To Our Stockholders,

2022 was a pivotal year for our company.

Under a new and unified brand, we reinforced our vision and strategy to continue to deliver a world class media and entertainment offering for our audiences and partners and position the company to compete — and win — in a continually evolving and competitive landscape.

Executing as “One Paramount” — a united organization with shared goals — our differentiated multiplatform strategy resulted in industry-leading streaming subscriber growth, an expanded global footprint and most importantly, an increasingly popular portfolio of hit content and franchises. We sensibly navigated a difficult advertising market, and we created the financial flexibility to support our strategic priorities through portfolio optimization and other operational efficiencies.

We finished 2022 with strong results that reflect our tremendous progress. For the year, total company revenue grew 5%, driven in part by a 47% year-over-year increase in streaming revenue and a 38% increase in filmed entertainment revenue, demonstrating the power of our multiplatform model.

In streaming, Paramount+ subscribers grew to nearly 56 million in 2022 following a record quarterly increase of 9.9 million subscribers in the fourth quarter. Importantly, according to Antenna, Paramount+ is the number one premium streaming service in domestic sign-ups and gross subscriber additions since its launch in March 2021 through the end of 2022, and had the most sign-ups in 2022. Our original franchises stood among the most popular across the industry, highlighted by over 39 billion minutes of hit shows produced by Taylor Sheridan — including Yellowstone, 1923 and Tulsa King — watched by more than 62 million viewers in just a four-month span from early November 2022 to late February 2023. Additionally, Pluto TV continued to be a leader in free ad-supported streaming television (FAST), increasing global monthly active users (MAUs) by 22% year-over-year to over 78 million.

While the primary driver of this success can be traced back to our popular slate of original series and films and vast content library of hit franchises, expanding our reach to key international markets has and will continue to generate both subscription and revenue growth. In the past year alone, we launched Paramount+ in South Korea, the U.K., Ireland, Italy, France, Germany, Switzerland and Austria. SkyShowtime, our streaming joint venture with Comcast, launched in Denmark, Finland, Norway and Sweden (the “Nordics”), and we launched Pluto TV in Canada with Corus and in the Nordics with Viaplay Group. We also created and expanded several partnerships, including a first-of-its-kind agreement with Walmart to offer Paramount+ Essential to Walmart+ members, as well as with Delta, Roku, Amazon and Apple, among others. Clearly, Paramount is rapidly becoming a streaming partner of choice.
And while we remain focused on building a profitable streaming business, our broadcast and cable networks continued to fire on all cylinders. Most notably, in the fourth quarter, Paramount regained its position as the most-watched media family in linear television. CBS finished the 2021-2022 season as America’s number one broadcast network in primetime for the 14th consecutive season and is on the verge of extending that streak. The network claimed the number one drama, comedy, primetime news series and late night series in 2022, and delivered its most-watched NFL regular season in seven years. And in the last quarter of 2022 alone, domestic viewers spent 370 billion minutes consuming CBS content on linear and digital, virtually the same amount of time viewers spent with Netflix’s substantially larger entire slate of originals. Our leading cable networks claimed three of the top five and five of the top ten series among adults 18 to 34, including the number one show across all of television in Yellowstone, and Nickelodeon networks delivered seven of the top ten cable series among kids two to 11.

Looking ahead, the integration of Paramount+ with Showtime later this year will further strengthen our offering, as consumers will have access to more hit franchises on both linear and streaming.

Finally, 2022 marked a monumental year for Paramount Pictures. Throughout COVID, we maintained our firm belief in the theatrical business, and that commitment fully paid off — and then some — in 2022. Our studio delivered six films that opened at number one at the domestic box office, led by Smile, the year’s highest-grossing horror film globally, and of course, Top Gun: Maverick, the fifth highest-grossing domestic movie of all time and the first film to top the domestic box office on both Memorial Day and Labor Day.

As we move further into 2023, we’ll continue to take full advantage of our growing, franchise-focused content engine to deliver significant value for both consumers and stockholders. Our unique portfolio of assets strengthens our ability to efficiently reach the largest total addressable market and generate strong returns. However, doing so will not come without certain challenges and commitments. 2023 will be our peak investment year in streaming, which will impact our bottom line. Additionally, we’re navigating a slow advertising cycle, but this will improve with time. Thanks to our differentiated strategy, we are well-positioned to build on our strong momentum and return to significant earnings growth and positive free cash flow in 2024.

In 2023, we have even more exceptional content to come across film, streaming and linear. Our 2023 film slate is strong and highlighted by some of our most popular franchises, including Scream 6, Transformers: Rise of the Beasts, Mission: Impossible — Dead Reckoning Part I, Teenage Mutant Ninja Turtles: Mutant Mayhem and Paw Patrol: Mighty Movie. CBS will continue to air consumer favorites like NCIS, Young Sheldon, FBI and Fire Country, and Paramount+ originals like Criminal Minds: Evolution, Tulsa King and 1923 will return, along with new series like Fatal Attraction with Lizzy Caplan and Joshua Jackson; Rabbit Hole with Kiefer Sutherland; and Lioness with Nicole Kidman and Morgan Freeman. Beginning this year, Paramount will air Big Ten football and basketball games on CBS and on Paramount+, and we’ll continue to air the UEFA Champions League following a six-year extension signed last year, meaning some of the biggest and best in sports around the globe will continue to call Paramount home.

It’s this diversity and quality of content that truly sets us apart from the competition. From must-see movies to culture-defining scripted and unscripted originals, to leading kids programming, to news, sports and events, we have something for the entire household, around the world, across platforms.
But our success cannot only be qualified by our content performance — we are equally focused on enhancing our culture and becoming an even better corporate citizen.

In 2022, we continued to make diversity, equity and inclusion an essential part of our corporate identity — in the workplace and on screen. We hosted our fourth annual Global Inclusion Week highlighted by dozens of in-person and virtual thought-provoking conversations, panels and workshops celebrating our theme, “Inclusion is Paramount,” and reaffirming our commitment to making Paramount a place of belonging. We also continued to advance 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.

We released our third ESG report and made significant progress on our strategy and goals across our three focus areas: (1) On-Screen Content & Social Impact, (2) Workforce & Culture and (3) Sustainable Production & Operations.

And lastly, we hosted our 26th annual Community Day where we focused on supporting causes and issues our employees and audiences care about most.

Reflecting on the past year, we are incredibly proud of the progress we’ve made to move our company forward — for our consumers, partners and workforce. We begin 2023 from a position of strength, and thanks to our incredible employees, we are confident that we will reach even greater heights as we continue the transformation of our business, unlocking additional value for all stakeholders.

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 contains forward-looking statements that involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause our actual results, performance or achievements to be different from any future results, performance or achievements expressed or implied by these statements. These risks, uncertainties and other factors are described in our news releases and filings with the Securities and Exchange Commission, including our 2022 Annual Report on Form 10-K and the risk factors discussed therein.