittel GmbH	Development of products in health care sector	Asset Deal	04/01/2018
esome advertising technologies GmbH	Social-advertising provider	90.0%	04/26/2018
eHarmony, Inc.	Online dating service	100.0%	10/31/2018

For more information on the companies acquired in financial year 2018, please refer to the published Annual Report as of December 31, 2018.

KEY ASSUMPTIONS AND ESTIMATES

For purposes of the purchase price allocation in connection with business combinations, assumptions must be made with regard to the recognition and measurement of assets and liabilities. Specifically, assumptions are used in determining the fair value of assets acquired and liabilities assumed as of the acquisition date, as well as the useful lives of the acquired intangible assets and property, plant and equipment. 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) OTHER TRANSACTIONS

Increase of General Atlantic's share in NuCom Group by 3.3%

By agreement of December 17, 2018, and effective as of February 21, 2019, General Atlantic has contributed its 41.6% share in Marketplace to NuCom Group by way of a capital increase. In this context, General Atlantic's share in the capital of NuCom Group increased by 3.3% to 28.4%. ➡ see section "A) Acquisitions"

Media-for-equity transaction between SevenVentures GmbH and Friday Insurance S.A.

By agreement of February 18, 2019, and effective as of February 22, 2019, SevenVentures GmbH, Unterföhring, a subsidiary allocated to the Entertainment segment, acquired 14.0% of the voting shares in Friday Insurance S.A., Bartringen, Luxembourg ("Friday"), for a total purchase price of EUR 30 million as part of a "media-for-equity" transaction. As an independent company with a European insurance license, Friday offers innovative insurance products in Germany. As part of the transaction, the Group will provide advertising services for Friday over a period ending December 31, 2021. The shares are classified as financial assets at fair value through profit or loss pursuant to IFRS 9.

Acquisition of the remaining 25.1% in Virtual Minds AG

With an exercise declaration dated April 16, 2019, and effective as of May 31, 2019, the remaining minority shareholder exercised its put option. Virtual Minds AG, Freiburg ("Virtual Minds"), is a media holding company, with specialized companies from the fields of media technologies, digital advertising and hosting. ProSiebenSat.1 Group made its first investment in the company (51.4%) in financial year 2015 and increased its stake to 74.9% by exercising a call option in June 2018. For a cash purchase price of EUR 36 million, ProSiebenSat.1 Group increased its stake from 74.9% to 100%. The acquisition was accounted for as an equity transaction pursuant to IFRS 10. The cash outflow from the payment of the purchase price for additional shares in the already controlled Virtual Minds was recognized as an investing cash flow.

Acquisition of another 18.2% in Studio71

By agreement of and effective as of June 24, 2019, ProSiebenSat.1 Group exercised a call option on outstanding minority interests. ProSiebenSat.1 Group had initially acquired a 75.0% stake in the company Collective Digital Studios, LLC, Los Angeles, USA ("CDS"), in financial year 2015. As part of the transaction, Studio71 GmbH, Berlin ("Studio71"), a company founded by ProSiebenSat.1 Group, and CDS are to be merged as a global digital studio ("Studio71"). To this end, 100.0% of the shares in Studio71 and 100.0% of the shares in CDS were contributed to the holding company ProSiebenSat.1 Digital Content LP, London, UK and the seller Collective Management Holding, LLC, Los Angeles, USA ("CMH"), acquired a 25.0% investment in Studio71. In January 2017, ProSiebenSat.1 Group's share in Studio71 was diluted to 69.4% by a capital increase and investments by the media groups TF1 SA, Boulogne-Billancourt, France ("TF1"), and Reti Televisive Italiane S.p.A., Milan, Italy ("Mediaset"). For a cash purchase price of EUR 30 million (USD 34 million) for the CMH shares, ProSiebenSat.1 Group is now increasing its stake from 69.4% to 87.6%. The acquisition was accounted for as an equity transaction pursuant to IFRS 10. The cash outflow from the payment of the purchase price for additional shares in the already controlled Studio71 was recognized as an investing cash flow.

Sale of 11.8% of the shares in Pluto Inc.

By agreement of January 18, 2019, and effective as of March 26, 2019, ProSiebenSat.1 Group sold its share of 11.8% in Pluto Inc., Delaware, USA ("Pluto"), to Viacom Inc., New York, USA ("Viacom"). Pluto was included in the Consolidated Financial Statements of ProSiebenSat.1 Group as an associate and accounted for using the equity method, because in addition to its financial Investment, the Group was also represented in Pluto's management body, affording it significant influence. The investment was allocated to the Entertainment segment. The transaction is based on an enterprise value of EUR 300 million (USD 340 million). The cash inflow from the sale of preference shares and common shares for ProSiebenSat.1 Group amounted to the equivalent of EUR 35 million (USD 39 million), resulting in a realized gain on sale of EUR 22 million (USD 25 million).

Assets held for disposal

By signing a call option agreement on December 20, 2019, ProSiebenSat.1 Group releases for sale — as part of its portfolio streamlining efforts — its 33% shareholding in Gamigo AG, Hamburg, which is assigned to the Entertainment segment. Until the above-mentioned date, the investment was included in the consolidated financial statements as an associated company using the equity method. The option to call the company's shares was exercised by the buyer on February 17, 2020. The purchase price was EUR 17 million. The closing of the transaction is expected in the first quarter of 2020.

NOTES TO THE INCOME STATEMENT

6 / Revenues

REVENUES 2019 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	**Total Group**
Advertising revenues	2,183	-/-	-/-	2,183
thereof TV core advertising	1,992	-/-	-/-	1,992
thereof digital & smart advertising	191	-/-	-/-	191
Distribution	155	-/-	-/-	155
Production	-/-	322	-/-	322
Global sales and other program sales	48	63	-/-	111
Studio71	-/-	267	-/-	267
Consumer Advice	-/-	-/-	242	242
Experiences	-/-	-/-	100	100
Matchmaking	-/-	-/-	209	209
Beauty & Lifestyle[1]	-/-	-/-	413	413
Other	132	-/-	1	133
Total	**2,518**	**652**	**965**	**4,135**

[1] This includes revenues from sales of goods in the amount of EUR 354 million.

REVENUES 2018 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total Group
Advertising revenues	2,238	-/-	-/-	2,238
thereof TV core advertising	2,099	-/-	-/-	2,099
thereof digital & smart advertising	138	-/-	-/-	138
Distribution	141	-/-	-/-	141
Production	-/-	296	-/-	296
Global sales and other program sales	47	56	-/-	103
Studio71	-/-	199	-/-	199
Consumer Advice	-/-	-/-	204	204
Experiences	-/-	-/-	94	94
Matchmaking	-/-	-/-	143	143
Beauty & Lifestyle[1]	-/-	-/-	337	337
Other	200	-/-	54	254
Total	**2,626**	**552**	**831**	**4,009**

[1] This includes revenues from sales of goods in the amount of EUR 280 million.

CONTRACT ASSETS AND LIABILITIES in EUR m

	12/31/2019	12/31/2018
Contract Assets	30	28
Contract Liabilities[1]	123	89

[1] Due to a necessary reclassification from contract liabilities, the previous year's figure was reduced by EUR 100 million. Of this amount, EUR 67 million were classified as obligations from event vouchers (see note 30 "Other liabilities"). The remaining EUR 33 million relate to accrued expenses for subsequent invoices.

Contract assets primarily relate to the Group's claims for consideration resulting from commissioned productions that have been completed but are yet 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 services from multi-component transactions in the online dating services business that have already been provided but cannot yet be invoiced.

In financial year 2019, as in the previous year, changes in contract assets resulting from business combinations were immaterial. Expected losses to be recognized on contract assets were immaterial as well.

Contract liabilities primarily relate to advance payments received in connection with commissioned productions and the sale of program rights as well as to deferred income from online dating services and from media services not yet rendered.

In financial year 2019, contract liabilities increased by EUR 2 million as a result of business combinations (previous year: EUR 18 million). No effects resulted from deconsolidations in the financial year 2019 (previous year: EUR 9 million). Of the contract liabilities existing as of January 1, 2019, EUR 89 million were recognized as revenues in the 2019 financial year (previous year: EUR 90 million).

In financial year 2019, no material revenues were generated from performance obligations satisfied (or partially satisfied) in prior periods.

As permitted under IFRS 15, no disclosures are made for the remaining performance obligations at December 31, 2019 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, 2019.

In connection with the "sale of goods" business model, inventories are recognized in the amount of EUR 48 million (previous year: EUR 42 million). Write-downs on inventories in the amount of EUR 4 million were recognized in financial year 2019 (previous year: EUR 2 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 revenue recognition. 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 discretionary.

7 / Cost of sales

COST OF SALES in EUR m

	2019	2018
Consumption of programming assets incl. change in provisions for onerous contracts	958	1,319
Operating expenses	798	716
Personnel expenses	325	309
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairment)	122	93
IT operations	57	39
Expenses from the disposal of programming assets	17	14
Other	101	78
Total	**2,377**	**2,569**

The consumption of programming assets (including the change in onerous contract provisions) of EUR 958 million (previous year: EUR 1,319 million) includes depreciation, amortization and impairments in the amount of EUR 1,061 million (previous year: EUR 1,141) as well as a decrease of EUR 104 million in onerous contract provisions that were recognized in the previous year in an amount of EUR 178 million. For further information, please refer to → note 28 "Other provisions". In the financial year 2018 the utilization contains the total effect due to the change of programming strategy in the amount of EUR 354 million. → see note 22 "Programming assets"

Operating expenses primarily include production-related external services, merchandise used in the Commerce segment, license expenses and copyright fees. 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 and travel expenses.

8 / Selling expenses

SELLING EXPENSES in EUR m

	2019	2018
Marketing and marketing-related expenses	319	227
Personnel expenses	124	113
Distribution	61	65
thereof satellite usage fees	34	35
thereof distribution fees	27	30
Operating expenses	39	45
Sales comissions	30	39
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairment)	21	13
IT operations	15	12
Other	19	18
Total	**627**	**532**

Marketing and marketing-related expenses in the amount of EUR 319 million (previous year: EUR 227 million) are attributable primarily to market research, advertising and public relations. In addition to the expansion of the market position from the online beauty business of Flaconi GmbH, Berlin ("Flaconi"), this increase is mainly due to the initial consolidation of eHarmony, Inc., Los Angeles, USA and its subsidiaries ("eHarmony Group") in the amount of EUR 43 million and of be Around in the amount of EUR 38 million in the Commerce segment in financial year 2019.

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.

9 / Administrative expenses

ADMINISTRATIVE EXPENSES in EUR m

	2019	2018
Personnel expenses	258	257
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairment)	117	116
Consultancy fees	40	64
IT operations	27	34
Infrastructure expenses	27	23
Marketing expenses	21	19
Other personnel-related expenses	15	14
Corporate hospitality and travel	10	10
Automobile expenses	3	3
Other	60	55
Total	**576**	**595**

Personnel expenses include wages and salaries of employees in administration, including performance-based bonus entitlements, severance payments, and social security contributions. 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 decrease in consulting fees, which mainly include management, legal and M&A consulting costs, is primarily due to a decline in M&A activities in the reporting period.

10 / Other operating expenses

Other operating expenses in the amount of EUR 11 million (previous year: EUR 14 million) mainly include derecognition of trade receivables from previous years in the amount of EUR 10 million (previous year: EUR 12 million).

11 / Other operating income

Other operating income amounts to EUR 35 million in financial year 2019 (previous year: EUR 50 million). In the previous year it includes deconsolidation gains in the amount of EUR 18 million.

12 / Interest result

INTEREST RESULT in EUR m

	2019	2018
Interest and similar income	2	7
Interest and similar expenses	- 58	- 70
thereof from financial liabilities at amortized cost	- 51	- 47
thereof from hedging derivatives	- 4	- 10
thereof other interest and similar expenses	- 3	- 13
Interest result	**- 56**	**- 63**

Interest and similar income from financial assets at amortized cost in the amount of EUR 2 million (previous year: EUR 7 million) was recognized using the effective interest method.

Interest on financial liabilities at amortized cost primarily includes interest on drawn loans. → see note 29 "Financial liabilities" In addition, interest expenses from lease liabilities of EUR 4 million (previous year: EUR 4 million) are included in the current financial year. → see note 20 "Leasing"

Interest and similar expenses from hedge derivatives include expenses for hedging instruments in connection with interest rate risks. → see note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7" The item "Other interest and similar expenses" primarily contains interest-rate effects for put-option and earn-out liabilities.

13 / Result from investments accounted for using the equity method and other financial result

RESULT FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER FINANCIAL RESULT in EUR m

	2019	2018
Share of profit or loss of joint ventures	-55	-9
Share of profit or loss of associates	5	-5
Income from investments accounted for using the equity method	**-50**	**-13**
Changes in put-options and earn-out liablities (financial liabilities at fair value through profit or loss)	76	59
Valuation effects of financial instruments (including results from disposals)	41	25
thereof from financial assets at fair value through profit or loss	-8	27
thereof from investments accounted for using the equity method	49	-4
thereof from financial assets at amortized cost	0	2
Foreign currency translation gains/losses	-9	-5
thereof from cash and cash equivalents	3	14
thereof from financial assets at amortized cost	2	3
thereof from financial liabilities at amortized cost	-5	-13
thereof from put-options and earn-out liablities	-1	-5
thereof from financial assets and finanical liabilities at fair value through profit or loss	-6	-5
thereof from other	-3	0
Financing costs	-10	-7
Other	2	1
Other financial result	**100**	**72**

The share of profit or loss of joint ventures contains mainly the Group's share of the loss of Joyn GmbH, Munich ("Joyn", previously 7TV Joint Venture GmbH, Munich) in the amount of EUR 55 million (previous year: share of loss of EUR 13 million). → see note 21 "Investments accounted for using the equity method"

The changes in put-options and earn-out liabilities in the amount of EUR 76 million (previous year: EUR 59 million) resulted from measurement adjustments to the put-options and earn-out agreements concluded in connection with business combinations. In accordance with IFRS 3, these agreements are recognized as liabilities as of the respective acquisition date and measured at fair value; changes in value after acquisition are recognized through profit or loss. → see note 5 "Acquisitions, disposals and other transactions affecting the scope of consolidation" and → note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"

The exchange rate losses from other financial assets and liabilities that are measured at fair value through profit or loss are the result of the measurement of currency hedging transactions. Exchange rate losses from financial liabilities of EUR 5 million (previous year: EUR 13 million) relate to the measurement of liabilities for programming assets.

The measurement and disposal effects relating to investments accounted for using the equity method primarily include effects from the sale of shares in the global video service Pluto in the amount of EUR 22 million and from the remeasurement of the former shares in Marketplace in the amount of EUR 26 million in connection with the increase in the share and full consolidation of the newly founded be Around. → see note 5 "Acquisitions, disposals and other transactions affecting the scope of consolidation"

In addition to ongoing bank charges, financing costs also include deferred charges relating to non-current loans (→ see note 29 "Financial liabilities") as well as commitment fees in respect to the tranches of the revolving credit facility that have not yet been drawn. Additional explanations regarding ProSiebenSat.1 Group's syndicated credit agreement are also included in → note 29 "Financial liabilities".

14 / Income taxes

INCOME TAX EXPENSES in EUR m

	2019	2018
Current income tax expenses – Germany	130	191
Current income tax expenses – other countries	12	6
Current tax expenses	**142**	**197**
Deferred income tax expenses – Germany	24	–/–
Deferred income tax income – Germany	–/–	– 101
Deferred income tax income – other countries	– 5	– 1
Deferred income tax income/expenses	**19**	**– 103**
Total income tax expenses	**161**	**94**

Current income tax expenses include any domestic and foreign tax on taxable income for 2019 (corporate income tax, trade tax and corresponding foreign tax) as well as income tax income for previous years in the amount of EUR 9 million (previous year: EUR 37 million income tax expenses). Tax losses or temporary differences not previously recognized in earlier periods led to a reduction in current income tax expenses in financial year 2019 of EUR 1 million (previous year: EUR 4 million).

The deferred tax expenses of EUR 19 million in financial year 2019 (previous year: EUR 103 million deferred tax income) includes deferred tax expenses of EUR 24 million (previous year: EUR 53 million deferred tax income) from ongoing changes in temporary differences. It also includes deferred tax expenses of EUR 4 million (previous year: EUR 44 million deferred tax income) relating to previously unrecognized temporary differences in previous periods. In addition, deferred tax income of EUR 10 million (previous year: EUR 5 million) results from the ongoing change in deferred taxes on losses carried forward.

In financial year 2019, deferred tax assets on temporary differences were written down by an insignificant amount (previous year: EUR 5 million) and deferred tax assets on loss carry-forwards by EUR 3 million (previous year: EUR 1 million). Prior-year write-downs of deferred tax assets on loss carry-forwards were reversed in the amount of EUR 1 million (previous year: EUR 1 million). No deferred tax asset was recognized in the statement of financial position for deductible differences of EUR 7 million (previous year: EUR 8 million).

As in the previous year, the corporate income tax rate in Germany remained at 15.0% plus the solidarity surcharge of 5.5%. Including the trade tax rate of 12.0%, implying an average weighting factor of 340.7% (previous year: 343.2%), the total tax rate in 2019 was 28.0% (rounded; previous year: 28.0%). In financial year 2019, the tax rates for foreign companies ranged between 12.3% and 33.0% (previous year: between 12.0% and 33.9%).

The Group's relevant nominal tax rate is 28.0%, as in the previous year. For the financial year 2019, the effective tax rate applicable to the Group is 28.1% (previous year: 27.3%). The expected tax expense can be reconciled to the actual tax expense as follows:

RECONCILIATION OF TAX EXPENSES in EUR m

	2019	2018
Profit before taxes	**572**	**344**
Applicable group tax rate (in percent)	28	28
Expected income tax expense	160	96
Adjustments to the expected income tax expense:		
Tax rate deviations		
Effects due to foreign tax rate differences	2	1
Effects due to domestic tax rate differences	1	1
Effects due to changes in statutory tax rates	1	0
Effects from deviation in taxable base		
Non-deductible interest expenses	0	3
Other non-deductible operating expenses	15	23
Tax-free income	- 37	- 33
Non-taxable disposal effects	- 6	- 5
Recognition and measurement of deferred tax assets		
Changes in the realization of deferred tax assets	15	12
Other effects		
Taxes from previous years	- 4	- 7
Investments accounted for using the equity method	14	4
Total Income tax expenses	**161**	**94**
Effective group tax rate (in percent)	28	27

As of December 31, 2019, no deferred tax assets were recognized for corporate income tax loss carry-forwards of EUR 258 million (previous year: EUR 187 million) and on trade tax loss carry-forwards of EUR 127 million (previous year: EUR 72 million). Of the above, loss carry-forwards of EUR 19 million (previous year: EUR 10 million) 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-forward hence amount to EUR 48 million (previous year: EUR 36 million). The deferred tax assets not recognized for trade tax losses amount to EUR 19 million (previous year: EUR 11 million).

As in the previous year, deferred tax assets in excess of deferred tax liabilities were recognized in an insignificant amount for companies that suffered losses in the current or previous financial year. Based on current tax planning, it is probable that these deferred tax assets can be used over the next five years.

The recognized deferred tax assets and liabilities result from the following items:

ALLOCATION/ORIGIN OF DEFERRED TAXES in EUR m

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Goodwill	8	69	7	63
Other intangible assets	5	192	5	189
Property, plant and equipment	0	63	0	57
Financial assets	8	6	8	6
Programming assets	54	2	48	1
Inventories and other assets	7	30	10	27
Provision for pensions	3	0	1	0
Other provisions	30	1	62	6
Liabilities	90	69	71	51
Tax loss carryforwards and tax credits	58	-/-	43	-/-
Netting	- 196	- 196	- 161	- 161
Total	**66**	**236**	**95**	**239**
thereof non-current	39	218	49	222

For information on netting deferred tax assets and liabilities and the use of assumptions and estimates for uncertain tax positions → see note 2 "Summary of key accounting principles".

As in the previous year, a deferred tax liability in the amount of EUR 4 million was recognized for outside basis differences relating to planned future distributions of subsidiaries. Additional temporary differences resulting from outside basis differences exist in the amount of EUR 11 million (previous year: EUR 14 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.

The change in deferred tax assets and liabilities can be explained as follows:

CHANGE IN DEFERRED TAX ASSETS AND LIABILITIES in EUR m

	2019	2018
Deferred tax liabilitiy as of January 1	**144**	**219**
Deferred tax expenses (+)/ income (-) recognized in profit or loss	19	- 103
Change of deferred taxes recognized in other comprehensive income	6	28
thereof from the valuation of financial instruments recognized in other comprehensive income	4	13
thereof from acquisitions and disposals	3	17
thereof other effects	- 1	- 2
Deferred tax liabilitiy as of December 31	**169**	**144**

With respect to deferred taxes that have been recognized in accumulated other comprehensive income, please refer to → note 26 "Shareholders' equity".

15 / Earnings per share

EARNINGS PER SHARE

		2019	2018
Net result attributable to the shareholders of ProSiebenSat.1 Media SE (basic)	in EUR m	413	248
Valuation effects of share-based payments after taxes	in EUR m	- 3	- 6
Net result attributable to the shareholders of ProSiebenSat.1 Media SE (diluted)	in EUR m	409	243
Weighted average number of shares outstanding (basic)	Shares	226,088,493	228,702,815
Dilution effect based on stock options and rights to shares	Shares	674,732	549,065
Weighted average number of shares outstanding (diluted)	Shares	226,763,225	229,251,880
Basic earnings per share	**in EUR**	**1.83**	**1.09**
Diluted earnings per share	**in EUR**	**1.80**	**1.06**

Regarding the type of settlement, the Group Share Plans and Performance Share Plans (→ see note 35 "Share-based payment") include a settlement option for ProSiebenSat.1 Media SE either in shares or in cash. In contrast to IFRS 2, these plans are treated as if they were settled in common shares for the calculation of earnings per share due to the resulting dilution in accordance with IAS 33.58.

For members of the Executive Committee as well as selected executives and employees of ProSiebenSat.1 Group, 674,732 (previous year: 549,065) rights to stock options or rights to shares with dilutive effect existed as of the reporting date.

The possible conversion of all issued "in-the-money" stock options (→ see note 35 "Share-based payment") for common shares and potentially issued common shares results in a dilutive effect of EUR 0.03 (previous year: EUR 0.03) on earnings 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

	2019	2018
Wages and salaries	619	600
Social security contributions and expenses for pensions and other employee benefits	87	79
Total	**707**	**679**

In financial year 2019, expenses for pensions amounted to EUR 2 million (previous year: EUR 1 million).

In the case of defined contribution commitments, contributions are paid to public or private pension providers on the basis of statutory or contractual requirements. For financial year 2019, the employer contributions paid to statutory pension insurance amounted to EUR 30 million (previous year: EUR 25 million).

ProSiebenSat.1 Group had an average of 7,265 employees in the financial year 2019 (prior year: 6,532), comprising 6,696 white-collar employees (prior year: 5,943) and 569 trainees, volunteers, interns and working students (prior year: 589). The increase is in particular due to acquisitions in the Commerce segment.

The part-time positions were each taken into account on a full-time-equivalent basis.

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

	2019	2018
Amortization of other intangible assets	149	131
Depreciation of property, plant and equipment	80	76
Impairment of other intangible assets	31	14
Impairment of property, plant and equipment	0	1
Total	**260**	**222**

Consumption and impairment of programming assets (without effects from provisions for onerous contracts) in the amount of EUR 1,061 million (previous year: EUR 1,141 million) is shown as cost of sales and was deducted from the calculation of EBITDA.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

17 / Goodwill

STATEMENT OF CHANGES IN GOODWILL in EUR m

	2019	2018
COST		
Opening balance as of January 1	**2,055**	**1,924**
Exchange rate differences	9	13
Additions	138	119
Disposals	0	– 2
Closing balance as of December 31	**2,201**	**2,055**
IMPAIRMENT		
Opening balance as of January 1/Closing balance as of December 31	**93**	**93**
Carrying amount as of December 31	**2,109**	**1,962**

For further information regarding additions in 2019 please refer to → note 5 "Acquisitions, disposals and other transactions affecting the scope of consolidation".

The goodwill is allocated to the individual segments as follows:

ALLOCATION OF GOODWILL TO SEGMENTS in EUR m

Name of segment	Entertainment	Content Production & Global Sales	Commerce	**Total**
Name of the group of cash-generating unit[1]	Entertainment	Content Production & Global Sales	Commerce	
Carrying amounts of goodwill December 31, 2018	882	355	725	**1,962**
Carrying amounts of goodwill December 31, 2019	886	364	860	**2,109**

[1] The cash-generating units are equivalent to the operating segments (see note 34 "Segment reporting").

In the financial and comparison year, non-controlling interests are measured at the acquisition date at their respective share in the acquired company's identifiable net assets. The transaction-related option to apply the full goodwill method was not exercised in the financial and comparison year.

According to the impairment tests for goodwill conducted in financial year 2019 and in the previous year, the carrying amounts are recoverable. Thus, no impairments were recognized. As in the previous year, the impairment test was carried out as of the measurement date of December 31.

The following table provides an overview of the premises applied to the impairment test of goodwill in the cash-generating units as of the measurement date of December 31.

DISCLOSURES ON IMPAIRMENT TESTING OF GOODWILL

Name of the group of cash-generating unit	Entertainment	Content Production & Global Sales	Commerce
Revenues growth p.a. in the projection period (CAGR)[1]	1.7% (3.3%)	17.5% (17.8%)	18.4% (17.5%)
Ø EBITDA margin in the projection period[1]	23.3% (29.0%)	7.6% (7.2%)	14.2% (18.6%)
Duration of projection period	5 years	5 years	5 years
Revenues growth p.a. at the end of projection period[1]	1.0% (1.5%)	1.5% (1.5%)	1.5% (1.5%)
EBITDA margin at the end of projection period[1]	23.0% (29.7%)	8.3% (8.0%)	17.6% (22.4%)
Ø Discount rate[1]	10.5% (11.1%)	11.6% (10.1%)	14.5% (16.0%)

1 Previous year's figures in parentheses.

The estimated recoverable amount of the Content Productions & Global Sales cash-generating unit exceeds its carrying amount by EUR 143 million. The Executive Committee has determined that a possible change in two key assumptions could result in the carrying amount of the Content Production & Global Sales cash-generating unit exceeding its recoverable amount. The following table shows the amount by which these two assumptions would have to change in order for the estimated recoverable amount to be equal to the carrying amount, assuming that the other parameters remain unchanged.

SENSITIVITY OF ASSUMPTIONS TAKEN

Name of the group of cash-generating unit	Content Production & Global Sales
EBITDA margin at the end of projection period (change in percentage points)[1]	−1.3 (−1.3)
Ø Discount rate (change in percentage points)[1]	2.4 (2.0)

1 Previous year's figures in parentheses.

i The assumptions regarding revenue growth applied during the planning period are based on the corporate planning adopted by management as of the impairment test reference date. The assumptions regarding revenue growth applied for the planning period after corporate planning are based on externally published sources. The presumed EBITDA margins are based on historical empirical values or were forecast on the basis of initiated cost-reducing measures. 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% that is equivalent to the term (previous year: 1.0%) as well as a market risk premium of 7.8% (previous year: 7.0%). In addition, a beta factor derived from the respective peer group, the cost of debt and the capital structure are taken into account individually for each cash-generating unit. Moreover, country-specific tax rates and risk premiums are applied. If a possible change in a key assumption that is included in the impairment test might lead to a reduction of the recoverable amount below the carrying amount of the relevant goodwill, a sensitivity analysis must be performed regarding this key assumption. The recoverable amount is calculated in the form of value in use, unless stated otherwise.

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 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 / Other intangible assets

STATEMENT OF CHANGES IN OTHER INTANGIBLE ASSETS in EUR m

	Brands[1]	Customer relationships	Internally generated intangible assets	Other intangible assets	Advances paid	Total other intangible assets
COST						
Balance as of January 1, 2018	**429**	**204**	**121**	**491**	**51**	**1,295**
Exchange rate differences	0	4	0	2	0	6
Additions due to change in scope of consolidation	61	28	3	27	0	118
Additions	–/–	–/–	23	66	32	121
Reclassifications	–/–	–/–	14	13	– 27	–/–
Disposals due to change in scope of consolidation	– 2	– 1	– 27	– 5	– 5	– 40
Disposals	– 1	–/–	– 1	– 81	– 1	– 85
Balance as of December 31, 2018/January 1, 2019	**486**	**234**	**133**	**512**	**50**	**1,415**
Exchange rate differences	1	2	0	1	0	4
Additions due to change in scope of consolidation	3	18	–/–	6	–/–	27
Additions	–/–	–/–	39	88	40	167
Reclassifications	–/–	–/–	15	16	– 30	–/–
Disposals	0	–/–	– 20	– 92	– 8	– 120
Balance as of December 31, 2019	**491**	**254**	**167**	**531**	**51**	**1,493**
AMORTIZATION						
Balance as of January 1, 2018	**39**	**61**	**75**	**360**	**15**	**550**
Exchange rate differences	0	1	0	2	–/–	3
Additions[2]	6	24	28	85	2	145
Disposals due to change in scope of consolidation	– 2	– 1	– 26	– 5	– 5	– 37
Disposals	– 1	0	– 1	– 66	– 1	– 69
Balance as of December 31, 2018/January 1, 2019	**43**	**85**	**76**	**376**	**11**	**591**
Exchange rate differences	0	0	0	1	–/–	1
Additions[2]	6	47	29	96	3	181
Disposals	–/–	–/–	– 20	– 88	– 7	– 115
Balance as of December 31, 2019	**49**	**132**	**85**	**385**	**7**	**658**
Carrying amount December 31, 2019	**441**	**122**	**82**	**146**	**44**	**835**
Carrying amount December 31, 2018	**443**	**149**	**57**	**136**	**39**	**824**

[1] Including trademarks with indefinite useful lives with a carrying amount of EUR 375 million as of December 31, 2019 (previous year: EUR 374 million).
[2] Of the impairments recognized in this position amounting to EUR 31 million (previous year: EUR 14 million), EUR 7 million (previous year: EUR 8 million) are presented in cost of sales, EUR 4 million (previous year: EUR 0 million) in selling expenses and EUR 20 million (previous year: EUR 5 million) in administrative expenses.

The other intangible assets include software, licenses for marketing digital offers 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 individual segments as follows:

ALLOCATION OF TRADEMARKS WITH INDEFINITE USEFUL LIVES TO SEGMENTS in EUR m

Name of segment	Entertainment	Content Production & Global Sales	Commerce	**Total**
Carrying amount of trademarks at December 31, 2018	16	–/–	357	**374**
Carrying amount of trademarks at December 31, 2019	16	–/–	358	**375**

All intangible assets with indefinite useful lives are subject to an annual impairment test in accordance with IAS 36, based on the recoverable amount. → see note 2 "Summary of key accounting policies" As in the previous year, the impairment test was carried out on the valuation date, December 31.

The following table provides an overview of the allocation of major trademarks with indefinite useful lives to the cash-generating units as well as the assumptions included in the respective impairment tests as of the measurement date:

DISCLOSURE ON IMPAIRMENT TEST OF SIGNIFICANT TRADEMARKS WITH INDEFINITE USEFUL LIVES

Name of cash-generating unit	Verivox	PARSHIP ELITE Group
Revenues growth p.a. in the projection period (CAGR)[1]	19.4% (18.6%)	2.9% (9.0%)
Ø EBITDA margin in the projection period[1]	24.7% (24.8%)	34.7% (32.9%)
Duration of projection period	5 years	5 years
Revenues growth p.a. at the end of projection period[1]	1.5% (1.5%)	1.5% (1.5%)
EBITDA margin at the end of projection period[1]	29.9% (32.6%)	39.4% (33.6%)
Ø Discount rate[1]	13.1% (16.4%)	13.6% (14.8%)
Valuation date	December 31, 2019	December 31, 2019
Carrying amount of trademarks with indefinite useful lives (EUR m)[1]	107 (107)	141 (141)

[1] Previous year's figures in parentheses.

In the financial year 2019 impairments of other intangible assets in the context of previous purchase price allocations (customer relationships) in the amount of EUR 19 million were recognized in the Content Production & Global Sales segment. This is mainly due to a changed competitive situation in the relevant markets. The carrying amount of the relevant cash-generating unit was compared with the recoverable amount.

i Amortization is recognized using the straight-line method according to the useful life, which is largely based on the following economic useful lives:

USEFUL LIVES OF INTANGIBLE ASSETS

	years
Software	1 – 8
Licenses and other property rights	10 or term of the license agreements

In deviation from the above, intangible assets with finite useful lives acquired in the context of business combinations may have other periods of use:

USEFUL LIVES OF INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

	years
Customer relationships	2 – 15
Trademarks with finite useful lives	3 – 15

The useful lives and depreciation methods are reviewed annually and adjusted if expectations have changed.

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 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.

19 / Property, plant and equipment

The changes in property, plant and equipment owned and leased are shown in the following table:

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT in EUR m

	Real estate	Technical facilities	Office furniture and equipment	Advances paid	Total
COST					
Balance as of January 1, 2018	**377**	**194**	**79**	**14**	**663**
Exchange rate differences	1	1	0	-/-	2
Additions due to change in scope of consolidation	15	0	2	-/-	16
Additions	28	21	10	18	78
Reclassifications	0	2	1	- 3	-/-
Disposals due to change in scope of consolidation	0	- 1	- 2	-/-	- 3
Disposals	- 30	- 52	- 3	0	- 85
Balance as of December 31, 2018/ January 1, 2019	**391**	**165**	**87**	**29**	**671**
Exchange rate differences	1	0	0	-/-	1
Additions due to change 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	**441**	**174**	**89**	**45**	**749**
DEPRECIATION					
Balance as of January 1, 2018	**146**	**155**	**51**	**-/-**	**352**
Exchange rate differences	0	0	0	-/-	1
Additions	44	21	12	-/-	77
Disposals due to change in scope of consolidation	0	- 1	- 1	-/-	- 2
Disposals	- 29	- 51	- 3	-/-	- 82
Balance as of December 31, 2018/ 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	**199**	**138**	**62**	**-/-**	**398**
Carrying amount December 31, 2019	**242**	**37**	**27**	**45**	**351**
Carrying amount December 31, 2018	**229**	**40**	**28**	**29**	**327**

In financial year 2018 ProSiebenSat.1 Media SE entered into a lease contract, via a real estate leasing entity, with an external finance consortium for the construction of a new corporate campus in Unterföhring. The contract has a basic lease term until 2038 and includes a purchase option that may be exercised at the end of the basic lease term. If the purchase option is not exercised, the lease is extended by another ten years. The land covered by the agreement, the existing buildings and the buildings yet to be erected are held by the real estate leasing entity, which is a structured entity. As ProSiebenSat.1 Group can determine the relevant activities of the real estate leasing entity, the real estate leasing entity is fully consolidated. The land and buildings held by this real estate leasing entity are included in the real estate and advances paid items. 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.
➡ see note 29 "Financial liabilities"

The borrowing costs capitalized in financial year 2019 amounted to EUR 2 million (previous year: EUR 1 million).

The following economic useful lives are used as a basis:

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

	In years
Real estate (buildings, fixtures, renovations)	3 – 50
Technical facilities	2 – 10
Office furniture and equipment	3 – 20

20 / Leasing

The leasing agreements of ProSiebenSat.1 Group mainly relate to the renting of real estate, in particular office space, as well as the lease of other property and equipment, e.g. IT equipment, operating and office equipment, and vehicles for selected employees. The leasing agreements have a supporting role for the operations of the Group.

The following table shows the development of the carrying amounts for leased property, plant and equipment:

ADDITIONS, DEPRECIATION AND OTHER CHANGES AT LEASED PROPERTY, PLANT AND EQUIPMENT in EUR m

	Real Estate	Other property, plant and equipment	Total
CARRYING AMOUNT			
Balance as of January 1, 2018	**186**	**11**	**197**
Additions due to change in scope of consolidation	13	0	13
Additions	17	6	23
Depreciation	–32	–8	–40
Other changes	–27	0	–27
Balance as of December 31, 2018/ January 1, 2019	**156**	**10**	**166**
Additions due to change in scope of consolidation	22	0	22
Additions	36	4	40
Depreciation	–33	–6	–39
Other changes	–11	0	–11
Balance as of December 31, 2019	**171**	**8**	**179**

The other changes in the financial year 2019 relate in particular to adjustments in connection with subleases.

The following tables show the breakdown of discounted and undiscounted lease liabilities by maturity:

LEASING LIABILITIES DISCOUNTED AND UNDISCOUNTED in EUR m

	Discounted leasing liabilities as of December 31, 2019	Undiscounted leasing liabilities as of December 31, 2019
Remaining term 1 year or less	37	40
Remaining term 1 to 5 years	100	107
Remaining term over 5 years	33	35
Total	**171**	**182**

	Discounted leasing liabilities as of December 31, 2018	Undiscounted leasing liabilities as of December 31, 2018
Remaining term 1 year or less	63	66
Remaining term 1 to 5 years	68	73
Remaining term over 5 years	23	24
Total	**155**	**163**

The following table shows the amounts in the income statement attributable to leases in which ProSiebenSat. 1 Group acts as lessee:

LEASING ITEMS IN INCOME STATEMENT in EUR m

	2019	2018
Depreciation	39	40
Interest expenses	4	4
Variable lease payments	5	4
Short-term lease payments with a term of 12 months or less and payments for leases of low-value assets	1	2
Total expenses for leases	**48**	**49**

The following table shows the amounts in the statement of cash flows attributable to leases in which ProSiebenSat. 1 Group acts as lessee:

LEASING ITEMS IN CASH FLOW STATEMENT in EUR m

	2019	2018
Variable lease payments, short-term lease payments with a term of 12 months or less and payments for leases of low-value assets	6	6
Repayment of lease liabilities	42	40
Interest paid	4	4
Total cash outflow for leases	**52**	**49**

The following future leasing-related payments are not included in the measurement of lease liabilities due to IFRS 16 requirements:

FUTURE CASH OUTFLOWS NOT REFLECTED IN THE MEASUREMENT OF LEASE LIABILITIES in EUR m

	2019	2018
Future variable lease payments		
remaining term 1 year or less	4	4
remaining term 1 to 5 years	12	9
remaining term over 5 years	5	3
Total future cash outflows not reflected in the measurement of lease liabilities	**21**	**16**

The variable lease payments primarily relate to operating costs within the framework of property lease agreements.

In addition, there are future payments from residual value guarantees and for short-term leases with a term of 12 months or less and for leases of low-value assets which, however, are immaterial from the perspective of ProSiebenSat.1 Group. For information on future payments from leases that have not yet commenced but where the relevant contracts have already been concluded, please refer to → note 32 "Other financial obligations".

ProSiebenSat.1 Group acts as lessor in a number of subleases (primarily for office properties). However, the effects are not material for the Group's Consolidated Financial Statements. The same applies to occasional sale-and-lease-back transactions.

21 / Investments accounted for using the equity method

ASSOCIATES

After the increase in the share of the voting rights in Marketplace to 94.0% effective as of February 21, 2019, and thus the acquisition of control over the company (→ see note 5 "Acquisitions, disposals and other transactions affecting the scope of consolidation"), there are no material associated companies accounted for using the equity method as of the reporting date on December 31, 2019. Until the transaction date, Marketplace GmbH contributed minus EUR 1 million (previous year: EUR –5 million) to the result from investments accounted for using the equity method. The carrying amount of interest as of December 31, 2019 was EUR 29 million.

ProSiebenSat.1 Group holds additional investments in associates that are of minor importance to the Group. The following overview shows summarized financial information regarding such investments:

AGGREGATE FINANCIAL INFORMATION FOR IMMATERIAL ASSOCIATES in EUR m

	12/31/2019	12/31/2018
Carrying amount of interests in associates	20	45
Profit share	6	1

JOINT VENTURES

There is one material joint venture that is accounted for using the equity method.

ProSiebenSat.1 Group holds a 50.0% share in Joyn (previous year: 50.0%). Joyn is a joint venture between ProSiebenSat.1 Group and Discovery Communications Europe Ltd., London, United Kingdom ("Discovery"), and is the first cross-channel online media library on the German market to be developed into the leading local streaming platform for Germany. In July 2018, the maxdome GmbH was incorporated into Joyn to expand the range of offered entertainment content. In the reporting period ProSiebenSat.1 Group did not receive any dividends from Joyn.

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 MATERIAL JOINT VENTURE in EUR m

	Joyn	
	12/31/2019	12/31/2018
ProSiebenSat.1 Group's share (in %)	**50.0%**	**50.0%**
Non-current assets	78	32
Current assets	69	34
thereof Cash and Cash equivalents	27	11
Non-current liabilities	16	0
thereof non-current financial liabilities excl. trade and other payables and provisions	9	–/–
Current liabilities	97	55
thereof current financial liabilities excl. trade and other payables and provisions	1	0
Net assets (100%)	**34**	**10**
ProSiebenSat.1 Group's share of net assets	17	5
Proportionate elimination of deconsolidation gain from the sale of maxdome GmbH (IAS 28)	–10	–10
Carrying amount of interest in joint venture	**6**	**0**
Revenue	91	43
Depreciation and amortization of property, plant and equipment and other immaterial assets	–4	–6
Net loss for the period (100%)	–110	–26
ProSiebenSat.1 Group's share of net loss	–55	–13

The unrecognized part of the losses of the Joyn joint venture amounted to EUR 5 million in the previous year. There were no such unrecognized losses in the current year.

As a result of the launch of Joyn's new business model in the financial year 2019 and the associated short history of the joint venture, no deferred tax assets in connection with the tax loss carryforwards attributable to the company were recognized as of the 2019 balance sheet date – as in the previous year.

The cash outflow of EUR 62 million resulting from the capital increase in the financial year 2019 (previous year: EUR 9 million) is shown in the cash flow from investing activities under payments for the acquisition of financial assets.

As of December 31, 2019, there are financing commitments made by the Group to Joyn. → see note 33 "Further notes on financial risk management and financial instruments according to IFRS 7" As the shares in Joyn are not listed, no market values are available.

ProSiebenSat.1 Group holds additional investments in joint ventures that are of minor importance to the Group. The following overview shows summarized financial information regarding such investments:

AGGREGATE FINANCIAL INFORMATION FOR IMMATERIAL JOINT VENTURES in EUR m

	12/31/2019	12/31/2018
Carrying amount of interests in joint ventures	1	3
Profit share	0	0

22 / Programming assets

The programming assets include rights to feature films, series, commissioned productions, digital content, and related advance payments (including advance payments made on sports rights). Considering its special significance for ProSiebenSat.1 Group, programming assets, which conceptually qualify as other intangible assets, are reported as a separate item in the statement of financial position.

STATEMENT OF CHANGES IN PROGRAMMING ASSETS in EUR m

	Capitalized rights	Advances paid	Total
Carrying amount January 1, 2018	**1,053**	**145**	**1,198**
Additions	983	88	1,070
Disposals due to change in scope of consolidation	-1	0	-1
Disposals	-14	-/-	-14
Reclassifications	91	-91	-/-
Consumption	-1,141	-/-	-1,141
thereof scheduled			-868
thereof impairment			-272
Carrying amount December 31, 2018 / January 1, 2019	**972**	**142**	**1,113**
thereof non-current programming assets			937
thereof current programming assets			177
Additions	1,074	96	1,170
Disposals	-17	0	-17
Reclassifications	89	-89	-/-
Consumption	-1,033	-28	-1,061
thereof scheduled			-903
thereof impairment			-158
Other	-2	0	-2
Carrying amount December 31, 2019	**1,084**	**121**	**1,204**
thereof non-current programming assets			1,057
thereof current programming assets			148

The rights recognized as programming assets include free TV rights in the amount of EUR 1,079 million (previous year: EUR 968 million) as well as other broadcasting rights such as pay TV, video-on-demand and mobile TV rights in the amount of EUR 5 million (previous year: EUR 4 million).

In view of the declining reach of US program titles, ProSiebenSat.1 Group took the strategic decision in the fourth quarter of 2018 to acquire more local content in the future, or produce it itself, and to sublicense some of its US titles to Joyn (among others), rather than broadcast them itself any longer.

In the context of the above strategic measures, an impairment loss of EUR 178 million was recognized in the fourth quarter of 2018 (of which EUR 122 million from the transaction with Joyn). Furthermore, in connection with the future transfer of programming assets, provisions for onerous contracts of EUR 176 million (of which EUR 168 million from the transaction with Joyn) were recognized, of which EUR 81 million were utilized in financial year 2019 and are included in the impairment losses of EUR 158 million in the table above. → see note 28 "Other provisions" The overall effect of the change in program strategy thus amounted to minus EUR 354 million in financial year 2018.

The consumption of programming assets and related impairment losses are reported within cost of sales. Reversals of impairment losses are netted against expenses from consumption.

Programming assets, such as sports events or news formats intended for one-time broadcast, as well as advance payments made on programming assets, are generally reported under current assets.

Onerous contract provisions for programming asset transactions are recognized if there is a current expectation that projected revenues will not cover costs. Such provisions are measured and recognized taking into account genre-based programming groups.

KEY ASSUMPTIONS AND ESTIMATES

Major components of programming assets are acquired from large film studios in the form of film packages. Both the initial measurement of the individual licenses of such film packages as well as the subsequent measurement of the programming assets are based on estimated audience reach. The subsequent measurement takes into account the varied usability of the programming assets and reflects the consumption of the programming assets based on the number of the relevant broadcasts.

23 / Financial receivables and assets

FINANCIAL RECEIVABLES AND ASSETS in EUR m

	12/31/2019			12/31/2018		
	Current	Non-current	Total	Current	Non-current	Total
Contract assets	30	-/-	30	27	-/-	27
Trade accounts receivable	500	12	511	502	10	511
Total receivables	**530**	**12**	**541**	**529**	**10**	**538**
Derivatives	31	63	94	47	41	89
Investments	-/-	145	145	-/-	101	101
Securities	-/-	88	88	-/-	81	81
Other financial assets	37	8	45	22	12	34
Total financial assets	**67**	**304**	**371**	**69**	**234**	**304**
Total	**597**	**316**	**913**	**598**	**244**	**842**

In the statement of financial position, the Group discloses the respective net positions for each contract with a customer either as a receivable or contract asset, or as a contract liability. A contract with a customer is reported as a contract asset and, after invoicing, as a receivable, if the costs incurred and the profits recognized, minus recognized losses, exceed advance payments received. Otherwise, a contract with a customer gives rise to a contract liability. Trade receivables also include receivables from related parties. ➡ see note 36 "Related parties"

The derivatives are predominantly foreign currency hedges with positive market values. ➡ see note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"

Investments include the minority interests acquired by the Group in the context of its "media-for-equity" strategy. ➡ see note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"

Securities primarily include venture capital fund investments in the amount of EUR 61 million (previous year: EUR 56 million). In addition, this position also reports EUR 26 million (previous year: EUR 25 million) in shares in investment funds which are used to cover the pension obligations, but do not constitute plan assets as defined by IAS 19.

Other financial assets mainly include reimbursements claimed from suppliers, sublease receivables and purchase price receivables from the sale of investments.

The following table shows the changes in loss allowances for gross non-current and current trade receivables and for contract assets from contracts with customers:

CHANGES IN LOSS ALLOWANCES in EUR m

	2019	thereof credit-impaired[1]	2018	thereof credit-impaired[1]
Balance as of January 1	**45**	**41**	**37**	**34**
Additions	30	26	31	29
Release	− 6	− 6	− 9	− 8
Usage	− 27	− 27	− 14	− 14
Changes to the scope of consolidation	2	2	− 1	− 1
Balance as of December 31	**44**	**36**	**45**	**41**

[1] A receivable is deemed credit-impaired if full payment is unlikely to be received due to limited solvency or considering that a receivable is more than 90 days past due.

The loss allowances in the table include the expected credit losses calculated using the simplified model provided by IFRS 9. Further details on this model can be found in → note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

24 / Other receivables and assets

OTHER RECEIVABLES AND ASSETS in EUR m

	12/31/2019			12/31/2018		
	Current	Non-current	Total	Current	Non-current	Total
Accrued items	22	0	23	22	–/–	22
Advance payments	8	–/–	8	11	–/–	11
Other	15	4	19	20	4	25
Total other receivables and assets	**46**	**4**	**50**	**53**	**4**	**57**

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 money market deposits maturing within three months as of the acquisition date.

CASH AND CASH EQUIVALENTS in EUR m

	12/31/2019	12/31/2018
Cash in Bank	895	1,031
Money market deposit	53	–/–
Cash on hand and cheques	2	0
Total cash and cash equivalents	**950**	**1,031**

The following table shows the development of cash and non-cash changes to financial liabilities and related assets:

CHANGES IN FINANCIAL LIABILITIES in EUR m

	01/01/2019	Cash changes	Non-cash changes				12/31/2019
			Business combinations	Fair value changes	FX changes	Additions/ Other	
LIABILITIES							
Non-current financial debt	3,189	-7	1	-/-	0	7	3,190
Current financial debt	5	-1	1	-/-	0	-/-	5
Lease liabilities	155	-42	22	-/-	1	36	171
Real estate liabilities	22	31	-/-	-/-	-/-	-5	48
Interest rate derivatives	11	0	-/-	5	-/-	-/-	16
RECEIVABLES							
Financing expenses RCF	4	-/-	-/-	-/-	-/-	-1	3
Interest rate derivatives	-/-	3	-/-	-/-	-/-	-/-	3
Total	**3,379**	**-23**	**24**	**5**	**1**	**38**	**3,424**

	01/01/2018	Cash changes	Non-cash changes				12/31/2018
			Business combinations	Fair value changes	FX changes	Additions/ Other	
LIABILITIES							
Non-current financial debt	3,180	7	0	-/-	0	1	3,189
Current financial debt	4	1	0	-/-	0	-/-	5
Lease liabilities	174	-40	20	-/-	0	-1	155
Real estate liabilities	-/-	1	-/-	-/-	-/-	22	22
Interest rate derivatives	13	0	-/-	-3	-/-	-/-	11
RECEIVABLES							
Financing expenses RCF	5	-/-	-/-	-/-	-/-	-1	4
Total	**3,367**	**-31**	**21**	**-3**	**1**	**23**	**3,379**

26 / Shareholders' equity

As of December 31, 2019, the subscribed capital of ProSiebenSat.1 Media SE amounted to EUR 233 million (previous year: EUR 233 million), with each share representing a nominal value of EUR 1.00 of the share capital. Accordingly, as of December 31, 2019, the number of shares issued amounted to 233,000,000 (previous year: 233,000,000 shares), of which the Company holds 6,859,180 shares (previous year: 6,919,513 shares) as treasury shares. → see section "Treasury shares"

The capital reserve amounts to EUR 1,045 million (previous year: EUR 1,043 million). It consists mainly of the premium on shares issued in financial year 2016 and the capital increases in financial years 2004 and 1997.

Moreover, EUR 1 million (previous year: EUR -14 million) was recognized in the capital reserve in financial year 2019 in connection with share-based payments. → see note 35 "Share-based payment"

ProSiebenSat.1 Group's accumulated other comprehensive income of EUR 55 million (previous year: EUR 36 million) includes the effects (after tax) from cash flow hedge accounting in the amount of EUR 50 million (previous year: EUR 39 million) and from the currency translation of the financial statements of foreign subsidiaries in the amount of EUR 15 million (previous year: EUR 4 million) as well as the effects from the measurement of pension obligations to be recognized through other comprehensive income in the amount of minus EUR 10 million (previous year: EUR -7 million). The year-on-year increase is mainly due to measurement effects from cash flow hedge accounting and the change in foreign currency translation.

The results recognized in the accumulated other comprehensive income throughout financial year 2019 break down as follows:

CHANGES OF ACCUMULATED OTHER COMPREHENSIVE INCOME in EUR m

	2019			2018		
	Before Taxes	Deferred Taxes	After Taxes	Before Taxes	Deferred Taxes	After Taxes
Effects from foreign currency translation	**12**	**-/-**	**12**	**17**	**-/-**	**17**
Currency hedges	24	-7	17	47	-13	34
Interest rate hedges	-9	2	-6	1	0	1
Effects from cash flow hedges	**15**	**-4**	**11**	**48**	**-13**	**34**
Valuation effects from provisions for pensions	**-4**	**1**	**-3**	**-1**	**0**	**0**
Total other comprehensive income/loss for the period	**23**	**-3**	**20**	**65**	**-13**	**51**

NON-CONTROLLING INTERESTS

Apart from ProSiebenSat.1 Group, no other shareholders hold a significant interest in the fully consolidated subsidiaries except in the NuCom Group, in which the Commerce segment is bundled. Since April 4, 2018, General Atlantic held a non-controlling interest of 25.1%. This share increased to 28.4% in the first quarter of 2019. → see note 5 "Acquisitions, disposals and other transactions affecting the scope of consolidation" The summarized financial information is presented below in accordance with IFRS. This presentation is based on figures before intra-group eliminations:

FINANCIAL INFORMATION OF SIGNIFICANT NON-CONTROLLING INTERESTS in EUR m

	12/31/2019	12/31/2018 adjusted
Non-current assets	1,497	1,362
Current assets	295	297
Non-current liabilities and provisions	321	312
Current liabilities and provisions	317	289
Net assets	**1,154**	**1,057**
Net assets attributable to non-controlling interests	**219**	**177**

	2019	04/01-12/31/2018
Revenues	965	626
Profit before tax	48	27
Net result	33	16
Net result attributable to non-controlling interests	-3	0
Net result attributable to Shareholders of ProSiebenSat.1 Media SE	36	16
Other comprehensive income	3	0
Total comprehensive income	39	15
Total comprehensive income attributable to non-controlling interests	**-2**	**0**
Total comprehensive income attributable to Shareholders of ProSiebenSat.1 Media SE	38	16
Change in cash and cash equivalents total	**-35**	**-56**

As ProSiebenSat.1 Group holds one preference share in NuCom Group, net assets and net result for the period are allocated disproportionately to the share of capital.

In the first quarter of 2019 the ProSiebenSat.1 Group identified certain adjustments to be made in order to account for the full effects of General Atlantic's investment in NuCom Group in financial year 2018. The adjustments led to a reclassification in consolidated equity of an amount of EUR 116 million from "Non-controlling interests" to "Other equity". As a result of the reclassification the balance reported for non-controlling interest as of December 31, 2018 is lower, and the balance for Other equity higher, by EUR 116 million than the balances reported in the previous year's financial statements.

As of December 31, 2019, non-controlling interest in fully consolidated subsidiaries amounted to EUR 229 million (previous year: EUR 187 million), EUR 219 million (previous year: EUR 177 million) of which relate to General Atlantic's interest in NuCom Group. The remaining EUR 11 million (previous year: EUR 10 million) of non-controlling interest are held by various investors, each holding an insignificant share.

Non-controlling interest holders, especially at NuCom Group, have certain protective rights (e. g. with respect to the sale of major assets), which may significantly restrict the Group's ability to gain access to or use assets of the Group's subsidiaries.

OTHER EQUITY

As of December 31, 2019, Other Equity amounted to minus EUR 236 million (previous year: EUR -246 million). The change was primarily the result of the increase in voting shares in Marketplace, which increase also involved an increase in General Atlantic's share in NuCom Group. ➞ see note 5 "Acquisitions, disposals and other transactions affecting the scope of consolidation" Overall, the effect of this transaction on Other equity was EUR 14 million.

In the previous year, the following transactions affected Other equity: acquisition of 25.1% in SilverTours GmbH (EUR -50 million), acquisition of 44.2% of the shares in 7Love Holding GmbH (EUR –153 million), sale of 25.1% of the shares in NuCom Group to General Atlantic (EUR 106 million).

ALLOCATION OF PROFITS

In the past financial year, the Annual General Meeting on June 12, 2019 resolved to distribute a dividend for the financial year 2018 of EUR 1.19 per share. The total dividend payment amounted to EUR 269 million and was disbursed on June 17, 2019. This payment reflects the dividend policy communicated in 2018, which provides for a dividend payout of 50% of adjusted net income.

Under the German Stock Corporation Act (AktG), the dividends payable to shareholders are calculated based on the distributable profit disclosed in the Annual Financial Statements of ProSiebenSat.1 Media SE prepared according to the German Commercial Code (HGB). The planned allocation of ProSiebenSat.1 Media SE's distributable profit of EUR 454 million for financial year 2019 is as follows:

PROPOSED ALLOCATION OF PROFIT in EUR

Distribution of a dividend of EUR 0.85 per bearer share of common stock	192,219,697
Balance to be carried forward to the next accounting period	262,213,512
ProSiebenSat.1 Media SE distributable profit	**454,433,209**

The distribution is subject to the approval of the Annual General Meeting on June 10, 2020. 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, which may still change up to the day of the Annual General Meeting depending on the number of treasury shares held by the Companys that are not entitled to dividend pursuant to section 71b of the German Stock Corporation Act (AktG).

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 Committee 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. Shareholders are to be granted statutory preemptive rights to the newly issued shares. However, subject to the consent of the Supervisory Board, the Executive Committee is also authorized to partially or fully exclude the shareholders' preemptive rights in cases described in more detail in Authorized Capital 2016.

The Executive Committee 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. The shareholders' preemptive rights were excluded in accordance with article 4 (4) lit. b. of the articles of incorporation. The new shares are entitled to receive dividends from January 1, 2016.

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, Contingent Capital was created with a corresponding amendment of article 4 (amount and division of share capital) of the articles of incorporation. In this context, there was a contingent increase in share capital by up to EUR 21,879,720 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 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 until June 11, 2024 (inclusive) 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. The 2019 authorization concerning the acquisition of treasury shares supersedes the former authorization of the Annual General Meeting of May 21, 2015, which would have expired on May 20, 2020 ("2015 authorization").

On the basis of the 2015 authorization, a total of 2,906,226 of the Company's treasury shares were acquired in the period from November 9, 2018 up to and including December 11, 2018 without any restrictions on use; no further treasury shares of the Company were acquired in financial year 2018. Related transaction costs incurred amounted to EUR 0.4 million and were recognized as a deduction from equity. No treasury shares were acquired in financial year 2019.

Instead, 60,333 (previous year: 37,231) treasury shares were issued in financial year 2019 as part of the "myShares" employee share program. In total, the number of treasury shares decreased from 6,919,513 as of December 31, 2018, to 6,859,180 as of December 31, 2019.

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. In doing so, it 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 closing date:

CAPITAL STRUCTURE in EUR m

	12/31/2019	12/31/2018
Shareholders' equity	**1,288**	**1,070**
Share of total capital	19.5%	16.5%
Financial debt	**3,195**	**3,194**
Share of total capital	48.3%	49.4%
Leverage	**2.6**	**2.1**
Total Capital (total equity and liabilities)	**6,618**	**6,468**

For further information on the financial management of ProSiebenSat.1 Group, please refer to the → Borrowings and Financing Structure section of the Group Management Report.

27 / Provisions for pensions

The provisions for pensions were recognized for obligations to active and former members of the ProSiebenSat.1 Media SE Executive Committee[1] and their surviving dependents. The 2018 Heubeck mortality tables were used for the calculation. 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. Benefits may be paid as a lifelong pension, in several annual installments or as a one-off payment.

In calculating pension expenses, ProSiebenSat.1 Media SE considers the expected service cost and the accrued interest on the pension obligation. The change in the present value of the defined benefit obligation is calculated as follows:

PRESENT VALUE OF OBLIGATION in EUR m

	2019	2018
Present value of obligation at January 1	**28**	**27**
Current service cost	1	1
Past service cost[1]	0	1
Interest costs	0	1
Total amount recognized in profit or loss	**2**	**3**
Remeasurements:		
Actuarial losses/(gains) arising from changes in financial assumptions	4	0
Actuarial losses/(gains) arising from experience losses/(gains)	0	1
Total amount recognized in other comprehensive income	**4**	**1**
Pension payments	-2	-2
Settlement	-1	-/-
Present value of obligation at December 31	**31**	**28**

[1] The past service cost mainly comprises deferred compensation from bonus entitlements to pension entitlements.

The following parameters were used for this calculation:

EXPECTED PENSION PAYMENTS

	2019	2018
Discount rate	**1.1%**	2.3%
Salary growth rate	**0.0%**	0.0%
Pension growth rate	**1.0%**	1.0%

[1] The Executive Board was renamed Executive Committee on April 1, 2019. For ease of reading, former Executive Board members are referred to as Executive Committee members in this note.

One of the main factors influencing the amount of pension obligations at the end of the period is the discount rate used as the basis. A reasonably possible change of +/- 0.5% as of the reporting date would not lead to any material change in the pension obligation recognized in the statement of financial position or in the amounts recognized in the income statement.

The weighted duration of the pension obligation averages 12.7 years until retirement age. In financial year 2019, pension payments were made to former Executive Committee members with pension entitlements in a total amount of EUR 1.9 million (previous year: EUR 2.3 million). This includes pension payments in the amount of EUR 0.5 million (previous year: EUR 0.7 million) that result from deferred compensation from bonus entitlements to pension entitlements. In connection with the departure of Dr. Jan Kemper, CFO and Executive Committee Member Commerce, and Sabine Eckhardt, Executive Committee Member Sales & Marketing, from the Executive Committee in March and April 2019, respectively, pension entitlements totaling EUR 1.0 million were paid out. All claims from the corresponding pension agreements have therefore been settled. In financial year 2019, the former Executive Committee member Axel Salzmann exercised the option to convert his accrued pension entitlements into a single payment. In this context, the Company paid Axel Salzmann EUR 1.2 million in financial year 2019. All claims from the corresponding pension agreement have therefore been settled. The payments of the previous year include a payment of EUR 1.9 million to the former Executive Committee member Guillaume de Posch, fully settling his claims. The table below shows the payments anticipated for subsequent years:

EXPECTED PENSION PAYMENTS in EUR m

	2020	2021	2022	2023	2024
Expected pension payments	0.8	1.1	0.9	1.6	1.6
thereof deferred compensation	0.6	0.2	0.2	0.2	0.2

The payments expected in financial year 2020 for the acquisition of shares in investment funds to cover the pension obligations amount to EUR 0.7 million for the defined benefit plans. These investment funds held do not qualify as plan assets for offsetting against the pension obligations, but are reported separately as financial assets and measured at fair value through profit or loss. → see note 23 "Financial receivables and assets"

KEY ASSUMPTIONS AND ESTIMATES

Actuarial valuations are based on key assumptions, including discount rates, expected salary and pension trends and mortality rates. The discount rates applied are determined on the basis of the yields achieved at the end of the reporting period for high-quality corporate bonds with corresponding terms and currencies. If such yields are not available, discount rates are based on government bond yields. Due to changing market, economic and social conditions, the underlying assumptions may differ from actual developments.

28 / Other provisions

OTHER PROVISIONS in EUR m

	As of 01/01/2019	Additions	Usage	Release	Changes in scope of consolidation	**As of 12/31/2019**
Provisions for onerous contracts	**195**	**5**	**-84**	**-23**	**0**	**93**
thereof current	98					52
Provisions for business operations	**23**	**21**	**-17**	**-4**	**-/-**	**22**
thereof current	23					22
Provision for employee benefits	**26**	**5**	**-12**	**-3**	**0**	**16**
thereof current	13					5
Miscellaneous other provisions	**66**	**19**	**-7**	**-16**	**1**	**63**
thereof current	64					61
Total	**309**	**50**	**-121**	**-45**	**1**	**195**

Provisions comprise current provisions in the amount of EUR 140 million (previous year: EUR 198 million) and non-current provisions in the amount of EUR 55 million (previous year: EUR 111 million).

ProSiebenSat.1 Group expects that the vast majority of the non-current provisions should become cash-effective within the next five years.

The provisions for onerous contracts in the amount of EUR 87 million (previous year: EUR 186 million) pertain to programming assets. The current reporting period, like the previous year, mainly includes provisions for onerous contracts in connection with the strategic realignment of the programming assets. → see note 22 "Programming assets" As part of this strategic realignment, provisions for onerous contracts of EUR 176 million (EUR 168 million of which from transaction with Joyn) were recognized in financial year 2018 for onerous contracts in connection with the future acceptance of programming assets. → see note 22 "Programming assets" EUR 81 million of the provisions for onerous contracts for programming assets was utilized in financial year 2019, of which EUR 75 million is attributable to the strategic realignment. Provisions for onerous contracts were reversed in the amount of EUR 23 million due to lapsed acceptance obligations.

Provisions for business operations relate to contractual relationships with customers and particularly include liabilities from refund obligations, which are recognized under other provisions due to estimation uncertainties regarding their size. The provisions for employee benefits primarily comprise obligations for variable compensation for members of the Executive Committee and other selected executives.

The miscellaneous other provisions comprised the following as of December 31, 2019, and as of the closing date of the previous year:

MISCELLANEOUS OTHER PROVISIONS in EUR m

	12/31/2019	12/31/2018
Provisions for interest from tax liability	26	31
Provisions for additional payment to bestseller beneficiaries	11	10
Provisions for VAT	7	6
Provisions for legal costs	5	3
Provisions for restructuring costs	4	8
Other	11	8
Total	**63**	**66**

The effects resulting from the unwinding of the discount for provisions amounted to EUR 1 million (previous year: EUR 0 million) in the financial year 2019.

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 empirical values and the circumstances known as of the closing 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. Regarding the amount and probability of occurrence, provisions for onerous contracts and litigation are based to a considerable extent on management estimates. The assessment of whether a present obligation exists is generally based on assessments of internal and external experts. Estimates can change on the basis of new information and the actual charges may affect the assets, liabilities, financial position and profit or loss of ProSiebenSat.1 Group.

29 / Financial liabilities

FINANCIAL LIABILITIES in EUR m

	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
Various other liabilities	15	3	18
Total other financial liabilities	**116**	**329**	**445**
Total financial liabilities	**789**	**3,597**	**4,386**

	Current	Non-current	Total 12/31/2018
Loans and borrowings	5	2,093	2,098
Notes	-/-	598	598
Promissory note	-/-	499	499
Financial debt	**5**	**3,189**	**3,194**
Trade payables	**550**	**53**	**602**
Accrued interest	14	-/-	14
Lease liabilities	63	91	155
Real estate liabilities	1	22	22
Liabilities from derivatives	5	19	23
Put-options and earn-out liabilities	95	217	312
Accrued media authority liabilities	13	-/-	13
Various other liabilities	9	-/-	9
Total other financial liabilities	**200**	**349**	**548**
Total financial liabilities	**755**	**3,590**	**4,345**

Non-current loans and borrowings include a term loan with a nominal volume of EUR 2,100 million as of December 31, 2019 (previous year: EUR 2,100 million). The measurement of said financial liabilities at amortized cost using the effective interest method results in a carrying amount of EUR 2,090 million as of December 31, 2019 (previous year: EUR 2,084 million).

The loan agreement also includes a revolving credit facility (RCF) of EUR 750 million (previous year: EUR 750 million), which – as was the case as of the previous year's reporting date – has not been drawn as of December 31, 2019. The loan and the credit facility have terms until April 2023 (EUR 151 million term loan and EUR 74 million RCF) and April 2024 (EUR 1,949 million term loan and EUR 676 million RCF). → see note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"

There is also a loan note of EUR 600 million with a coupon of 2.625% and a due date of April 2021. The note is listed on the regulated market of the Luxembourg stock exchange (ISIN DE000A11QFA7). → see note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7" The measurement of said financial liabilities at amortized cost using the effective interest method results in a carrying amount of EUR 599 million as of December 31, 2019 (previous year: EUR 598 million).

In financial year 2016, ProSiebenSat.1 Media SE also issued three unsecured promissory notes in a total amount of EUR 500 million, with maturity bands of seven years (EUR 225 million with fixed interest rates and EUR 50 million with variable interest rates) and of ten years (EUR 225 million with fixed interest rates). → see note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"

In the event of a change of control of ProSiebenSat.1 Media SE due to the direct or indirect acquisition of more than 50.0% of the voting rights of ProSiebenSat.1 Media SE by a third party ("change of control"), the creditors of all 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-option and earn-out liabilities result from acquisitions made during the financial year and previous years → see note 5 "Acquisitions, disposals and other transactions affecting the scope of consolidation" and → note 33 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"

No liens or similar security collateral were furnished for financial debt.

30 / Other liabilities

OTHER LIABILITIES in EUR m

	12/31/2019		12/31/2018	
	current	non-current	current	non-current
Accrued items and advance payments received	113	-/-	100	-/-
Obligations from event-vouchers	68	-/-	67	-/-
Liabilities to employees	61	-/-	79	-/-
Liabilities from VAT	29	-/-	41	-/-
Liabilities from outstanding advertising services	17	8	7	-/-
Vacation payment accruals	16	-/-	16	-/-
Liabilities from other taxes	16	-/-	20	-/-
Liabilities from rebates	13	-/-	14	-/-
Contract liabilities from licensing business	4	1	1	2
Accruals from social security payments	3	-/-	2	-/-
Other	16	5	16	4
Total	**357**	**15**	**362**	**6**

Accrued items and advance payments received primarily consist of advance payments received as well as accruals for marketing rights, amounts owed to media agencies and other accruals. The increase in liabilities from outstanding advertising services is due to the acquisition of shares in Friday as part of a media-for-equity transaction. → see note 5 "Acquisitions, disposals and other transactions affecting the scope of consolidation"

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 SevenOne Media GmbH as well as Sat.1 Satelliten Fernsehen GmbH, ProSiebenSat.1 TV Deutschland GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group), pending before the Regional Court of Düsseldorf since November 10, 2008:** The plaintiffs assert claims for disclosure and damages in connection with the marketing of advertising times by SevenOne Media GmbH. The external opinion commissioned by decision of the Regional Court on April 13, 2012, has been available to ProSiebenSat.1 Group since February 2018. The expert has 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 has yet to rule, and a decision could also be appealed. The outcome of the proceedings therefore remains unpredictable. In this respect, no provision has been created as of December 31, 2019.

- **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.

  As of December 31, 2019, a total of EUR 11 million (previous year: EUR 10 million) was recognized as a provision for these issues, based on a best estimate of the additional remuneration, which is expected to be payable based on the joint remuneration agreements already stipulated as well as on the joint remuneration agreements that currently are in advanced levels of negotiations. 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 possible that more authors will assert additional justified claims under section 32a UrhG, which are not covered by said "joint remuneration agreements" (e.g. for other program genres as well). 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

Other financial obligations comprise off-balance-sheet financial obligations in addition to the liabilities shown in the statement of financial position.

The figures are nominal, i.e. undiscounted amounts.

OTHER FINANCIAL OBLIGATIONS in EUR m

	12/31/2019	12/31/2018
Remaining term 1 year or less	599	718
Remaining term 1 to 5 years	1,606	1,769
Remaining term over 5 years	327	444
Purchase commitments for programming assets	**2,532**	**2,931**
Remaining term 1 year or less	62	63
Remaining term 1 to 5 years	107	127
Remaining term over 5 years	9	13
Distribution	**177**	**204**
Remaining term 1 year or less	3	4
Remaining term 1 to 5 years	24	9
Remaining term over 5 years	48	3
Leasing and long-term rental commitments	**75**	**16**
Remaining term 1 year or less	170	126
Remaining term 1 to 5 years	119	42
Remaining term over 5 years	5	5
Other financial obligations	**294**	**173**
Total	**3,078**	**3,325**

The purchase obligation for programming assets is based on agreements concluded before December 31, 2019, 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 agreements are not leases as defined by IFRS 16.

The increase in leasing and rental obligations by EUR 59 million to EUR 75 million is mainly attributable to the conclusion of new leases for which use of the leased items had not yet begun 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 „Further notes on financial risk management and financial instruments according to IFRS 7“

33 / Further notes on financial risk management and financial instruments in accordance with IFRS 7

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 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 Committee 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 because of rising interest rates. ProSiebenSat.1 Group is exposed to interest rate risk via its variable-rate financial liabilities. These include a term loan with a nominal volume of EUR 2,100 million (previous year: EUR 2,100 million) as of December 31, 2019, and a revolving credit facility (RCF) of EUR 750 million as of the closing date (previous year: EUR 750 million). The RCF remained undrawn in financial year 2019. In April 2019, the Group extended a major portion of the syndicated credit agreement by one year to April 2024. The remaining portion of the term loan (EUR 151 million) and of the RCF (EUR 74 million) continues to become 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 debt are thus offset and effectively replaced by fixed interest payments. The fair value of interest rate swaps is determined by discounting the expected future cash flows. As for the 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 offset and effectively replaced by fixed interest payments if this is beneficial for ProSiebenSat.1 Group. This right generally requires payment of an option premium. The fair value of the interest rate options is calculated using a standard option pricing model. The use of other measurement methods may give different results. 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 offset the interest rate-induced changes in cash flows. Since the hedging instruments and the hedged interest payments match in terms of nominal amounts, hedged interest rates, maturities and payment dates and since ProSiebenSat.1 Group, in applying a recent amendment to IAS 39, assumes for the purpose of measuring hedge effectiveness that the Euribor interest rate benchmark on which the hedged cashflows 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.

The interest rate options are accounted for as free-standing derivatives and hedge accounting is not applied to them.

As of December 31, 2019, as in the previous year, the Group's hedge portfolio included interest rate swaps in the amount of EUR 500 million and interest rate options in the amount of EUR 1,600 million to hedge the interest rate risk until 2020. As in the previous year, ProSiebenSat.1 Group also holds interest rate options in a nominal amount of EUR 500 million in order to limit the current risk of negative interest rates to which the interest rate swaps, being "plain vanilla instruments" without an interest rate floor, are exposed. The interest rate swaps were originally designated as hedging instruments in a cash flow hedge; however, interest rates moving into negative territory in financial year 2016 and because of the higher hedge ineffectiveness this entailed, the interest rate swaps in the portfolio at that time no longer qualified as hedging instruments under IAS 39 and hence hedge accounting for these swaps was discontinued. As a consequence, the measurement loss from these instruments accumulated in the cash flow hedge reserve at the date of the hedge de-designation is amortized over the original term, and the de-designated hedging instruments are henceforth measured at fair value through profit or loss.

As in the previous year, ProSiebenSat.1 Group holds additional interest rate swaps with a nominal volume totaling EUR 1,000 million that hedge interest rate risk in the period up to 2024 and were designated as hedging instruments in a cash flow hedge. As is the case with the hedged underlying transactions, these interest rate swaps contain an interest rate floor.

Moreover, the Group has entered into interest rate options with a nominal volume of EUR 1,000 that hedge interest rate risk from 2020 to 2024.

As of December 31, 2019, the hedging ratio or the fixed interest portion of the financial liabilities managed by Central Treasury stood unchanged at approximately 98%. As of December 31, 2019, the average fixed interest rate for interest rate swaps was 0.5% per annum (previous year: 0.5%). The average interest cap as of December 31, 2019 was 1.0% per annum (previous year: 1.0%) for 2020 maturities and 0.0% per annum for maturities up to 2024.

For the reporting period, these transactions resulted in interest expenses of EUR 4 million (previous year: EUR 10 million). The amortization loss reclassified from the cash flow hedge reserve to other financial result following the hedge de-designation of 2016 amounts to minus EUR 1 million in financial year 2019 (previous year: EUR –7 million). Conversely, the measurement of the de-designated hedging instruments at fair value through profit or loss resulted in a gain of EUR 4 million (previous year: EUR 9 million), also reported within other financial result. The net earnings effect thus amounted to EUR 3 million in financial year 2019 (previous year: EUR 2 million).

As of December 31, 2019, the fair value of all interest rate swaps held by ProSiebenSat.1 Group amounted to minus EUR 16 million (previous year: EUR –11 million). The fair value of the interest rate options was EUR 3 million (previous year: EUR 0 million).

The remaining variable interest rate risk arises from the unhedged portion of the term loan and the variable tranche of the promissory notes; an exposure to interest rate risk under the RCF would only arise in the event of a draw-down.

The interest rate risk understood 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 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	2019	2018
Cash and cash equivalents	variable	950	1,031
Liabilities to banks	variable	-2,090	-2,084
Promissory note	variable	-50	-50
Promissory note	fix	-449	-448
Notes	fix	-599	-598
Gross exposure – variable		**-1,190**	**-1,103**
Gross exposure – fix		**-1,048**	**-1,046**
Interest rate hedges (hedging the interest rate risks inherent in the variable-interest financial liabilities)[1]		**2,100**	**2,100**
Hedge ratio		98.1%	98.4%
Net exposure variable		**910**	**997**
Sensitivity of net exposure			
Annual potential effect of an increase in short-term interest rates by 100 basis points (1 percentage point)		7	0
Annual potential effect of a decrease in short-term interest rates by 100 basis points (1 percentage point)		-9	-14

[1] Effective as of the reporting date (i.e. EUR 500 million interest rate swaps and EUR 1,600 million interest rate caps that mature in 2020.)

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 27 million and the cash flow hedge reserve by EUR 20 million. If interest rates decreased by one percentage point, this would create a loss of EUR 3 million in the financial result and loss of EUR 1 million in the cash flow hedge reserve. With regard to the interest rate hedges, the positive effect of an interest rate increase on the cash flow hedge reserve and on financial result is much higher than the negative effect of an interest rate decrease because of the interest rate floor and the negative interest rate environment.

As of the reporting date, December 31, 2019, ProSiebenSat.1 Group had the following interest rate hedging instruments:

	Year of maturity			Nominal amount	average hedged interest rate		Fair Value	
	2020 in EUR m	2021–2024 in EUR m	from 2025 in EUR m	12/31/2019 in EUR m	12/31/2019 in %	12/31/2018 in %	**12/31/2019 in EUR m**	12/31/2018 in EUR m
Interest-rate risk								
Interest-rate swap	500	1,000	0	1,500	0.5257	0.5257	**-16**	-11
thereof within cash flow hedges[1]	0	1,000	0	1,000	0.5351	0.5351	**-15**	-6
Interest-rate options[2]	1,600	1,000	0	2,600	0.62	1.00	**3**	0
thereof within cash flow hedges	0	0	0	0	n.a.	n.a.	**0**	0

[1] As explained above, the interest rate swaps designated as hedging instruments in a cash flow hedge contain an interest rate floor.
[2] To the extent interest rate options have been entered into to reduce the risk of negative interest rates until 2020 (see explanation in the body of the text), they hedge the same risk as the interest rate swaps of the same maturity and are not considered in this table in order to avoid double counting.

CURRENCY RISKS

ProSiebenSat.1 Group defines currency risks as the risk of losses arising from exchange rate changes.

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 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, ProSiebenSat.1 Group acts as the buyer and as such has the right, but not the obligation, to purchase a specified currency at a specific time and at a price determined at contract inception. This right generally requires payment of an option premium by ProSiebenSat.1 Group. Currency options are only occasionally used as hedging instruments.

The majority of the currency derivatives are designated as hedging instruments in a cash flow hedge of future license payments in US dollars. The designation is based on forward rates. In the case of currency forwards, as in the case of interest rate hedges, 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 fully offsets the changes in the euro equivalent of the future US dollar payment induced by exchange rate changes. In the case of currency options, only the change in the intrinsic value is designated as a hedging instrument, so that the change in the time value of the option is excluded from hedge accounting and recognized immediately through profit or loss in the financial result. The effectiveness of currency options is measured by comparing the intrinsic value of the currency option with the intrinsic value of a perfect hypothetical currency option.

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 accumulated other comprehensive income 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. 79% (previous year: approx. 74%) 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 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 apply hedge accounting in accordance with IAS 39 to these derivatives.

As of December 31, 2019, ProSiebenSat.1 Group's hedge portfolio includes currency forwards in a nominal volume of USD 1,466 million (previous year: USD 1,686 million) and currency options in a nominal value of USD 0 million (previous year: USD 10 million) that are used to hedge the financial obligations arising from programming rights purchases. The fair values of the currency hedging transactions are determined using quoted forward exchange rates. The measurement was based on market data (mid-rates) as of December 31, 2019. As of December 31, 2019, the US dollar cash position amounted to USD 387 million (previous year: USD 317 million). The calculation of the market values of the currency options is based on a standard option pricing model.

CURRENCY-RELATED TRANSACTIONS AND BALANCES

	Year of maturity			Nominal amount	Average hedged exchange rate as of 12/31/2019		Fair Value	
	2020 USD m	2021-2024 USD m	from 2025 USD m	12/31/2019 USD m	short-term USD/EUR	long-term USD/EUR	**12/31/2019 EUR m**	12/31/2018 EUR m
Currency forwards	421	955	90	1,466	1.2355	1.2665	**85**	61
thereof within cash flow hedges	421	955	90	1,466	1.2355	1.2665	**85**	61
Currency options	n.a.	n.a.	n.a.	-/-	n.a.	n.a.	**-/-**	0
thereof within cash flow hedges	n.a.	n.a.	n.a.	-/-	n.a.	n.a.	**-/-**	0
Currency holdings	n.a.	n.a.	n.a.	387	n.a.	n.a.	**348**	277

The US dollar risk position is regularly reassessed based on current market data and existing risks are quantified by way of 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 US Dollar m

	12/31/2019	12/31/2018
Gross foreign currency exposure	**-2,360**	**-2,727**
Currency hedges	1,853	2,013
thereof hedge accounting	1,466	1,696
thereof held for trading	0	0
thereof currency holdings	387	317
Net exposure	**-507**	**-714**
Hedge Ratio	78.5%	73.8%
Spot rate	1.1113	1.1453
US Dollar increase by 10%	1.0002	1.0308
US Dollar decrease by 10%	1.2225	1.2598
EUR m		
Change in future payments resulting from a 10% increase in the US dollar	-51	-69
Change in future payments resulting from a 10% decrease in the US dollar	41	57

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 119 million, which would be recognized directly in accumulated other comprehensive income. Accordingly, a 10% appreciation of the US dollar would result in a gain of EUR 146 million in accumulated other comprehensive income.

However, exchange rate effects from license fee liabilities and the offsetting effects of the foreign currency cash position, the effects from currency derivatives not designated in a cash flow hedge and from embedded currency derivatives as well as the changes in the time value of the currency options designated as hedging instruments 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 9 million (EUR -11 million).

The reporting currency of ProSiebenSat.1 Group is the euro. The financial statements of subsidiaries domiciled outside the euro zone are translated into euros for the Consolidated Financial Statements. In the context of foreign currency management, investments in such companies are in principle considered long-term commitments. ProSiebenSat.1 Group therefore does not hedge the translation risk.

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, 2019:

HEDGING INSTRUMENTS in EUR m

	Nominal amount of hedging instrument	Carrying amount of the hedging instrument		Balance sheet line item where the hedging instrument is recognized	Change in fair value used for calculating hedge ineffectiveness for the reporting period
		assets	liabilities		
Coverage of interest-rate risks	1,000	0	15	Financial assets/Other financial liabilities	– 9
Coverage of foreign exchange risk	1,166	85	0	Financial assets/Other financial liabilities	79

In the previous year, the designated hedging instruments had the following effects on the statement of financial position:

HEDGING INSTRUMENTS in EUR m

	Nominal amount of hedging instrument	Carrying amount of the hedging instrument		Balance sheet line item where the hedging instrument is recognized	Change in fair value used for calculating hedge ineffectiveness for the reporting period
		assets	liabilities		
Coverage of interest-rate risks	1,000	0	6	Financial assets/Other financial liabilities	– 6
Coverage of foreign exchange risk	1,333	69	8	Financial assets/Other financial liabilities	83

As of December 31, 2019, 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
Coverage of interest-rate risks	9	– 15
Discontinued hedging relationships	0	0
Coverage of foreign exchange risk	– 79	85
Discontinued hedging relationships	0	0

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
Coverage of interest-rate risks	6	– 7
Discontinued hedging relationships	0	– 1
Coverage of foreign exchange risk	– 84	61
Discontinued hedging relationships	0	0

For the financial year 2019, the 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

	Change in the value of the hedging instrument recognized in other comprehensive income	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 (OCI) to profit or loss or acquisition cost	Line item affected in profit or loss because of the reclassification
Coverage of interest-rate risks	-9	0	Other financial result	-1	Interest result/Other financial result
Coverage of foreign exchange risk	79	0	Other financial result	55	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

	Change in the value of the hedging instrument recognized in other comprehensive income	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 (OCI) to profit or loss or acquisition cost	Line item affected in profit or loss because of the reclassification
Coverage of interest-rate risks	-6	0	Other financial result	-7	Interest result/Other financial result
Coverage of foreign exchange risk	83	0	Other financial result	36	Cost of Sales

The movements in the cash flow hedge reserve have been as follows:

CASH FLOW HEDGE RESERVE in EUR m

	interest-rate risks	foreign exchange risk
As at January 1, 2018	**-8**	**14**
Changes due to effective hedging relationship	-6	83
Transfer to the acquisition cost of the underlying hedged transaction	-/-	-36
Reclassification to profit or loss	7	-/-
Amounts reclassified because the hedged item has affected profit or loss	7	-/-
Amounts reclassified because the hedged future cash flows are no longer expected to occur	-/-	-/-
Deferred tax	2	-17
As at December 31, 2018	**-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	-/-
Amounts reclassified because the hedged item has affected profit or loss	1	-/-
Amounts reclassified because the hedged future cash flows are no longer expected to occur	-/-	-/-
Deferred tax	2	-7
As at December 31, 2019	**-11**	**61**

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.

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 closing 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 73 million as of December 31, 2019 (previous year: EUR 53 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 accordance with the simplified model of IFRS 9 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 age 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 where gathering customers in homogenous groups according to credit risk is inadvisable or impossible because of the fewness of customers or their heterogeneity, an expected loss allowance is established based on an individual credit risk assessment for each customer, similar to the approach used for customers classified as being at risk of default.

If necessary, the default rates used are adjusted as of the closing date to reflect 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 2019 and 2018, the expected credit losses calculated using the portfolio approach described above for trade receivables and contract assets from contracts with customers lay within a narrow range of 0.0% to a maximum of 1.5% across all customer groups and age classes.

Due to the generally low default risk for customers assessed based on the portfolio approach, there is in practice 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 "Financial receivables and 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 of 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, 2019, there was no utilization of the RCF (previous year: no utilization), so that as of December 31, 2019, EUR 750 million (previous year: EUR 750 million) was available under the RCF. The major portion of the term loan and the RCF mature in April 2024 (the rest in April 2023), the notes in April 2021, and the promissory notes in December 2023 (EUR 275 million) and December 2026 (EUR 225 million).

As of December 31, 2019, ProSiebenSat.1 Group also had cash and cash equivalents in the amount of EUR 950 million (previous year: EUR 1,031 million) and therefore had liquid funds and undrawn RCF in a total amount of EUR 1,700 million as of December 31, 2019 (previous year: EUR 1,781 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, 2019, and as of the end of the previous year.

FINANCIAL LIABILITIES BY MATURITY in EUR m

	1 year or less	More than 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 leases & real estate financing	42	141	59	242
Trade accounts payable	667	79	-/-	746
Non-derivative financial liabilities	**760**	**3,326**	**292**	**4,378**
Derivative financial liabilities[1]	42	147	2	191
Total	**802**	**3,474**	**294**	**4,569**

[1] The derivative financial liabilities may in principle 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 would only reflect the net payment obligation. As of December 31, 2019, there were no financial liabilities related to foreign exchange contracts.

	1 year or less	More than 1-5 years	More than 5 years	Total contractual cash flows 12/31/2018
Notes	16	632	-/-	647
Loans and borrowings	19	2,177	-/-	2,197
Promissory note	7	304	237	547
Liabilities from leases & real estate financing	66	73	24	163
Trade accounts payable	550	53	-/-	602
Non-derivative financial liabilities	**657**	**3,238**	**261**	**4,156**
Derivative financial liabilities[1]	113	246	1	360
Total	**770**	**3,484**	**262**	**4,516**

[1] The derivative financial liabilities as of 12/31/2018 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 in the table only reflect the net payment obligation. The corresponding gross payment obligation was EUR 488 Million at 12/31/2018, of which EUR 30 million were due within the next 12 months, EUR 385 million within the next one to five years, and EUR 73 million after five years.

Besides the financial liabilities shown in the table, the Group has made financing commitments to the joint venture Joyn amounting to up to EUR 140 million in total (previous year: EUR 35 million), of which up to EUR 76 million may be drawn in 2020 and up to EUR 64 million in the year thereafter.

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 structured as follows:

- prices quoted (unadjusted) in active markets for identical assets or liabilities (level 1),
- input data observed for the asset or liability, either directly (as prices) or indirectly (derived from prices), that do not constitute quoted prices as per level 1 (level 2),
- input data used for the asset or liability that are not based on observable market data (non-observable input data) (level 3).

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS AT 12/31/2019 in EUR m

			Categories under IFRS 9			Fair Value			
	Presented in the Statement of Financial Position as	Carrying amount	At fair value through profit and loss	Hedging instruments	Assets or liabilities measured at amortized cost	Level 1	Level 2	Level 3	**Total[3]**
Financial assets									
Measured at fair value									
Fund units to finance pension obligations	Non-current financial assets	26	26	-/-	-/-	26	-/-	-/-	26
Other equity instruments	Non-current financial assets	206	206	-/-	-/-	-/-	-/-	206	206
Other level 3 instruments and derivatives for which hedge accounting is not applied	Current and non-current financial assets	9	9	-/-	-/-	-/-	3	6	9
Hedge derivatives	Current and non-current financial assets	85	-/-	85	-/-	-/-	85	-/-	85
Not measured at fair value									
Cash and cash equivalents[1]	Cash and cash equivalents	950	-/-	-/-	950				950
Loans and receivables[1]	Current and non-current financial assets and trade receivables	586	-/-	-/-	586				586
Other Financial assets at cost[1]	Current and non-current financial assets	0	-/-	-/-	0				0
Total		**1,863**	**242**	**85**	**1,536**	**26**	**88**	**212**	**1,863**
Financial liabilities									
Measured at fair value									
Liabilities from put-options and earn-outs	Other financial liabilities	166	166	-/-	-/-	-/-	-/-	166	166
Derivatives for which hedge accounting is not applied	Other financial liabilities	2	2	-/-	-/-	-/-	2	-/-	2
Hedge derivatives	Other financial liabilities	15	-/-	15	-/-	-/-	15	-/-	15
Not measured at fair value									
Loans and borrowings	Financial debt	2,098	-/-	-/-	2,098	-/-	2,179	-/-	2,179
Notes	Financial debt	599	-/-	-/-	599	615	-/-	-/-	615
Promissory note	Financial debt	499	-/-	-/-	499	-/-	525	-/-	525
Real estate financing	Other financial liabilities	48	-/-	-/-	48	-/-	57	-/-	57
Other Financial liabilities at (amortized) cost[1]	Other financial liabilities and trade payables	789	-/-	-/-	789				789
Lease liabilities[2]	Other financial liabilities	171							171
Total		**4,386**	**168**	**15**	**4,032**	**615**	**2,779**	**166**	**4,519**

[1] The carrying amount is a reasonable proxy of fair value.
[2] Lease liabilities covered by IFRS 16 are excluded from the scope of IFRS 9 and exempted from the fair value disclosure requirements of IFRS 7. Lease liability are included in the table for convenience in order to facilitate a reconciliation of the carrying amounts disclosed.
[3] When there is no fair value given for an instrument class, the "Total" column reflects its carrying amount.

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS AT 12/31/2018 in EUR m

			Categories under IFRS 9			Fair Value			
	Presented in the Statement of Financial Position as	Carrying amount	At fair value through profit and loss	Hedging instruments	Assets or liabilities measured at amortized cost	Level 1	Level 2	Level 3	Total[3]
Financial assets									
Measured at fair value									
Fund units to finance pension obligations	Non-current financial assets	25	25	-/-	-/-	25	-/-	-/-	25
Other equity instruments	Non-current financial assets	156	156	-/-	-/-	-/-	-/-	156	156
Other level 3 instruments and derivatives for which hedge accounting is not applied	Current and non-current financial assets	20	20	-/-	-/-	-/-	1	19	20
Hedge derivatives	Current and non-current financial assets	69	-/-	69		-/-	69	-/-	69
Not measured at fair value									
Cash and cash equivalents[1]	Cash and cash equivalents	1,031	-/-	-/-	1,031				1,031
Loans and receivables[1]	Current and non-current financial assets and trade receivables	567	-/-	-/-	567				567
Other Financial assets at cost[1]	Current and non-current financial assets	6	-/-	-/-	6				6
Total		**1,873**	**201**	**69**	**1,603**	**25**	**70**	**175**	**1,873**
Financial liabilities									
Measured at fair value									
Liabilities from put-options and earn-outs	Other financial liabilities	312	312	-/-	-/-	-/-	-/-	312	**312**
Derivatives for which hedge accounting is not applied	Other financial liabilities	9	9	-/-	-/-	-/-	9	-/-	**9**
Hedge derivatives	Other financial liabilities	14	-/-	14	-/-	-/-	14	-/-	**14**
Not measured at fair value									
Loan and borrowings	Financial debt	2,098	-/-	-/-	2,098	-/-	2,107	-/-	**2,107**
Notes	Financial debt	598	-/-	-/-	598	625	-/-	-/-	**625**
Promissory note	Financial debt	499	-/-	-/-	499	-/-	494	-/-	**494**
Real estate financing	Other financial liabilities	22	-/-	-/-	22	-/-	27	-/-	**27**
Other Financial liabilities at (amortized) cost[1]	Other financial liabilities and trade payables	639	-/-	-/-	639				**639**
Lease liabilities[2]	Other financial liabilities	155							**155**
Total		**4,345**	**321**	**14**	**3,856**	**625**	**2,651**	**312**	**4,381**

1 The carrying amount is a reasonable proxy of fair value.
2 Lease liabilities covered by IFRS 16 are excluded from the scope of IFRS 9 and exempted from the fair value disclosure requirements of IFRS 7. Lease liability are included in the table for convenience in order to facilitate a reconciliation of the carrying amounts disclosed.
3 When there is no fair value given for an instrument class, the "Total" column reflects its carrying amount.

The Other equity instruments mainly consist of minority interests in other companies, or option 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. Optional conversion features or warrants are also typically present in the financial instruments classified as Other level 3 instruments.

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 or Monte Carlo simulations. 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 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 fair values of cash and cash equivalents, of trade receivables and payables, and of short-term financial receivables and financial liabilities measured at amortized cost are approximately equivalent to their carrying amounts. This is principally due to the short-term nature of such instruments. Accordingly, no fair value is reported.

The financial liabilities measured at fair value include liabilities from put options, relating to non-controlling interests in already acquired affiliated companies 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 methods or the income approach are used for the measurement. 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 as of the closing date by EUR 9 million, while a 5% decrease would reduce it by EUR 8 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 value measurements of the other Level 3 instruments are significantly affected by input derived from geographical revenue shares and by the range of fair values quoted in external valuation reports for equity interest held by ProSiebenSat.1 Group. A 1.5% increase in the underlying revenue shares and an assumed fair value at the upper limit of the valuation range for the Group's equity interest would lead to an increase in the fair value of the other level 3 instruments of EUR 2 million, a decrease of 1.5% and an assumed fair value at the lower limit would lead to a reduction of EUR 2 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 the items listed, which 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
January 1, 2018	**88**	**448**	**10**
Gains or losses recognized in the income statement[1]	24	− 48	9
Additions from acquisitions	29	95	−/−
Disposals/Payments	− 7	− 187	−/−
Other changes	23	3	0
December 31, 2018	**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
December 31, 2019	**206**	**166**	**6**

[1] This line item includes unrealized losses on Other equity instruments of EUR 1 million (previous year: EUR 19 million), unrealized gains on liabilities from put options and earn-outs of EUR 50 million (previous year: EUR 41 million) and unrealized losses on other level 3 instruments of EUR 9 million (previous year: gains of EUR 9 million).

The gains of EUR 70 million recognized in profit or loss during the period primarily derive from the remeasurement of the put option relating to Studio71 and the earn-outs relating to the esome advertising technologies GmbH. The gains of EUR 48 million in the previous year also resulted mainly from the reassessment of the Studio71 put option. The additions to Other equity instruments primarily reflect the acquisition of shares in the context of media-for-equity transactions. The decreases of the liabilities from put options and earn-outs in financial years 2019 and 2018 mainly relate to payments made for acquisitions in previous years and especially payments for put options and earn-outs in connection with the acquisitions of Virtual Minds and Studio71.

The item “Other changes” primarily includes currency effects from translating the financial statements of US dollar functional currency entities into euros.

Apart from unwinding of interest effects, which are recognized in the interest result, any gains or losses on instruments assigned to level 3 are reported in Other financial result.

In financial year 2019 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.

NETTING 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 IAS 32 offset criteria and are therefore shown 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 the information required by IFRS 7 for the netting of financial instruments. The figures shown 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 12/31/2019	99	0	99	-26	73
Derivative financial instruments 12/31/2018	69	0	69	-16	53

	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 12/31/2019	27	0	27	-26	-1
Derivative financial instruments 12/31/2018	19	0	19	-16	2

34 / Segment reporting

The segment reporting follows the internal management and reporting.

The Group is divided into the three operating reporting segments "Entertainment", "Content Production & Global Sales", and "Commerce".

- The Entertainment segment contains the 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 SevenOne Media GmbH and SevenOne 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 and OTT providers. Finally, the segment includes business models in the areas of platform solutions (AdTech), the marketing of data, music, (sport)events and artists as well as program sales. ProSiebenSat.1 Media SE as a holding company is also part of the segment.

- The Content Production & Global Sales segment bundles all production activities and global sales of programming content under the umbrella of Red Arrow Studios GmbH, Unterföhring ("Red Arrow Studios"). Red Arrow Studios comprises the global film and TV distribution companies Red Arrow Studios International and Gravitas Ventures, a group of 20 international television production companies in seven countries, and Studio71. Red Arrow Studios' extensive programming includes entertainment, reality and factual formats as well as TV series, TV movies and digital content.

- The Commerce segment consists of the verticals Consumer Advice, Matchmaking, Experience and Beauty & Lifestyle. ProSiebenSat.1 bundles the subsidiaries in NuCom Group, which in 2018 agreed a long-term partnership with the growth capital investor General Atlantic. The brands of the segment include Verivox, Aroundhome, Parship, eHarmony, Jochen Schweizer, Mydays, Amorelie and Flaconi.

The Executive Committee, as chief operating decision maker, measures segment performance based on a segment profit measure, which in internal control and reporting is called "adjusted EBITDA". Revenue is also used as a performance indicator.

DEFINITION OF 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).

The following table contains the segment information of ProSiebenSat.1 Group.

Eliminations include consolidations of intercompany transactions between segments. These business transactions are conducted at arm's length basis. The reconciliation statement shows figures that by definition are not part of the segments.

SEGMENT INFORMATION 2019 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total Segments	Other/ Eliminations	**Total Group**
Revenues	2,585	730	965	4,281	-146	**4,135**
External revenues	2,518	652	965	4,135	-/-	**4,135**
Internal revenues	68	78	0	146	-146	**-/-**
Adjusted EBITDA	726	48	98	872	0	**872**
Reconciling items	-14	0	-20	-34	-/-	**-34**
Depreciation, amortization and impairment[1]	135	59	66	260	0	**260**
Investments	1,225	33	43	1,300	-15	**1,285**

[1] Impairments in the amount of EUR 31 million are included. Of this amount EUR 8 million are attributable to the Entertainment segment, EUR 23 million to the Content Production & Global Sales segment and EUR 1 million to the Commerce segment.

SEGMENT INFORMATION 2018 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total Segments	Other/ Eliminations	Total Group
Revenues	2,718	608	831	4,156	-148	4,009
External revenues	2,626	552	831	4,009	-/-	4,009
Internal revenues	92	55	0	148	-148	-/-
Adjusted EBITDA	881	31	103	1,014	-1	1,013
Reconciling items	-420	-4	-19	-443	-/-	-443
Depreciation, amortization and impairment[1]	133	33	56	222	0	222
Investments	1,198	20	25	1,243	-11	1,232

[1] Impairments in the amount of EUR 15 million are included. Of this amount EUR 11 million are attributable to the Entertainment segment, EUR 3 million to the Content Production & Global Sales segment and EUR 0 million to the Commerce segment.

Depreciation and amortization reported for a segment is attributable to the assets allocated to that segment. Impairments of programming assets, financial investments or current financial assets are not allocated to the individual segment.

Investments relate to additions to non-current assets. They comprise additions to other intangible assets, property, plant and equipment and programming assets.

In the following, the adjusted EBITDA of the segments is reconciled to the consolidated net income:

RECONCILIATION OF SEGMENT INFORMATION in EUR m

	2019	2018
ADJUSTED EBITDA		
Adjusted EBITDA of reportable segments	872	1,014
Eliminations and others	0	-1
Adjusted EBITDA of the Group	**872**	**1,013**
Reconciling items	-34	-443
Financial result	-6	-4
Depreciation, amortization and impairment	-260	-222
Income taxes	-161	-94
Net income	**412**	**250**

The reconciling items not considered in adjusted EBITDA break down into the following categories:

PRESENTATION OF THE RECONCILING ITEMS in EUR m

	2019	2018
Income from changes in scope of consolidation	0	18
Income from other one-time items	0	1
Income adjustments	**1**	**19**
M&A related expenses	-12	-34
Reorganization expenses	-45	-68
Expenses for legal claims	0	1
Fair value adjustments of share-based payments	5	8
Expenses for other one-time items	-5	-14
Valuation effects relating to strategic realignments of business units	23	-354
EBITDA expense adjustments	**-35**	**-462**
Reconciling items	**-34**	**-443**

Entity-wide disclosures for ProSiebenSat.1 Group are provided below. Separate information is provided for Germany (GER), the United States (US), for Austria (AT) and Switzerland (CH), the United Kingdom (UK) and Other.

ENTITY-WIDE DISCLOSURES in EUR m

Geographical breakdown	GER		US		AT/CH		UK		Other		Total Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
External revenues	3,239	3,242	540	414	278	286	53	47	25	21	4,135	4,009
Non-current assets	3,744	3,426	517	536	52	53	29	26	9	8	4,351	4,049

Revenues are attributed to the country in which the entity that has provided the service is located.

Non-current assets reported as part of the entity-wide disclosures include goodwill, other intangible assets, property, plant and equipment, and non-current programming assets.

As in the previous year, more than 10% of revenues were generated from business activities with one customer. In 2019 EUR 461 million (previous year: EUR 523 million) of revenues, were derived from this one customer, which is an agency association with various affiliated media agencies.

35 / Share-based payment

ProSiebenSat.1 Group has a number of programs that fall under the requirements of IFRS 2.

PERFORMANCE SHARE PLAN (LONG-TERM INCENTIVE)

The Performance Share Plan (PSP) is a long-term compensation instrument, which ProSiebenSat.1 Media SE developed for members of its Executive Committee[1] as well as selected executives and employees of ProSiebenSat.1 Group. The beneficiaries and the number of Performance Share Units (PSUs) granted were determined by the Executive Committee of ProSiebenSat.1 Media SE with the approval of the Supervisory Board or – if pertaining to Executive Committee members – by the Supervisory Board. The terms of the plan and the key performance indicators of the PSP are explained below. Further information can be found in the Group Management Report under → "Compensation Report".

Terms of the plan

The PSP is structured as multi-year variable remuneration in the form of virtual shares (performance share units – PSUs). 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

[1] The Executive Board was renamed Executive Committee on April 1, 2019. For ease of reading, former Executive Board members are referred to as Executive Committee members in this note.

choose equity settlement rather than cash settlement and to deliver a corresponding number of own shares for this purpose.

Performance share units 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 Committee. 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

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 target value for each financial year of the performance period for the adjusted net income is determined annually in euro by the Supervisory Board and is derived from the budget planning for the Group.

If required, the Group's actual adjusted net income reported by ProSiebenSat.1 Media SE is adjusted to determine the target achievement, adjustements 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 target achievement, the actual adjusted net income actually achieved according to the approved Consolidated Financial Statements of ProSiebenSat.1 Media SE is compared with the target adjusted net income for the respective financial year after the adjustment mentioned above. The final target achievement with regard to adjusted net income at Group level cannot be calculated until after the end of the final financial year of the respective four-year performance period.

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 regard 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 Performance Share Plans of ProSiebenSat.1 Group:

PERFORMANCE SHARE PLANS

	PSP 2018	PSP 2019
PSUs as of January 1, 2019	**288,160**	**0**
PSUs granted in 2019	-/-	412,497
PSUs forfeited in 2019	-/-	39,917
PSUs superseded in the context of other incentive programs in 2019	1,406	-/-
PSUs as of December 31, 2019	**286,754**	**372,580**
Grant date	06/29/2018	01/01/2019
Vesting period	2018 until 2021	2019 until 2022

The expected obligations from the Performance Share Plans are measured at fair value. They are determined using an option pricing model.

The personnel expenses attributable to financial year 2019 from the issued PSUs for the Performance Share Plans amount to EUR 3 million net (previous year: EUR 1 million).

The non-current provision for the Performance Share Plans as of December 31, 2019, amounted to EUR 4 million (previous year: EUR 1 million).

Each tranche of the Performance Share Plan 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.

GROUP SHARE PLAN

As of December 31, 2019, there are two ongoing programs – the Group Share Plans 2016 and 2017 – which entitle their beneficiaries to acquire PSUs after a plan period of four years (holding period). They are long-term compensation instruments, which ProSiebenSat.1 Media SE developed for members of its Executive Committee as well as selected executives and employees of ProSiebenSat.1 Group. The beneficiaries and the number of PSUs granted were determined by the Executive Committee of ProSiebenSat.1 Media SE with the approval of the Supervisory Board or – if pertaining to Executive Committee members – by the Supervisory Board.

In each instance this is a stock bonus, where ProSiebenSat.1 Media SE has the option to settle using equity instruments or cash. By resolution of March 11, 2016, the Supervisory Board of ProSiebenSat.1 Media SE has exercised said option and resolved to settle the Group Share Plans in cash. The Group Share Plan 2015 was fully paid out in the second quarter of 2019.

Evaluation, minimum hurdles and performance target

PSUs are measured at their fair value. In principle, this corresponds to the market value of the underlying shares. The conversion factor used to convert the PSUs into cash upon expiry of the holding period depends on whether pre-defined EBITDA and consolidated net income performance targets that have been defined in advance based on the terms of the plan are achieved and may range from 0 to 150% (performance-based cap). If the share price at the time of determining the conversion ratio exceeds the share price at the time of allocation by more than 200%, the conversion factor is furthermore reduced such that any price increase exceeding the 200% threshold will not lead to any further increase in the value of the PSUs (price-related cap). In the absence of any rights to dividends during the term of the plan, the fair value is reduced by the fair value of the dividends expected. The relevant dividend deductions were derived from the previous dividend history of ProSiebenSat.1 Group. After the end of each year of the holding period, one quarter of the granted PSUs vests.

The cash payment received by the plan participant at the end of the four-year plan period per PSU depends on the respective target achievement. The Supervisory Board may change the conversion ratio for the respective Group Share Plan of virtual shares in cash for the Executive Committee by plus/minus 25% in order to reflect individual performance. The conversion factor is applied at the time of the conversion of the PSUs into cash.

The following table shows the main information about the individual Group Share Plans of ProSiebenSat.1 Group:

GROUP SHARE PLANS

	GSP 2015	GSP 2016	GSP 2017
PSUs as of January 1, 2019	**97,559**	**186,576**	**225,920**
PSUs forfeited in 2019	-/-	8,652	36,574
PSUs superseded in the context of other incentive programs in 2019	-/-	858	564
PSUs settled in 2019	97,559	-/-	-/-
PSUs as of December 31, 2019	**-/-**	**177,066**	**188,782**
Grant date	12/01/2015	12/15/2016	12/15/2017
Vesting period	2015 until 2018	2016 until 2019	2017 until 2020

Due to the share price performance in financial year 2019, income of EUR 1 million (previous year: EUR 2 million) was recognized in personnel expenses as part of the PSU measurement.

The current provision for the Group Share Plans as of December 31, 2019, amounted to EUR 2 million (previous year: EUR 2 million). The non-current provision for the Group Share Plans as of December 31, 2019, amounted to EUR 2 million (previous year: EUR 5 million).

Each tranche of the Group Share Plan is paid out or settled in the year the audited and approved Consolidated Financial Statements for the last financial year of the four-year plan term of the respective tranche are published.

OTHER SHARE-BASED PAYMENT MODELS

The Group also maintains additional share-based, long-term compensation instruments for managing directors and executives of Group companies. These fall within the scope of IFRS 2 and 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 occurs. The fair values of the amounts to be recognized are determined as of each reporting date using the Black-Scholes option pricing model. None of these plans by itself has a material effect on the Group's assets, liabilities, financial position and profit or loss. As of December 31, 2019 the other non-current provisions recognized in connection with these plans amounted to EUR 4 million (previous year: EUR 4 million) and in the capital reserve amounted to EUR 1 million (previous year: EUR 0 million). The personnel expenses recognized in financial year 2019 amounted to EUR 1 million (previous year: EUR 4 million).

The share-based compensation component from the "myshares" employee share program is not material from ProSiebenSat.1 Group's perspective.

36 / Related party transactions

Related parties of ProSiebenSat.1 Group pursuant to IAS 24 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 Committee[1] and Supervisory Board of ProSiebenSat.1 Media SE and associated companies or joint ventures of ProSiebenSat.1 Group were defined as related parties.

EXECUTIVE COMMITTEE AND SUPERVISORY BOARD

The members of the Executive Committee and Supervisory Board of ProSiebenSat.1 Media SE, including their membership in other statutory supervisory boards and comparable controlling bodies, are listed in the Notes to the Consolidated Financial Statements under → "Members of the Executive Committee" and → "Members of the Supervisory Board". ProSiebenSat.1 Media SE's compensation system for the members of the Executive Committee and Supervisory Board is explained in more detail in the → "Compensation Report" section of the Group Management Report.

[1] The Executive Board was renamed Executive Committee on April 1, 2019. For ease of reading, former Executive Board members are referred to as Executive Committee members in this note.

In the first quarter of 2019, Dr. Jan Kemper, CFO and Executive Committee Member Commerce, and Sabine Eckhardt, Executive Committee Member Sales & Marketing, agreed with the Supervisory Board to terminate their contracts. Dr. Jan Kemper left the Company on March 31, 2019, and received a severance payment of EUR 3.5 million. Sabine Eckhardt left the Company on April 30, 2019, and received a severance payment of EUR 2.0 million. The severance payments were made as of the termination date or, in the case of pension contributions for the remaining term, continued until the regular end of the contract or, in the case of the regulations on the Group Share Plan, recognized as a provision. The Performance Share Units granted in 2018 under the Performance Share Plan are 100% vested and will be settled regularly after the end of the four-year performance period.

Jan David Frouman, member of the Executive Committee of ProSiebenSat.1 Media SE and Chairman & CEO Red Arrow Studios until November 19, 2018, left the Company on February 28, 2019. In connection with his departure, the Company paid Jan David Frouman compensation in the amount of EUR 0.3 million in February 2019 for the period of prohibition of competition.

Erik Huggers, a member of the Supervisory Board of ProSiebenSat.1 Media SE since May 21, 2015, worked as a consultant for Joyn in the first quarter of 2019. During this period, Joyn received consulting services on a contractual basis amounting to EUR 25 thousand. The contractual agreement was concluded for the first quarter of 2019 and ended on February 8, 2019.

Directors' dealings notifications in accordance with Article 19 of Regulation (EU) No. 596/2014 (Market Abuse Regulation – MAR) are published at → www.prosiebensat1.com/en/investor-relations/publications/directors-dealings immediately upon receipt and are explained in more detail in the → "Corporate Governance Report".

As part of the Performance Share Plan ("PSP"), PSUs ("virtual shares") are issued to the members of the Executive Committee. → see note 35 "Share-based payment" At the end of financial year 2019, the members of the Executive Committee held a total of 188,943 PSUs under PSP 2019 and a total of 183,035 PSUs under PSP 2018.

As part of the expired Group Share Plan ("GSP") (→ see note 35 "Share-based payment"), the members of the Executive Committee still held a total of 90,059 PSUs under GSP 2017 and 41,228 PSUs under GSP 2016 at the end of financial year 2019.

ProSiebenSat.1 Media SE has created pension provisions of EUR 4.2 million (previous year: EUR 15.2 million) for pension commitments to members of the Executive Committee in office in financial year 2019. This includes pension provisions for deferred compensation in the amount of EUR 1.7 million (previous year: EUR 10.4 million). Pension commitments to former Executive Committee members as of December 31, 2018, amounted to EUR 26.6 million (previous year: EUR 12.8 million). This includes pension provisions for deferred compensation in the amount of EUR 16.3 million (previous year: EUR 5.2 million).

The total entitlement of Executive Committee members in office in financial year 2019 to pension benefits that have accrued as of December 31, 2019, amounts to EUR 4.6 million (previous year: EUR 16.2 million). This includes claims from deferred compensation in the amount of EUR 1.9 million (previous year: EUR 10.8 million). The equivalent claim of Executive Committee members in office in financial year 2019 to annual pension benefits amounts to EUR 0.2 million (previous year: EUR 0.7 million). This includes claims from deferred compensation in the amount of EUR 0.1 million (previous year: EUR 0.4 million).

The total entitlement of former Executive Committee members amounts to EUR 6.7 million (previous year: EUR 7.5 million). This includes claims from deferred compensation in the amount of EUR 2.2 million (previous year: EUR 2.2 million). The equivalent claim of former Executive Committee members to annual pension benefits amounts to EUR 1.1 million (previous year: EUR 0.7 million). This includes claims from deferred compensation in the amount of EUR 0.7 million (previous year: EUR 0.3 million). In financial year 2019, pension entitlements in an amount of EUR 1.9 million (previous year: EUR 2.3 million) were paid to former Executive Committee members. Funds have been endowed to hedge these pension entitlements, but they cannot be classified as plan assets, as the relevant conditions are not met.

The Company has neither granted loans to the Executive Committee members nor assumed any guarantees or warranties for them.

In the reporting period, the compensation for Executive Committee members of ProSiebenSat.1 Media SE who were in office in financial year 2019 amounted to EUR 10.0 million (previous year: EUR 20.9 million). Such compensation includes variable components in the amount of EUR 6.2 million (previous year: EUR 15.7 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 2019, the total emoluments of former Executive Committee members amounted to EUR 9.1 million. In the previous year, payments in the amount of EUR 14.5 million were made to former Executive Committee members.

Benefits to the Executive Committee are all due on short notice – except for GSP, PSP and pension entitlements.

In the reporting period, expenses for the Supervisory Board of ProSiebenSat.1 Media SE amounted to EUR 1.6 million (previous year: EUR 1.7 million). Supervisory Board members are paid fixed compensation, with the Chairman of the Supervisory Board receiving two-and-a-half times this fixed basic compensation and his deputy one-and a-half times. Supervisory Board members receive fixed annual compensation for their annual membership in the individual committees. The respective committee chairperson receives additional compensation for his/her activities. Also, Supervisory Board members are paid a separate attendance fee for each personal attendance at a Supervisory Board meeting. The Supervisory Board Chairman receives one-and-a-half times this attendance fee.

In financial year 2019, no compensation or benefits were paid to Supervisory Board members for services rendered in person – in particular for advisory and agency services – except for the compensation for said consulting services by Erik Huggers.

With regard to the details of the individual compensation for Executive Committee and Supervisory Board members pursuant to section 314 (1) no. 6 (a) of the German Commercial Code (HGB), please refer to the statements in the compensation report, which is part of the Group Management Report.

ASSOCIATED COMPANIES AND JOINT VENTURES

ProSiebenSat.1 Group maintains relationships with some of its joint ventures and associated companies in the ordinary course of business. In so doing, the Company generally buys and sells products and services on market terms.

In financial year 2019, deliveries and services in a total amount of EUR 124 million (previous year: EUR 136 million) were rendered to associated companies. As of December 31, 2019, the receivables due from the associated companies amounted to EUR 17 million (December 31, 2018: EUR 27 million). In financial year 2019, the Group received deliveries and services from its associated companies, for which it recorded expenses in the amount of EUR 28 million (previous year: EUR 36 million). The amounts owed to these companies as of December 31, 2019, totaled EUR 3 million (December 31, 2018: EUR 5 million).

In financial year 2019, deliveries and services in a total amount of EUR 44 million (previous year: EUR 25 million) were rendered to joint ventures. As of December 31, 2019, the receivables due from the joint ventures amounted to EUR 21 million (December 31, 2018: EUR 8 million). In financial year 2019, the Group received deliveries and services from its joint ventures, for which it recorded expenses in the amount of EUR 2 million (previous year: EUR 2 million). The amounts owed to these companies as of December 31, 2019, totaled EUR 12 million (December 31, 2018: EUR 2 million).

37 / Professional fees of the independent auditor

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, has been ProSiebenSat.1 Group's auditor since financial year 2019. Figures for the previous year relate to fees for services provided by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin.

The professional fees for services provided by the auditor totaled EUR 3.8 million for financial year 2019 (previous year: EUR 4.3 million). Of that total, EUR 3.5 million relates to audit services (previous year: EUR 3.9 million), EUR 0.2 million to other attestation services (previous year: EUR 0.4 million), EUR 0.1 million to tax advisory services (previous year: EUR 0.0 million) and EUR 0.0 million to other services (previous year: EUR 0.1 million). These disclosures relate exclusively to the legally independent entity of the appointed auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, for the financial year 2019 or rather KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, for the previous year.

38 / Corporate governance

In December 2019, the Executive Committee 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).

39 / Events after the reporting period

Between the end of financial year 2019 and the date of the release of this report for publication, no reportable events materially impacting the assets, liabilities, financial position and profit or loss of ProSiebenSat.1 Group or ProSiebenSat.1 Media SE occurred.

RELEASE DATE OF THE PUBLICATION

The Consolidated Financial Statements will be released on February 26, 2020, by the Company's Executive Committee for publication and for forwarding to the Supervisory Board. The Consolidated Financial Statements will be submitted to the Supervisory Board for approval on March 4, 2020. They will be published on March 5, 2020.

February 26, 2020

The Executive Committee

MEMBERS OF THE EXECUTIVE COMMITTEE

MEMBERS OF THE EXECUTIVE COMMITTEE OF PROSIEBENSAT.1 MEDIA SE AND THEIR MANDATES IN SUPERVISORY BOARDS[1]

Max Conze, Chairman of the Executive Committee (CEO)	Chairman of the Executive Committee[2] (CEO) since June 1, 2018	Domestic Mandates: Joyn GmbH, Munich (Chairman of the Advisory Board) NCG - NUCOM GROUP SE, Unterföhring (Deputy Chairman until April 4, 2019 and Chairman since April 5, 2019)
Conrad Albert, Deputy Chairman of the Executive Committee, Group General Counsel	Member of the Executive Committee[2] since October 1, 2011 Deputy CEO since November 19, 2017 Interim CEO from February 23, 2018 until May 31, 2018	Domestic Mandates: VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Sendeunternehmen und Presseverlegern mbH, Berlin (Deputy Chairman) Bavaria Studios & Production Services GmbH, Geiselgasteig
Rainer Beaujean, Chief Financial Officer (CFO)	Chief Financial Officer (CFO) since July 1, 2019	Foreign Mandates: ProSiebenSat.1 Digital Content GP Limited, London, United Kingdom (since December 12, 2019)
Dr. Jan Kemper, CFO and Executive Board Member Commerce	Chief Financial Officer (CFO) from June 1, 2017 until March 31, 2019 Executive Board Member Commerce from February 23, 2018 until March 31, 2019	Domestic Mandates: NCG - NUCOM GROUP SE, Unterföhring (Chairman) (until March 31, 2019)
Sabine Eckhardt, Executive Committee Member Sales & Marketing	Member of the Executive Committee[2] from January 1, 2017 until April 30, 2019	Domestic Mandates: Virtual Minds AG, Freiburg im Breisgau (Chairwoman) (until May 7, 2019) Foreign Mandates: ProSiebenSat.1 Digital Content GP Limited, London, United Kingdom (until January 28, 2019)
Jan David Frouman, Executive Board Member	Member of the Executive Board from March 1, 2016 until February 28, 2019	Mandates: none

[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.
[2] The Executive Board was renamed Executive Committee on April 1, 2019.

MEMBERS OF THE SUPERVISORY BOARD

MEMBERS OF THE SUPERVISORY BOARD OF PROSIEBENSAT.1 MEDIA SE AND THEIR MANDATES IN 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 Member of various supervisory boards	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 of various supervisory boards	Domestic Mandates: Siemens Healthineers AG, Erlangen, Uniper SE, Düsseldorf 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/Hannover, Thyssenkrupp AG, Essen Foreign Mandates: Rothschild & Co SCA, 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 Mandates: 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 Mandates: The Grierson Trust, Peterborough, United Kingdom
Ketan Mehta	Member of the Supervisory Board of ProSiebenSat.1 Media SE since November 24, 2015 Allen & Company LLC (Managing Director)	Mandates: none
Prof. Dr. Rolf Nonnenmacher	Member of the Supervisory Board of ProSiebenSat.1 Media SE since May 21, 2015 Auditor	Domestic Mandates: Continental AG, Hannover, 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.

LIST OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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, 2019)

Company	Location	Equity interest in %
ProSiebenSat.1 Media SE	Unterföhring	
SUBSIDIARIES		
Germany		
7Love Holding GmbH	Unterföhring	94.23
9Live Fernsehen GmbH	Unterföhring	100.00
Aboalarm GmbH	Munich	100.00
Active Agent AG	Freiburg im Breisgau	100.00
AdClear GmbH	Berlin	100.00
ADITION technologies AG	Düsseldorf	100.00
AdTech S8 GmbH	Unterföhring	100.00
Allmedica Arzneimittel GmbH	Wehrheim	100.00
Alpina Grundstücksverwaltungs-gesellschaft mbH & Co. Objekt Unterföhring KG[1]	Mainz	0.00
be Around GmbH	Berlin	100.00
be Around Holding GmbH[2]	Berlin	80.00
Blitz B19-632 GmbH	Berlin	100.00
BrightCat Agentur für Neue Medien UG (haftungsbeschränkt)	Berlin	100.00
DISTRICON GmbH	Wehrheim	100.00
DOSB New Media GmbH	Unterföhring	67.50
Dr. Kleine Pharma GmbH	Bielefeld	100.00
EBS European Booking Solutions Holding GmbH	Munich	100.00
esome advertising technologies GmbH[3]	Hamburg	90.00
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[3]	Munich	89.90
Jochen Schweizer Technology Solutions GmbH	Munich	100.00
JSMD Event GmbH	Munich	100.00
Kairion GmbH	Frankfurt am Main	100.00
Marketplace GmbH	Berlin	100.00
marktguru Deutschland GmbH	Munich	90.00
Maximilian Online Media GmbH	Linden	100.00
MMP Event GmbH	Cologne	100.00
moebel.de Einrichten & Wohnen AG	Hamburg	50.10
mydays GmbH	Munich	100.00
myLoc managed IT AG	Düsseldorf	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
PE Digital GmbH	Hamburg	100.00
PEG Management GmbH & Co. KG[5]	Unterföhring	0.00
Preis24.de GmbH	Düsseldorf	100.00
ProSiebenSat.1 Accelerator GmbH[4]	Unterföhring	100.00
ProSiebenSat.1 Achte Verwaltungs-gesellschaft mbH[4]	Unterföhring	100.00
ProSiebenSat.1 Advertising Platform Solutions GmbH[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 GmbH[4]	Unterföhring	100.00
ProSiebenSat.1 Entertainment Investment GmbH[4]	Unterföhring	100.00
ProSiebenSat.1 Erste Verwaltungs-gesellschaft mbH[4]	Unterföhring	100.00
ProSiebenSat.1 Fünfzehnte Verwaltungs-gesellschaft mbH[4]	Unterföhring	100.00
ProSiebenSat.1 GP GmbH	Heidelberg	100.00
ProSiebenSat.1 GP II GmbH	Unterföhring	100.00
ProSiebenSat.1 Pay TV GmbH[4]	Unterföhring	100.00
ProSiebenSat.1 Produktion GmbH[4]	Unterföhring	100.00
ProSiebenSat.1 Services GmbH	Unterföhring	100.00
ProSiebenSat.1 Sports GmbH	Unterföhring	100.00
ProSiebenSat.1 Tech Solutions GmbH[4]	Unterföhring	100.00
ProSiebenSat.1 TV Deutschland GmbH	Unterföhring	100.00
ProSiebenSat.1 Warehouse GmbH	Unterföhring	100.00
ProSiebenSat.1 Welt GmbH[4]	Unterföhring	100.00
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
SAT.1 Satelliten Fernsehen GmbH[4]	Unterföhring	100.00
SevenOne AdFactory GmbH[4]	Unterföhring	100.00
SevenOne Capital (Holding) GmbH[4]	Unterföhring	100.00
SevenOne Media GmbH[4]	Unterföhring	100.00
SevenPictures Film GmbH[4]	Unterföhring	100.00
SevenVentures GmbH[4]	Unterföhring	100.00
SilverTours GmbH	Freiburg im Breisgau	100.00
SMARTSTREAM.TV GmbH	Munich	91.00
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	90.74
THMMS Holding GmbH	Hamburg	100.00
THMMS MidCo GmbH	Hamburg	100.00
Toptarif Internet GmbH	Berlin	100.00

Company	Location	Equity interest in %
tv weiss-blau Rundfunkprogramm-anbieter 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[3]	Heidelberg	89.42
VX Sales Solutions GmbH	Heidelberg	100.00
wetter.com GmbH[4]	Konstanz	100.00
WindStar Medical GmbH	Wehrheim	100.00
WSM Holding GmbH[3]	Wehrheim	92.00
yieldlab AG	Hamburg	100.00
Armenia		
Marktguru LLC	Yerevan	100.00
Australia		
eHarmony Australia Pty Limited	Sydney	100.00
Belgium		
Sultan Sushi BVBA, in vereffening	Gent (Sint-Denijs-Westrem)	100.00
Denmark		
Snowman Productions ApS	Copenhagen	100.00
Hong Kong		
Red Arrow Studios International Limited	Hong Kong	100.00
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	51.00
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
Austria 9 TV GmbH	Vienna	100.00
AUSTRIA 9 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[3]	Vienna	67.00
SAT.1 Privatrundfunk und Programm-gesellschaft 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	Zurich	100.00
Sat.1 (Schweiz) AG	Küsnacht (ZH)	100.00
SevenOne Media (Schweiz) AG	Küsnacht (ZH)	100.00
SevenVentures (Schweiz) AG	Küsnacht (ZH)	100.00
Verivox Schweiz AG	Luzern	100.00

Company	Location	Equity interest in %
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[3]	Cullompton	74.00
CPL Good Vibrations Limited	London	100.00
CPL Productions Limited	London	100.00
eHarmony UK Limited	London	100.00
Endor (DS2) Limited	London	100.00
Endor (Esio Trot) Limited	London	100.00
Endor (Max) Limited	London	100.00
Endor (T&T) Limited	London	100.00
Endor (TDO) Limited	London	100.00
Endor (Vienna) Limited	London	100.00
Endor Productions Limited[3]	London	51.00
Glomex Limited	Birmingham	100.00
LHB Limited[3]	London	84.13
P7S1 Broadcasting (UK) Limited	London	100.00
ProSiebenSat.1 Digital Content GP Limited[3]	London	87.61
ProSiebenSat.1 Digital Content LP[3]	London	86.57
Red Arrow Studios 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[3]	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
Collective Digital Studio GP, LLC	Wilmington, DE	100.00
Crow Magnon, LLC[3]	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[3]	Dover, DE	60.00
Driving Force TV, LLC	Wilmington, DE	100.00
eHarmony Holding, Inc.	Wilmington, DE	100.00
eHarmony, Inc.	Wilmington, DE	100.00
Fabrik Entertainment, LLC[3]	Wilmington, DE	93.88

Company	Location	Equity interest in %
Fortitude Production Services, LLC	Dover, DE	100.00
Fourteenth Hour Productions, LLC	Beverly Hills, CA	100.00
Gravitas Ventures LLC[3]	Wilmington, DE	62.50
GTG Production Services, LLC	Los Angeles, CA	100.00
Half Yard Productions, LLC[3]	Wilmington, DE	82.50
HB Television Development, LLC	Wilmington, DE	100.00
Hold Fast 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.	Wilmington, 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
KinPro Music Publishing, LLC	Wilmington, DE	100.00
Kinpro, LLC	Wilmington, DE	100.00
Left/Right Holdings, LLC[3]	Dover, DE	80.00
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	51.00
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
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	Wilmington, DE	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
Studio 71 (Canada), Inc.	Beverly Hills, CA	100.00
Studio 71, LP	Wilmington, DE	100.00
Stylight, Inc.	Wilmington, DE	100.00
The Fred Channel, LLC	Beverly Hills, CA	70.00
The Weekly, LLC	New York, NY	100.00
Third Voice Productions, Inc.	Dover, DE	100.00

Company	Location	Equity interest in %
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
Batch Media GmbH	Berlin	45.00
BuzzBird Beteiligungsgesellschaft mbH	Berlin	42.92
Creative Shopping GmbH	Cologne	20.08
eFashion Boulevard GmbH	Georgsmarienhütte	30.00
gamigo AG	Hamburg	33.00
HolodeckVR GmbH	Nuremberg	20.93
koakult GmbH	Berlin	33.33
Sportority Germany GmbH	Munich	40.00
VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Sendeunternehmen und Presse-verlegern 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	Zurich	22.96
United Kingdom		
Cove Pictures Limited	London	25.00
United States of America		
Remagine Media Ventures, L.P.	Wilmington, DE	30.25
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
OTHER COMPANIES		
Germany		
Privatfernsehen in Bayern GmbH & Co. KG[5]	Munich	10.00

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	59,331	-/-
Gibraltar					
Sportority Limited[7]	Gibraltar	3.88	GIP	-/-	-/-
Luxembourg					
FRIDAY Insurance S.A.[7]	Bartringen	14.02	EUR	-/-	-/-

1 Control due to contractual agreements to control significant activities.
2 Due to option rights in the reporting year a share of 90% consolidated.
3 Due to option rights in the reporting year a share of 100% consolidated.
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 financial report.
5 A subsidiary of ProSiebenSat.1 Media SE is the general partner of this company.
6 The figure stated for equity refers to the 2018 financial year in accordance with the annual financial statements under German commercial law. No mention of the net income, as this is not published.
7 No mention of equity and net income for the year, as the financial statements are not published.

INFORMATION

EXPLANATORY NOTES ON REPORTING PRINCIPLES

CONTENT AND FORM OF THE GROUP MANAGEMENT REPORT

This Annual Report 2019 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 2019 is March 5, 2020.

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 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. → Future Business and Industry Environment → Risk and Opportunity Report

ROUNDING FINANCIAL FIGURES

Due to rounding, it is possible that the individual 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.

Unterföhring, February 26, 2020

Max Conze
Chairman of the Executive Committee

Conrad Albert
Deputy Chairman of the Executive Committee,
Group General Counsel

Rainer Beaujean
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT[1]

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 2019, 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 2019 to 31 December 2019, 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 2019 to 31 December 2019. 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 included in the "Organization and Group Structure" section of the group 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 2019 and of its financial performance for the fiscal year from 1 January 2019 to 31 December 2019, 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 2019 to 31 December 2019. 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 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 or groups of units over the next five years, and the growth and discount rates used.

[1] Translation of the German independent auditor's report concerning the audit of the consolidated financial statements and group management report prepared in German.

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. We also referred to the forecast market development of comparable entities in our analysis. In considering the underlying budgets and forecasts, we discussed the assumptions about the development of business and earnings with those responsible for planning and compared them with the budgets and forecasts prepared by the Executive Committee and approved by the Supervisory Board and with the current development of business.

With the aid of our internal valuation specialists, we assessed the valuation model and 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 assessed 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 of the impairment requirement at 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) "Summary of key accounting principles" in chapter (C) "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 is shaped by diverse business models in the various segments. In the Entertainment and Commerce segments, a risk of material misstatement exists especially in relation to the existence and timely recognition of revenues. In the Entertainment segment, this relates primarily to the transfer and processing of campaign data from the upstream systems, while in the Commerce segment there are estimation uncertainties predominantly due to cancellation or return rights. In the Content Production & Global Sales 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 Entertainment 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 Commerce segment, we analyzed the assumptions made by management relating to the cancellation and return rates on the basis of historical experience.

In the Content Production & Global Sales 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 based on the development of similar projects.

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) "Summary of key accounting principles" in chapter (C) "Revenue Recognition" 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 strategic relevance 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, in a follow-up review of the impairments recognized, we assessed the criteria determined by the executive directors for the identification of an impairment on program title level.

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) "Summary of key accounting principles" in chapter (C) "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 (22) of the notes to the consolidated financial statements.

OTHER INFORMATION

The Supervisory Board is responsible for the Report of the Supervisory Board. 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) pursuant to Sec. 315d HGB referred to above and the other parts of 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 ["Aktiengesetz": German Stock Corporation Act];
- and the sections "Key Figures of ProSiebenSat.1 Group," "Interview with Max Conze," "image section," "Corporate Governance Report," "The ProSiebenSat.1 Media SE Share," "Explanatory Notes on Reporting Principles," "Group Key Figures: Multi-Year Overview," "Segment Group Key Figures: Multi-Year Overview" and "Financial Calendar";

but not the consolidated financial statements, not the group management report disclosures whose content is not audited, not our auditor's report thereon and not the group non-financial report.

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

FURTHER INFORMATION PURSUANT TO ART. 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the Annual General Meeting on 12 June 2019. We were engaged by the Supervisory Board on 15 July 2019. 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, tax services and compliance assessments.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Nathalie Mielke.

Munich, 26 February 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Barth	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, and the chapter "Organization and Group Structure" in the group management report being incorporated by reference for the reporting period from 1 January 2019 to 31 December 2019 (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 conclusion 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 conclusion. The assurance procedures selected depend on the auditor's professional judgment. This includes assessing the risks of material misstatement of the combined non-financial report, whether due to fraud or error. When assessing these risks, the auditor considers the internal control system relevant for the preparation of the combined non-financial report. The objective here is to design and perform assurance procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the internal control system. The assurance engagement also includes evaluating the appropriateness of methods used to prepare the combined non-financial report, the reasonableness of estimates made by the legal representatives and the appropriateness of the overall presentation of 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 conclusion.

ASSURANCE CONCLUSION

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 2019 to 31 December 2019 has been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

[1] The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German version of the combined non-financial report 2019 of ProSiebenSat.1 Media SE. The following text is a translation of the original German Independent Assurance Report.

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, 26 February 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter Wirtschaftsprüferin (German Public Auditor)	Annette Johne Wirtschaftsprüferin (German Public Auditor)

GROUP KEY FIGURES: MULTI-YEAR OVERVIEW

GROUP KEY FIGURES: MULTI-YEAR OVERVIEW in EUR m

	2019	2018	2017	2016	2015
Revenues	**4,135**	4,009	4,078	3,799	3,261
Adjusted EBITDA[1]	**872**	1,013	1,050	1,018	926
Adjusted EBITDA margin (in %)	**21.1**	25.3	25.8	26.8	28.4
EBITDA	**838**	570	1,084	982	881
Operating result (EBIT)	**578**	348	820	777	730
Result before income taxes	**572**	344	646	658	604
Net income attributable to shareholders of ProSiebenSat.1 Media SE	**413**	248	471	402	391
Adjusted net income[2]	**387**	541	550	536[5]	466[7]
Adjusted earnings per share	**1.71**	2.36	2.40	2.47[5]	2.18[7]
Payments for the acquisition of programming assets	**1,072**	1,070	1,048	992	944
Free cash flow before M&A	**339**	244	468	485	470
Free cash flow	**207**	-78	728	-4	-1
Cash flow from investing activities	**-1,396**	-1,536	-894	-1,623	-1,522

	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Programming assets	**1,204**	1,113	1,198	1,312	1,252
Equity	**1,288**	1,070	1,252	1,432	943
Equity ratio (in %)	**19.5**	16.5	19.1	21.7	17.8
Cash and cash equivalents	**950**	1,031	1,552	1,271	734
Financial debt	**3,195**	3,194	3,185	3,185	2,675
Leverage ratio[3]	**2.6**	2.1	1.6[6]	1.9	2.1
Net financial debt	**2,245**	2,163	1,632[6]	1,913	1,940
Employees[4]	**7,253**	6,583	6,483	6,565	5,584

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, as well as valuation effects from interest rate hedging transactions. 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.
7 Adjustment due to retrospective adjustment of changes in the fair value of put options and earn-out liabilities in the second quarter of 2016.

SEGMENT KEY FIGURES: MULTI-YEAR OVERVIEW

SEGMENT KEY FIGURES: MULTI-YEAR OVERVIEW in EUR m

	2019	2018	2017
Entertainment			
External revenues	**2,518**	2,626	2,737
Adjusted EBITDA[1]	**726**	881	898
Adjusted EBITDA margin (in %)[2]	**28.1**	32.4	32.1
Content Production & Global Sales			
External revenues	**652**	552	523
Adjusted EBITDA[1]	**48**	31	19
Adjusted EBITDA margin (in %)[2]	**6.6**	5.1	3.1
Commerce			
External revenues	**965**	831	818
Adjusted EBITDA[1]	**98**	103	135
Adjusted EBITDA margin (in %)[2]	**10.2**	12.3	16.5

[1] EBITDA before reconciling items.
[2] Based on total segment revenues, see Notes, Note 34 “Segment reporting”.

FINANCIAL CALENDAR

PRESENTATIONS & EVENTS 2020

Date	Event
05/03/2020	**Publication of the Annual Report 2019** Press Conference / Conference Call with analysts on figures 2019
07/05/2020	**Publication of the Quarterly Statement for the First Quarter of 2020**
10/06/2020	**Annual General Meeting 2020**
31/07/2020	**Publication of the Half-Yearly Financial Report of 2020**
05/11/2020	**Publication of the Quarterly Statement for the Third Quarter of 2020**

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PROSIEBENSAT.1 GROUP ON THE INTERNET

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FORWARD-LOOKING STATEMENTS