



April 22, 2024

To Our Stockholders,

2023 was a dynamic and, in many ways, challenging year in our industry with two labor strikes, a tough macroeconomic environment and continued evolution of the media landscape. Through it all, we stayed focused on disciplined execution aligned with our multi-platform strategy, adapting as needed. In doing so, we created content that our audiences love, while positioning the company to deliver growth in total company earnings and free cash flow in 2024.

Our world-class content continues to be at the center of everything we do. This includes fan-favorite originals like *FBI*, *Survivor*, *60 Minutes*, *Tulsa King*, *1923*, *Yellowjackets*, *Sistas* and *The Chi*; popular film franchises spanning all ages like *Mission: Impossible – Dead Reckoning Part One*, *PAW Patrol: The Mighty Movie* and *Teenage Mutant Ninja Turtles: Mutant Mayhem*; and top-tier sports like the NFL and UEFA. It's this powerful combination of news, sports and entertainment that drives results across the business.

Importantly, 2023 marked significant progress in building a scaled streaming business, and notably, this progress was achieved with lower full-year Direct-to-Consumer (DTC) losses compared to 2022 – meaning, our streaming losses peaked a year ahead of plan.

Audiences spent nearly 40% more hours on our streaming platforms compared to 2022, which helped deliver 37% revenue growth in our DTC segment in 2023. We are proud that Paramount+ subscribers stand at 67.5 million as of Q4 2023, and Pluto TV continues to deliver hundreds of live linear channels and thousands of titles on-demand in more countries than any other free ad-supported streaming television (FAST) service. In fact, in this month of April, we are celebrating 10 years of Pluto as a FAST pioneer.

And while TV Media's topline was pressured, again our content delivered. Most notably, for the '22-'23 broadcast season, CBS was the #1 network in primetime for the 15th straight year. For the same season, we also had the #1 show on television in Paramount Network's *Yellowstone*, which made its broadcast debut on CBS in the fall to impressive viewership numbers. Most recently, the NFL on CBS scored its most-watched regular season since 1998. Not to mention, we had four of the top five adult cable series in 2023, and Nickelodeon delivered the #1 preschool property in *PAW Patrol* and the #1 kids animation property in *SpongeBob*.

And finally, at the heart of our content machine sits our historic film studio. In 2023, Paramount Pictures films generated \$2 billion at the global box office and delivered five #1 debuts at the domestic box office – *Scream VI*, *Dungeons & Dragons: Honor Among Thieves*, *Transformers: Rise of the Beasts*, *Mission: Impossible – Dead Reckoning Part One* and *Paw*

Patrol: The Mighty Movie. This success extended beyond the box office, as our franchises also drove revenue and consumption on linear, on streaming and at retail.

Our powerful content engine also allows us to broker new and grow existing partnerships that extend our reach domestically and abroad. For example, we completed the first year of our Walmart+ partnership, providing Walmart customers access to Paramount+ as part of a Walmart+ membership. We then expanded this offering to include access to Pluto TV, driving additional engagement. We also launched Paramount+ on the subscription hub for Verizon+ Play customers, and partnered with Delta Air Lines to offer Delta SkyMiles Members in-flight access to the platform on flights originating in the U.S. We continued to grow our global footprint through a partnership with J:COM and WOWOW in Japan, and with branded destinations in other markets like Belgium and Greece, allowing us to monetize Paramount+ content and amplify the brand efficiently.

In 2023, we continued to optimize our business in terms of our operations and cost structure, while delivering content audiences love to watch. In June, we launched the integration of Paramount+ and SHOWTIME, a combination that has since driven increases in acquisition, engagement and operational efficiency, including significant cost savings. Our content investment and programming strategy is directly informed by knowing what attracts our viewers to our streaming services and what keeps them watching. And when we adapted our programming to navigate the strikes, we did so in an efficient and impactful way. Look no further than the success of our CBS strike schedule, which leveraged our popular unscripted and original content like *Yellowstone*. This is something we leaned into further by windowing *1883* on Paramount Network, which became the most-watched new series on cable last year.

Our disciplined approach extends to our balance sheet. Reducing our leverage continues to be a top priority, and the sale of Simon & Schuster for \$1.6 billion, the majority of which we used to pay down debt, was an important step in our de-levering plan. Improving leverage remains a top focus for us, and we expect total company earnings and free cash flow growth in 2024 to benefit our leverage profile.

Lastly, a strong corporate culture and inclusive workplace is just as important as our success on screen. In 2023, we continued to make diversity, equity and inclusion an essential part of our corporate identity. We hosted our sixth annual Global Inclusion Week, a week-long initiative designed to ensure our workforce and culture reflect, celebrate and elevate the diversity of our audiences and communities. We also advanced Content for Change, a companywide initiative designed to use the power of our content, creative supply chain and culture to counteract bias, stereotypes and hate. In addition, we released our fourth ESG report, having made notable progress on our goals, and we hosted our 27th annual Community Day with a focus on supporting causes and issues our employees and audiences care about most.

We are incredibly proud of our accomplishments in 2023 and the foundation we built to return the company to sustainable, profitable growth in 2024 and beyond.

In 2024, we're already off to a tremendous start. We had a record-breaking Super Bowl – it was the most-watched event in the U.S. in the history of television, the most streamed and most social Super Bowl of all time and delivered the largest gross ad sales in game history. At

the box office, we're two for two with #1 domestic debuts for *Mean Girls* and *Bob Marley: One Love*, both of which crossed \$100 million globally, with the latter garnering over \$175 million and counting.

As always, we appreciate and thank you for your ongoing support.

Best,

Bob & Shari



Robert M. Bakish
President and Chief Executive Officer



Shari Redstone
Chair of the Board of Directors

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