

Paramount



To Our Stockholders,

2021 was an extraordinary year for our company.

As the world continued to navigate ongoing challenges, we came together to maximize the power of our content, accelerate our momentum in streaming, serve our audiences and partners and position the company for long-term value creation.

Our relentless focus on execution resulted in strong streaming growth, a fortified balance sheet, and most importantly, a spectacular near-term content slate and a growing portfolio of world class franchises. We raised \$2.7 billion of capital from an equity offering and took significant steps to align allocation of capital with our strategic growth priorities, aided by the sale of non-core assets like BlackRock and the CBS Studio Center in Los Angeles, to fund incremental content and other investments to further drive our streaming ambitions.

We embraced change, rebranding our company as Paramount, a globally recognized name that better represents our superior storytelling for diverse audiences, signals our exciting future in streaming with Paramount+, and unifies our trade name with 2021's fastest growing US consumer brand. Our streaming momentum is clearly building. As we look ahead, we see a huge global opportunity, larger than television and film alone, where our differentiated playbook leverages our broad content, our multi-faceted streaming business model, our diverse mix of platforms and extensive global reach. This breadth positions us to serve a larger accessible market, penetrate it more quickly, and deliver compelling long-term economics efficiently and sustainably. We like our position and our ability to compete and succeed, and thereby create significant value for both consumers and shareholders.

We finished 2021 with strong results that reflect this tremendous progress. For the year, total company revenue was \$28.6 billion, up 13% year-over-year, driven by a 64% year-over-year increase in streaming revenue, 11% growth in advertising revenue and a 5% increase in affiliate revenue, demonstrating the underlying reliable strength of our businesses.

Paramount's core business is performing well. In Q4, CBS maintained its position as the most-watched network in Daytime and Late Night and claimed the top two dramas, the top 6 comedies, the #1 news program, and top three new programs. Additionally, Paramount maintained leadership as the #1 portfolio in share of viewing among key demos and owned the #1 cable series with *Yellowstone* and the #1 cable series among K2-11 with *Paw Patrol*. As we like to say, content is king.

In streaming, we finished Q4 on a high note. We added 9.4 million streaming subscribers in Q4, reaching a total of 56.1 million global subscribers across our services. Paramount+ continued to drive the vast majority of new subscribers in the quarter, with 7.3 million additions. Less than a year since its launch, we grew Paramount+ total subscribers to 32.8 million.

In ad-supported streaming, Pluto TV continued to thrive, delivering its biggest quarter of MAU growth by adding 10 million MAUs to reach 64.4 million MAUs globally. And for the full year 2021, it generated over \$1 billion in revenue, almost five times what it delivered just two years ago.

And in premium, SHOWTIME OTT also had a record quarter with sign-ups and engagement. Our ecosystem of free, pay and premium services is resonating with consumers and solidifying our position as a streaming leader.

As you may recall, just one year ago, before Paramount+ had launched, we targeted reaching 65 to 75 million global streaming subscribers across our services by the end of 2024. Now, because of the phenomenal growth, engagement and demand we have seen, we raised our 2024 target to more than 100 million global streaming subscribers and over \$9 billion in global streaming revenue.

This is only the beginning. We are confident we can accomplish these long-term goals because we have the foundation and strategy to succeed. We are expanding Paramount+ globally. In just one year, we launched the service in 25 markets across Latin America, Canada, and Australia. In 2022, we are expanding to some of the biggest markets in the world. We will launch in the U.K., South Korea and the Caribbean by this summer and will continue with a focus on, Italy, Germany, France, Switzerland, and Austria in the second half of the year. We also have strong distribution partnerships with T-Mobile in the United States, Sky in Europe, and Canal+ in France. Beginning in 2023, we will turn our sights to Asia, Africa, and the Middle East, with the goal of launching Paramount+ worldwide.

Separately, we announced that SkyShowtime — an innovative joint venture with Comcast that serves territories encompassing 90 million homes, primarily in Eastern Europe — will be available in more than 20 markets by the end of 2022. We also acquired Fox TeleColombia and Estudios TeleMexico — which, on top of the production power of Viacom International Studios and our broadcasters TELEFE and Chilevision — solidified Paramount as a leading producer of Spanish language content globally.

Our growth is a result of our exceptional and diverse content offering across every genre at scale, including beloved franchise extensions and all-new buzzworthy originals spanning must-see movies, scripted dramas, unscripted reality, comedy, kids and family, sports, news, and events. That enables us to serve the whole household, every generation, coast to coast. We capture a broad range of households by income and geography, and, increasingly, that is a model we are applying all over the world, creating hits in more than a dozen languages.

In 2021, our must-watch content reached millions of fans across platforms worldwide. Viewers were drawn to a diverse mix of content, highlighted by the NFL, UEFA, 60 Minutes, and *Adele One Night Only*. We had hit movies like *A Quiet Place Part II*, *Paw Patrol: The Movie*. *1883* was the #1 original scripted drama on Paramount+, *Dexter: New Blood* was the #1 scripted drama season premiere telecast among premium channels, and *Yellowstone* was the #1 series of 2021 across television.

In 2022, we have some amazing content coming across theatrical, streaming, and linear. On the big screen we have *Top Gun: Maverick*, in streaming, we have exclusives for the entire family, with shows like a live-action Sonic series, adult animation including *SOUTH PARK*, a fresh slate of global unscripted series, and scripted originals like *1932* — the next chapter of the Yellowstone origin story. Additionally, we had phenomenal results from the 2022 NCAA tournament and Masters Golf Tournament, with more great sports and live events coming. Clearly, we are investing and unleashing the power of our content across series, films, events, and more.

But content alone does not define us.

We strive to make diversity, equity, and inclusion part of who we are — etched into the fabric of our workforce and culture, seen in the content we create and the partners we work with, and always reflecting the audiences and communities we serve. From our annual global Inclusion Week to the launch of our new Diversity, Equity & Inclusion website, we strengthened our commitment to DE&I and fostered a workplace of belonging. We launched Content for Change, our global cross-company initiative to counteract racism, bias, stereotypes, and hate. And we took collective action in our response to COVID-19, social and racial justice, mental health, and civic engagement. All of this and more were captured in our 2020-2021 Environmental, Social, and Governance Report and Social Impact Review.

In addition, we rallied employees worldwide to volunteer for our second Virtual Community Day. While the last two years presented enormous challenges, the silver lining was our increased focus on individual, family and community wellness. We partnered with Thrive Global to help us take better care of our health and thrive more in all aspects of our lives.

Lastly, like many of you, and the entire Paramount family, we were devastated by the unprovoked invasion of Ukraine. The resulting humanitarian crisis and its ripple effects on the lives of millions of people across Ukraine, Eastern Europe, and in Russia itself, is heartbreaking.

Since the beginning of this crisis, our teams across the world have been working around the clock to determine the best, and most importantly — safest — ways Paramount can show our respect and support for all those impacted. We launched a donation campaign to support humanitarian relief and have taken steps to suspend our operations in Russia.

Reflecting on the past year, we are particularly proud of the work we did to support our global communities, while driving our business forward. We begin 2022 with a strong foundation, a gradual return to normalcy, and a hopeful optimism for the future. Employees are returning to the office in a hybrid environment, and consumers are resuming some of their pre-covid habits.

Our company is uniquely positioned to succeed, and we owe a lot of that to our amazing employees. Their resilience in navigating uncertain times and delivering excellent results underpin all that we've accomplished. All of us at Paramount are committed to unlocking value across our business for our audiences, partners and stockholders and are thrilled about our future.

As always, we appreciate your ongoing support in the evolution of Paramount.

Best,

Bob & Shari



Robert M. Bakish
President and Chief Executive Officer



Shari Redstone
Chair of the Board of Directors

This letter should be read in conjunction with Paramount's 2021 Annual Report on Form 10-K, including the risk factors discussed therein. Reconciliations of non-GAAP measures to the most directly comparable GAAP measures can be found in our earnings release for the fourth quarter and full year 2021.